Company Registration No. 03291346

LDH (La Doria) LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2021

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LDH (La Doria) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

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LDH (La Doria) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Antonio Ferraioli	(Chairman)
Diodato Ferraioli	
Andrea Ferraioli	
Sergio Persico	
David Fine*	(Deputy Chairman)
Barry Fine*	(Chief Executive Officer)
Enzo Lamberti*	(Finance Director)
Salvatore Catapano	
Giuseppe Di Martino	
Alberto Festa	
David Sankowicz	
Paul Reenan	

*Executive directors

REGISTERED OFFICE

LDH (La Doria) Distribution Centre
Unit 1, Eastern Gateway
Sproughton Road
IP1 5FF

LEGAL ADVISER

Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW

AUDITOR

Deloitte LLP
Statutory Auditor
1 Station Square,
Cambridge
CB1 2GA

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is the importation and distribution of ambient grocery foods. The Company's vision is to be the best-in-class Own Brand Grocery supplier. We always endeavour to offer best value sourcing and delivery solutions for a broad range of innovative, sustainable, healthy and quality products from around the world.

Review of business and future development

Sales for the year decreased by £9,428,000 to £437,868,000 compared to the previous year of £447,296,000. The previous year saw unprecedented sales as a result of the pandemic.

The Company made a profit before tax of £8,419,000 (2020: £15,609,000) which was due to decreased sales, additional costs from Brexit planning, adverse currency movements at the year end dates and inflationary cost pressures. The Company's net assets have increased to £75,011,000 from the previous year (2020: £73,809,000) as a result of the retained profits after dividend distributions.

Brexit Considerations

The start of the year was affected by the late announcement and ratification of the Brexit trade deal between the UK and the EU in late December 2020, as the preparations for a "No Deal" outcome had already been made. This included having high stock levels at the end of 2020 and incurring substantial additional costs at the start of 2021 year as part of our commitment to protect and ensure the supply of goods to our customers if the "No Deal" outcome had occurred. The risks from the uncertainty of how the UK would trade with Europe following Brexit have now been resolved and so the Company can plan with greater clarity for future years.

To supply the Company's European customers effectively post-Brexit and to retain the benefits of trading within the European Union, the Company has set up and transferred elements of trade to a wholly owned subsidiary, based in the Republic of Ireland.

The impact of Brexit has been a contributing factor in the wider economic issues and is most noticeable with the shortage of labour across operations. The Company has managed through these issues by working closely with key business partners and flexing business models to ensure supplies to customers were maintained throughout the period.

COVID-19 Considerations

The pandemic continued to be a significant factor affecting the business throughout the year and the Company experienced increased demand for our products, especially the first quarter of the year as lockdown continued.

The Company has not utilised any form of Government support on offer as part of the response to the COVID-19 Pandemic.

Economic Considerations

Both Brexit and COVID-19 have been contributing factors to the inflationary pressures experienced throughout the year.

The extended impact of COVID-19 to the Company has been to significantly impact the logistical operations, affecting both cost and availability of freight and haulage. This has been well publicised in the UK media. The delays and shortage of containers, with the congestion at ports have resulted in unprecedented cost increases for freight. Distribution costs were equally impacted by the widely publicised issues around driver availability and fuel costs.

Across the whole cost base, there has continued to be an upward pressure on costs with no respite on the horizon. Commodity prices and all inputs continued to increase in the second half of the year.

The "cost of living" concerns facing the UK economy should produce an opportunity for Own Label product ranges. The Company continues to look to expand its offering to retail customers as a source of growth.

Principal risks and uncertainties

The inflationary pressures are widespread and across all areas of the operation and the supplier base. Managing these risks continues to be the biggest challenge for the business for the foreseeable future. Climate change has brought about changeable growing conditions resulting in crop failures and leading to significant increases in commodity prices in some of our categories, as well as creating food security uncertainties. The Directors continually review the market and the risks from such events and where possible take mitigating actions to respond these challenges. An example of such action is to agree seasonal pricing with both customers and suppliers for a product once a harvest performance and pricing is known.

The global shipping rates have continued to increase unabated, leading to unprecedented freight costs impacting margins, sourcing strategies, product availability and have increased the complexity in supply chain planning.

The Company works closely with all suppliers to secure supply and to manage and mitigate these risks. Where costs cannot be mitigated, the Company seeks to recover these additional costs to protect operations.

The robustness of the Company's business model, due to the breadth of our offer, helps to protect the Company as consumers adjust to revised disposable incomes.

