
THE REAL PORK CRACKLING COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27 JUNE 2020



THE REAL PORK CRACKLING COMPANY LIMITED

COMPANY INFORMATION

Directors	R L Hutchinson S T A Hutchinson AA Hutchinson-Kane F McCann (appointed 29 June 2020)
Registered number	02775751
Registered office	Princewood Road Earlstrees Industrial Estate Corby Northamptonshire NN17 4AP
Independent auditor	Ernst & Young LLP Bedford House 16 Bedford Street Belfast BT2 7DT
Bankers	Natwest 22 Market Place Cannock Staffordshire WS11 1BU

THE REAL PORK CRACKLING COMPANY LIMITED

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THE REAL PORK CRACKLING COMPANY LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 27 JUNE 2020

The directors present their report and the financial statements for the period ended 27 June 2020.

Principal activity

The principal activity of the company during the period was the manufacture and sale of snack foods.

Results and dividends

The loss for the period, after taxation, amounted to £471,324 (2019 - loss £135,817).

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year and remain in force at the date of this report.

Directors

The directors who served during the period, and to the date of this report were:

R L Hutchinson
S T A Hutchinson
AA Hutchinson-Kane
F McCann (appointed on 29 June 2020)

Going concern

The company is part of the Tayto Group Limited ("the Group") group of companies and all the companies within the Group are party to the Group bank debt facilities agreement. The Directors have received a letter of support from Tayto Group Limited confirming that they will provide financial support and that the Group has the ability to provide this support, until June 2022.

The crisps and snacks market continues to be challenging with significant competition in the retail sector and continued pressure on consumers. The recent COVID19 pandemic, has led to changing demand from consumers, however the group has seen limited impact on labour supply and raw materials prices/supply. The Group's funding comprises a mixture of term loan, cash reserves and working capital facilities. The Group facilities are subject to annual reviews in the normal course of business and the directors have no reason to believe these will not be renewed. All creditors are being paid as they fall due, in line with agreed trading terms. All debtors are currently settling invoices as they fall due and in line with agreed trading terms with no material bad debts.

The Group has prepared financial forecasts recognising the potential impacts of Covid 19 and expected on-going market conditions, as well as testing a number of sensitivities. These forecasts show that the company is forecast to continue to be cash generative, will operate within its facilities including covenant requirements, and meet its obligations as they fall due until at least June 2022.

Thus, with the letter of support in place the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

THE REAL PORK CRACKLING COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2020

Disclosure of information to auditor

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

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

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
R L Hutchinson
Director

Date: 3.3.24

THE REAL PORK CRACKLING COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 27 JUNE 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE REAL PORK CRACKLING COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE REAL PORK CRACKLING COMPANY LIMITED

Opinion

We have audited the financial statements of The Real Pork Crackling Company Limited (the 'Company') for the period ended 27 June 2020, which comprise the Profit and Loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 June 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 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.

THE REAL PORK CRACKLING COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE REAL PORK CRACKLING COMPANY LIMITED (CONTINUED)

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.

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' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; 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 and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, 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.

THE REAL PORK CRACKLING COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE REAL PORK CRACKLING COMPANY
LIMITED (CONTINUED)

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.

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

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Michael Kidd (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP,

Bedford House
16 Bedford Street
Belfast
BT2 7DT

Date: *4 March 2021*

THE REAL PORK CRACKLING COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 27 JUNE 2020**

		27 June 2020 £	9 months ended 30 June 2019 £
	Note		
Turnover	4	3,420,927	3,089,311
Cost of sales		(3,557,576)	(2,898,373)
Gross (loss)/profit		(136,649)	190,938
Selling and marketing costs		(21,579)	(26,432)
Distribution costs		(168,022)	(140,228)
Administrative expenses		(86,095)	(17,352)
Other operating income		25,357	-
Other operating charges		(70,646)	(71,254)
Operating loss	5	(457,634)	(64,328)
Interest payable and expenses	9	(16,540)	(25,304)
Loss before tax		(474,174)	(89,632)
Tax on loss	10	2,850	(46,185)
Loss for the financial period		(471,324)	(135,817)

There are no items of other comprehensive income and accordingly a statement of other comprehensive income has not been presented.