The ambient grocery retail sector remains extremely competitive with shelf edge pricing not fully reflecting the increased costs causing added difficulty to maintain the Company's margins.

Worldwide freight costs, energy, haulage, and packaging have increased markedly, and the Company does not foresee this changing in the medium term which will add to both inflation and margin pressure. The Company will continue to work throughout the supply chain to manage these risks and uncertainties.

Statement by the directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006

The Directors, both individually and together, are fully aware of their duty under s172(1) of the Companies Act 2006 to promote the success of the Company for the benefit of it's stakeholders as a whole.

All Board decisions are made with the Company's long term success in mind and having taken into consideration any relevant matters including the voice and impacts on each stakeholder group. The dividend policy of the Company is an example of this by equally balancing the delivery of returns to shareholders whilst also retaining the sufficient capital in the business to support growth and long term objectives.

During the year, with the continued significant change to market conditions caused by the global Pandemic, the Directors sought to respond to the changing demand in the retail food sector by scaling operations and to minimise any impact from wider macro-economic issues which affected Companies operations to customers and the public. This included finding alternative labour and logistic solutions at appropriate times when macro-economic issues affected supply of resources. This was achieved for customers across the board as the Directors seek to nurture all customer relationships and deliver good service to give longer term benefits of a proven track record with customers.

Having adopted a business strategy, which looks to secure long-term relationships with customers and suppliers, the Directors seek to build positive long-term prospects. An example of taking the long term view was the investment in the automated warehouse facility. This demonstrated a long term commitment to being able to deliver for the Company's customers and operations. The benefits of the Company operating an automated warehousing facility brings certainty of being able to service customers over the long term whilst reducing some risks and increasing control over those operations.

Company operations depends on the extensive knowledge and experience of its staff for ongoing success. The Directors looks to promote involvement and engagement with its employees. Through the organisational structure, senior management are able to access and evaluate employee engagement and interact with all levels of staff and consider the impact of their decisions on the workforce. Additional support services, such as Employee Helplines, are provided to ensure employee wellbeing. The impact on and wishes of employees are gathered through open dialogue and staff questionnaires, to inform management when making operating decisions affecting staff. These include considerations to support employees and homeworking during the restrictions from COVID-19 and also longer term working patterns. Where temporary changes proved to be positive, these were extended where they were the preferred option. The Health and Safety of employees and others onsite is of high importance and on going monitoring and training is undertaken to ensure that this is achieved.

Statement by the directors in performance of their statutory duies in accordance with S172(1) Companies Act 2006 (continued)

Promoting an operating model which embeds the relationships with long standing suppliers and customers to provide collaboration and continuity throughout the supply chain of ambient foods is the objective of the Directors. Many targets for responsible sourcing and sustainability are reflective of our customers and we work closely with suppliers to ensure that all are aligned to achieve throughout the supply chain. For example, the Company's aim is to source all of our wild caught seafood from fisheries that are either MSC certified or that are in a Fishery Improvement Project (FIP). Open dialogue is maintain by senior managers with the key partners to ensure that activities are closely managed from a commercial and compliance perspective. Decisions were made to amend operational plans and extending working practices to ensure that customers relationships were maintained. These included working with customers to agree the priorities i.e. key product lines and delivery with suppliers to confirm the feasibility of achieving the desired results, sourcing additional labour where recruitment was difficult and different distribution plans whilst the haulage industry was affected by the nationwide distruption.

Supporting causes that are important in the community and those which have an impact on the environment is important to the Directors. Reducing food waste is important and is sought to be minimised through regular reviews of the remaining shelf life of stock held. Where this is an issue steps are taken ensure landfill is minimised through donations to food charities, predominantly FareShare. In addition to this, the Company has given support to local charities during the year to help people affected by the pandemic, most notably supporting women and children.

The Directors look to ensure high standards of business conduct through building and protecting the long standing relationships with both customers and suppliers. The Directors continually seek opinions of stakeholders and an open environment to raise concerns in a safe way. The expectations for staff and key staff policies; such as whistleblowing are included in the staff handbook to give guidance and reference for the Company culture which is reinforced by the Directors. The Company operates in accordance with local laws and with due respect to human rights.

Stakeholder engagement activities undertaken by the Directors help to make informed decisions and the Directors are aware of stakeholders' interests. An example of seeking stakeholders interests was to seek employee thoughts over home working after the requirements to do so were ended. The Directors take a long-term view in reaching key decisions, and, when taking decisions, the Directors look to act in the interests of stakeholders as a whole and to ensure all stakeholders and shareholders are fairly treated. An example of this was to seek the input of the employees for the in office working practice and whether "hot-desking" was preferred, which resulted in an office layout reorganisation.

Engagement with suppliers, customers and others is also considered further in the Directors Report.

Environmental factors

The Company is aware of the concerns of environmental factors and works collaboratively with both customers and suppliers to reduce the environmental impact of products and reduce waste. The Company has a specific Seafood Sourcing Policy and as part of the Supplier Code of Conduct Policy environmental factors are considered specifying that suppliers must comply with all applicable local and national environmental laws, rules and regulations in the countries in which they do business. We expect our suppliers to conduct business in ways that protect and preserve the environment. Work is ongoing to evaluate the environmental impact of operations to set environmental measures, monitoring and subsequent targets for the business going into the future.

Long term considerations have been undertaken such as the inclusion of solar panels to generate energy to be fed back into the national grid and rainwater harvesting to reduce usage at the automated warehouse facility. Further project activity continues, for example, by supporting the removal of the additional plastic packaging on multi-buy products and working with customers and suppliers to deliver this change.

The Company looks to ensure that steps are taken to minimise waste and levels of scrapped goods, through close inventory control and ensuring stock handling processes keep minimise stock damages.

Several initiatives have been undertaken to move to "paperless" processes to reduce the volumes used and improve efficiencies.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of credit, currency and liquidity risks.

Credit risk

The Company has implemented policies that require appropriate credit checks and limits on potential customers before sales are made.

Currency risk

The Company purchases inventory from suppliers across the globe and in many cases pays in foreign currencies, mainly Euro and US Dollars. The Company has a policy of hedging all purchases of inventory in foreign currencies at the inception of the purchase contract, to mitigate against any change in foreign exchange rates.

Liquidity risk

To reduce the risk that the Company will be unable to meet its liabilities as they fall due, weekly cash flow forecasting is performed and feed-forward controls are implemented when necessary. The Company has liabilities denominated in several currencies and foreign exchange swaps are entered into when needed to maintain liquidity across all currencies held. Revolving credit facilities have been arranged with the Company's banks, allowing immediate access to additional cash if needed.

Interest rate risk

The Company has an interest rate risk as bank borrowings are on a variable market rate. During the prolonged period of historically low interest rates with low expectations of this changing, this risk is not actively managed at present but is monitored to ensure that the the cost of financing remains affordable and alternative funding options are considered to manage the risk.

Key performance indicators (KPI's)

The Company's KPI's revolve around tight control of inventories, debtors and creditors. These are set out below.

	2021	**2020**
Average receivables collection period (days)	54.7	46.0
Average payables payment period (days)	75.6	67.6
Average inventory turnover (times)	5.18	5.56

All of the above KPI's are in line with management expectations, considering the preparations for Brexit and the impact of the COVID-19 pandemic. The impact of the exceptional stock holding, purchasing and sales to customers as part of the actions taken at the end of 2020 in case of a "No Deal" outcome for Brexit has impacted these KPI's as the above are using average trade debtors, trade creditors and stock holdings. Using year end values only give the following:

	2021	**2020**
Receivables collection period (days)	55.0	53.3
Payables payment period (days)	62.9	86.0
Inventory turnover (times)	6.04	4.52

These KPI values reflect the return to "normalised" expectations for 2021 and 2020 values being impacted by increased stock holding and purchasing weighted at the end of 2020.

STRATEGIC REPORT (continued)

Key performance indicators (KPI's) (continued)

Gross profit margins at a purchase and sales contract basis are monitored closely and evaluated at the hedged rates for any for foreign currency transactions to maintain profitability.

	2021	2020	Decrease
Operating profit	£8,941,000	£15,850,000	£6,909,000
Gross profit margin	8.5%	10.1%	1.6%

These decreases in operating profit and gross profit margin are reflective of the additional costs incurred, adverse currency movements at the year end dates and the cost pressures from rising costs. These movements are in line with management expectations.

Approved by the Board of Directors and signed on behalf of the Board.

LDH (La Doria) Distribution Centre
Unit 1, Eastern Gateway
Sproughton Road
IP1 5FF
Registered number: 03291346

Barry Fine
Chief Executive
Date: 1st August 2022

LDH (La Doria) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Business review

The Strategic Report includes a review of the business and future developments and forms part of this report by cross reference.