The results are derived from continuing operations.

The notes on pages 10 to 24 form part of these financial statements.

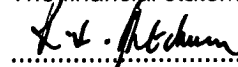
THE REAL PORK CRACKLING COMPANY LIMITED
REGISTERED NUMBER: 02775751

BALANCE SHEET
AS AT 27 JUNE 2020

	Note	27 June 2020 £	30 June 2019 £
Fixed assets			
Intangible assets	11	33,333	53,333
Tangible assets	12	517,329	587,975
		<u>550,662</u>	<u>641,308</u>
Current assets			
Stocks	13	210,519	314,945
Debtors: amounts falling due within one year	14	1,047,506	1,170,225
Cash at bank and in hand	15	244,922	73,427
		<u>1,502,947</u>	<u>1,558,597</u>
Creditors: amounts falling due within one year	16	(1,146,569)	(818,691)
Net current assets		<u>356,378</u>	<u>739,906</u>
Total assets less current liabilities		<u>907,040</u>	<u>1,381,214</u>
Provisions for liabilities			
Deferred tax	17	(53,055)	(55,905)
		<u>(53,055)</u>	<u>(55,905)</u>
Net assets		<u><u>853,985</u></u>	<u><u>1,325,309</u></u>
Capital and reserves			
Called up share capital	18	61,344	61,344
Capital contribution reserve	21	572,086	572,086
Profit and loss account	21	220,555	691,879
		<u>853,985</u>	<u>1,325,309</u>

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



 R L Hutchinson
 Director
 Date: 3.3.2021

The notes on pages 10 to 24 form part of these financial statements.

THE REAL PORK CRACKLING COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 JUNE 2020**

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2019	61,344	572,086	691,879	1,325,309
Loss for the period	-	-	(471,324)	(471,324)
At 27 June 2020	<u>61,344</u>	<u>572,086</u>	<u>220,555</u>	<u>853,985</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019**

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2018	61,344	-	827,696	889,040
Loss for the period	-	-	(135,817)	(135,817)
Capital contribution	-	572,086	-	572,086
At 30 June 2019	<u>61,344</u>	<u>572,086</u>	<u>691,879</u>	<u>1,325,309</u>

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2020

1. General information

The Real Pork Crackling Company Limited is a limited liability company incorporated in England. The registered office is C/O Tayto Group Limited, Princewood Road, Earlstrees Industrial Estate, Corby, Northamptonshire, NN17 4AP.

2. Accounting policies

2.1 Statement of Compliance and Basis of preparation of financial statements

The financial statements have been prepared for the year ended 27 June 2020.

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

The financial statements have been prepared in sterling which is the functional currency of the group and rounded to the nearest £.

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

The company is part of the Tayto Group Limited ("the Group") group of companies and all the companies within the Group are party to the Group bank debt facilities agreement. The Directors have received a letter of support from Tayto Group Limited confirming that they will provide financial support and that the Group has the ability to provide this support, until June 2022.

The crisps and snacks market continues to be challenging with significant competition in the retail sector and continued pressure on consumers. The recent COVID19 pandemic, has led to changing demand from consumers, however the group has seen limited impact on labour supply and raw materials prices/supply. The Group's funding comprises a mixture of term loan, cash reserves and working capital facilities. The Group facilities are subject to annual reviews in the normal course of business and the directors have no reason to believe these will not be renewed. All creditors are being paid as they fall due, in line with agreed trading terms. All debtors are currently settling invoices as they fall due and in line with agreed trading terms with no material bad debts.

The Group has prepared financial forecasts recognising the potential impacts of Covid 19 and expected on-going market conditions, as well as testing a number of sensitivities. These forecasts show that the company is forecast to continue to be cash generative, will operate within its facilities including covenant requirements, and meet its obligations as they fall due until at least June 2022.

Thus, with the letter of support in place the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The following principal accounting policies have been applied:

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2020

2. Accounting policies (continued)

2.2 Reduced disclosure framework

The Company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- (b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- (c) The requirements of Section 11 Basic Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26
- (d) The requirements of Section 33 Related Party Disclosures paragraph 33.7.

2.3 Revenue

Turnover represents the invoiced value of goods supplied during the year, exclusive of Value Added Tax and is net of sales returns, trade discounts and rebates. Revenue is recognised upon shipment of products, which is when title to the product is transferred to the customer.

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and Loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss account in the same period as the related expenditure.

2.5 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and Loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2020

2. Accounting policies (continued)

2.6 Current and deferred taxation

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

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

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

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

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

2.7 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

2.8 Tangible fixed assets

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

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2020

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Property improvements	- Over the life of the lease
Plant and machinery	- 10% Reducing balance
Motor vehicles	- 25% Reducing balance
Fixtures and fittings	- 15% Reducing balance
Computer equipment	- 33% Reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss account.

2.9 Stocks

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

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

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

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2020

2. Accounting policies (continued)

2.13 Provisions for liabilities

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

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

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

2.14 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2020

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

Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

4. Turnover

An analysis of turnover by class of business is as follows:

	27 June 2020 £	9 months ended 30 June 2019 £
Manufacture and sale of snack foods	3,420,927	3,089,311
	<u>3,420,927</u>	<u>3,089,311</u>

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	27 June 2020 £	9 months ended 30 June 2019 £
Depreciation of fixed assets	70,646	56,254
(Profit)/Loss on disposal of tangible assets	-	(2,342)
Operating lease rentals	80,329	67,020
Amortisation of intangible assets, including goodwill	20,000	15,000
Government grants received	25,129	-
	<u>25,129</u>	<u>-</u>

THE REAL PORK CRACKLING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2020**

6. Auditor's remuneration

	27 June 2020 £	<i>9 months ended 30 June 2019 £</i>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,000	12,000

7. Employees

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

	27 June 2020 No.	<i>9 months ended 30 June 2019 No.</i>
Production	38	41
Admin	5	6
Sales	-	1
	43	48

8. Directors' remuneration

The Directors did not receive any remuneration, as this was paid by other group companies.

9. Interest payable and similar expenses

	27 June 2020 £	<i>9 months ended 30 June 2019 £</i>
Bank interest payable	10,679	19,656
Finance leases and hire purchase contracts	4,430	-
Other interest payable	1,431	5,648
	16,540	25,304

THE REAL PORK CRACKLING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2020**

10. Taxation

	27 June 2020 £	<i>9 months ended 30 June 2019 £</i>
Corporation tax		
Adjustments in respect of previous periods	-	49,738
	<u>-</u>	<u>49,738</u>
Total current tax	<u>-</u>	<u>49,738</u>
Deferred tax		
Movement in deferred tax position	(5,462)	(3,553)
Deferred tax - prior year	(3,965)	-
Impact of rate change	6,577	-
	<u>(2,850)</u>	<u>(3,553)</u>
Total deferred tax	<u>(2,850)</u>	<u>(3,553)</u>
Taxation on (loss)/profit on ordinary activities	<u>(2,850)</u>	<u>46,185</u>

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2020

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	27 June 2020 £	9 months ended 30 June 2019 £
Loss on ordinary activities before tax	(474,174)	(89,632)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(90,093)	(17,030)
Effects of:		
Adjustments to tax charge in respect of prior periods	(3,965)	49,738
Disallowed expenses and non-taxable income	8,761	6,811
Change in rate in CT and DT	6,577	417
Transfer pricing adjustment	(1,704)	-
Losses(received)/surrendered for nil payment	77,574	6,249
Total tax charge for the period	(2,850)	46,185

Factors that may affect future tax charges

Finance Bill 2016 enacted a reduction in corporation tax rate to 17% with effect from 1 April 2020, this was the rate at which deferred tax was provided in the 2019 accounts. Finance Bill 2020 confirmed that the rate of corporation tax will remain at the rate of 19% from 1 April 2020 (cancelling the enacted cut to 17%). As this change was enacted before year end by the passing of Budget Resolution on 17 March 2020, deferred tax is now provided at 19%.