Proposed dividend

The directors have proposed a final ordinary dividend in respect of the current financial year's result of £4,335,500 £4.3355 per share). This has not been included within creditors as it was not approved before the year end but was subsequently approved. See notes 10 and 26. Dividends paid during the year comprise a final dividend of £5,440,000 (£5.440 per share) in respect of the previous year ended 31 December 2020.

Directors

The directors that held office during the year and up to the date of signing the financial statements were as follows:

Antonio Ferraioli	(Chairman)
Diodato Ferraioli	(Appointed 31 Janury 2022)
Andrea Ferraioli	(Resigned 20 January 2022)
Sergio Persico	(Resigned 20 January 2022)
David Fine*	(Deputy Chairman)
Barry Fine*	(Chief Executive Officer)
Enzo Lamberti*	(Finance Director) (Appointed 31 January 2022)
Salvatore Catapano	(Appointed 31 January 2022)
Giuseppe Di Martino	
Alberto Festa	
David Sankowicz	
Paul Reenan	

*Executive directors

Financial risk management

A statement of the Company's approach to financial risk management is included in the Strategic Report and forms part of this report by cross reference.

Directors' indemnities

As permitted by the Articles of Association, the directors of the Company have the benefit of an indemnity, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Political Contributions

The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

In accordance with Section 418 of the Companies Act, in the case of each of the persons who are directors at the time the report is approved, the following applies:

a) so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and

b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTORS' REPORT (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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 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 Company will continue in business.

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

Going concern

The economic outlook for the short term future remains inherently difficult to predict whilst the impact of the pandemic, rising inflation and other factors remain. However, the Company has continued to successfully flex operations during the year as demand varied and strengthened the longstanding relations with both suppliers and customers. The Directors are delighted with the confirmation from its parent of its continued support for the company and its role as a key supplier. Therefore, the Directors feel confident that the Company is well positioned to continue as a going concern.

Management has prepared a financial and cash flow forecast to December 2024 based on a thorough review of operations and capabilities. The forecast was subjected to various sensitivity modelling with the following key assumptions applied;

1) increase/decrease in sales volume (range of +25% to -20% on impact on sales), and
2) up to 1% reduction in gross margin due to increased cost

No concerns over the ability of the Company to continue as a going concern were identified under any of the possible scenarios modelled.

The Company has access to overdraft facilities totalling £15,000,000, which is guaranteed by the parent company, The facilities were secured for twelve months at the end June 2022. The Company has also entered into an agreement for the sale of trade debtor amounts to access working capital earlier.

The wider macro-economic risks surrounding inflation remain an inherent risk which has potential to require additional working capital investment. Any requirement for further liquidity to manage through such a period would be met by additional financing provided by the parent company. The parent company has committed in a letter to the Directors that can provide any financial support should it be required.

Based on the proven history of the Company's cash generating ability and the arrangements in place, the Directors are confident that this is sufficient to continue as a going concern.

Considering all of the above factors, the Directors assess the Company to be a going concern.

Streamlined Energy and Carbon Reporting

The Streamlined Energy and Carbon Reporting disclosure presents the Company's carbon footprint inside across Scope 1, 2 and 3 and appropriate intensity metric, the total energy use of electricity and gas and an energy actions summary of actions taken during the financial year.

Access to energy data for which the Company is not party to, i.e. third party transport beyond the journeys made to/from Company sites and properties controlled by third parties is not currently possible to be reported on. The Company has no operational control, or details of the energy use and cannot report as such.

Greenhouse gas emissions and energy consumption	**2021**	**2020**
	Kg CO2	**Kg CO2**
Scope 1 (Combustion of gas) – kg CO2e	72,506	46,630
Scope 2 (electricity purchased for own use, including fuel for the purpose of transport) – kg CO2e	573,859	256,075
Total Scope 1 & 2 – kg CO2e	646,365	302,705
Selected Scope 3 – kg CO2e *	63,239,164	72,830,277
Total emissions - Scope 1, 2 & 3 – kg CO2e	63,885,529	73,132,982
Intensity Ratios		
Scope 1 and 2 Intensity Ratio (kg CO2/sq ft)	2.32	1.08
Scope 1, 2 & 3 Intensity Ratio (kg CO2/sq ft)	229.72	260.81
Annual energy consumption (GWh)	3.05	1.44

* Under Scope 3, we report business travel, and emissions from freight into and distribution out of our premises arranged by the Company but provided by third parties. The voluntary disclosure of emissions from production energy and waste disposal are currently excluded.