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2020

11. Intangible assets

	Goodwill £
Cost	
At 1 July 2019	200,000
At 27 June 2020	<u>200,000</u>
Amortisation	
At 1 July 2019	146,667
Charge for the period on owned assets	20,000
At 27 June 2020	<u>166,667</u>
Net book value	
At 27 June 2020	<u>33,333</u>
At 30 June 2019	<u>53,333</u>

THE REAL PORK CRACKLING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2020**

12. Tangible fixed assets

	Property improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 July 2019	316,252	1,463,267	6,500	27,761	35,898	1,849,678
At 27 June 2020	316,252	1,463,267	6,500	27,761	35,898	1,849,678
Depreciation						
At 1 July 2019	159,514	1,052,641	3,530	19,797	26,221	1,261,703
Charge for the period on owned assets	24,460	40,857	742	1,195	3,392	70,646
At 27 June 2020	183,974	1,093,498	4,272	20,992	29,613	1,332,349
Net book value						
At 27 June 2020	132,278	369,769	2,228	6,769	6,285	517,329
At 30 June 2019	156,738	410,626	2,970	7,964	9,677	587,975

13. Stocks

	27 June 2020 £	30 June 2019 £
Raw materials and consumables	125,340	240,707
Finished goods and goods for resale	85,179	74,238
	<u>210,519</u>	<u>314,945</u>

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2020

14. Debtors

	27 June 2020 £	30 June 2019 £
Trade debtors	349,307	434,143
Amounts owed by group undertakings	642,373	643,769
Other debtors	21,051	43,969
Prepayments and accrued income	23,771	48,344
Grants receivable	11,004	-
	<u>1,047,506</u>	<u>1,170,225</u>

Amounts owed by group undertakings and related parties are unsecured, interest free and payable on demand.

15. Cash and cash equivalents

	27 June 2020 £	30 June 2019 £
Cash at bank and in hand	244,922	73,427
	<u>244,922</u>	<u>73,427</u>

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2020

16. Creditors: Amounts falling due within one year

	27 June 2020 £	30 June 2019 £
Trade creditors	-	584,890
Amounts owed to group undertakings	1,090,780	-
Corporation tax	-	13,241
Other taxation and social security	-	61,297
Obligations under finance lease and hire purchase contracts	-	47,262
Other creditors	-	4,059
Accruals and deferred income	55,789	107,942
	<u>1,146,569</u>	<u>818,691</u>

Amounts owed to group undertakings and related parties are unsecured, interest free and payable on demand.

The Company has granted a fixed and floating charge over its assets to Ulster Bank as security for borrowings.

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2020

17. Deferred taxation

	2020 £	2019 £
At beginning of year	(55,905)	(59,458)
Charged to profit or loss	2,850	3,553
At end of year	(53,055)	(55,905)

The provision for deferred taxation is made up as follows:

	27 June 2020 £	30 June 2019 £
Accelerated capital allowances	(53,055)	(56,182)
Timing differences	-	277
	(53,055)	(55,905)

18. Share capital

	27 June 2020 £	30 June 2019 £
Allotted, called up and fully paid		
61,344 (2019 - 61,344) Ordinary shares of £1.00 each	61,344	61,344

19. Related party transactions

As a wholly owned subsidiary of Manderley Food Group Limited the company is exempt from the requirements under Section 33 of FRS 102 to disclose transactions with other members of the group, headed by Manderley Food Group Limited.

THE REAL PORK CRACKLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2020

20. Controlling party

The company's immediate parent is CGC (Liverpool) Limited, incorporated in Great Britain.

The smallest undertaking of which the company is a member, and for which group financial statements are prepared is Tayto Group Limited, a company incorporated in Great Britain.

The largest undertaking of which the company is a member, and for which group financial statements are prepared is Manderley Food Group Limited, a company incorporated in Great Britain. Group financial statements for this company are prepared and are available to the public from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

21. Reserves

Profit and loss account

This reserve includes all current and prior periods retained profits and losses.

Capital Contribution Reserve

This reserve arose on forgiveness of an intercompany debt from another company in the Group.

22. Commitments under operating leases

At 27 June 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	27 June 2020 £	30 June 2019 £
Not later than 1 year	80,329	85,735
Later than 1 year and not later than 5 years	271,817	286,146
Later than 5 years	82,500	148,500
	<u>434,646</u>	<u>520,381</u>