The intensity ratio is based on the amount of office and warehouse space associated with the relevant consumption. The increase for the scope 1 and 2 intensity, as with the energy consumption, is due to the warehouse space being fully operational for the full year in 2021 and so is in line with expectations. The decrease in Scope 3 emissions and Scope 1, 2 and 3 intensity ratio is driven by a reduction in volume of trade following the higher demand from COVID and Brexit planning activity in 2020.

The design and build for the new automated warehouse facility included solar panels to generate electricity to reduce the Company's usage and carbon footprint. Electric car usage is encouraged and an extensive number of charge points available for use. The Company endeavours to move goods by sea freight as the lowest contributor to CO2 emissions compared to other transport options. Energy usage and drivers are under being reviewed with a initial focus on better data gathering to enhance future measures to reduce usage going forward. Energy saving measures were consistent over the last two years.

Emissions and energy usage is a key focus for the Company and our customers and suppliers, with whom we are engaging with. Further work to understand energy use and ways to reduce usage is being undertaken, for example, understanding the electricity use within the warehouse to specific activities. This will enable changes to be formulated and evaluated for the impact and savings made in the future.

The methodology used is the 2021 UK Government's conversion factors for Company Reporting for operational control approach. The emissions for combustion of gas and electricity is based on the consumption at the relevant sites for the Company's own use. The emissions for the purpose of travel are based on activity data multiplied by the relevant emissions factor to give the emissions data. Where specific activity data has not been available, estimates have been used for relevant activity.

Engagement with employees, suppliers, customers and others

The Directors have continued to adopt a business strategy which looks to secure long-term relationships with employees, customers and suppliers enabling all to have aligned objectives.

This is summarised in the Strategic Report and the Statement by the Directors in performance of their statutory duies in accordance with S172(1) Companies Act 2006 section.

The new automated warehouse continued to operate successfully throughout the year. This new logistics platform allows the Company to serve our customers efficiently with increased capacity. The Company was able to fully relocate administrative activities to the same location during the year with minimal impact on staff. The benefits of hybrid working have been retained and will continue. The Company was able to sell the St Ives office. (See fixed asset note – 11)

Subsequent events

Post balance sheet events are disclosed in note 26.

Approved by the Board of Directors and signed on behalf of the Board

LDH (La Doria) Distribution Centre
Unit 1, Eastern Gateway
Sproughton Road
IP1 5FF
Registered number: 03291346

Barry Fine

Chief Executive

Date: 1st August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LDH (La Doria) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of LDH (La Doria) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (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 statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LDH (La Doria) LIMITED (continued)

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 contained within the annual 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included International Financial Reporting Standards, UK Companies Act 2006 and tax legislation in the United Kingdom; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Data Protection Act, Employment Law, Food Safety Act 1990 and Food Information to Consumers Regulations.

We discussed among the audit engagement team including relevant internal specialists such IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

• We presume a risk of material misstatement due to fraud relating to revenue. This has been pinpointed to the risk of inappropraite revenue recognition, due to cut-off. We have performed substantive testing over the sales made pre and post the year end date to confirm that a sample of shipments around the year end have been recognised in the correct period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

• reviewing financial statement disclosures by testing supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

• performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

• enquiring of management, and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

• reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LDH (La Doria) LIMITED (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Cooper FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
1 August 2022

LDH (La Doria) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	4	437,868	447,296
Cost of sales		(399,848)	(402,190)
Gross profit		**38,020**	**45,106**
Distribution costs		(15,291)	(18,911)
Administrative expenses		(12,857)	(10,665)
Other gains and (losses)		(931)	320
Operating profit	5	**8,941**	**15,850**
Interest receivable and similar income	8	15	81
Interest payable and similar expenses	8	(537)	(322)
Profit before taxation		**8,419**	**15,609**
Tax on profit	9	**(2,157)**	(3,109)
Profit for the financial year		**6,262**	**12,500**

All turnover and operating profits are derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Profit for the financial year		**6,262**	**12,500**
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges gains arising during year	21	381	468
Deferred tax relating to components of other comprehensive income		(1)	(89)
Other comprehensive income for the year net of tax		380	379
Total comprehensive income for the year attributable to the owners of the Company		**6,642**	**12,879**

LDH (La Doria) LIMITED

BALANCE SHEET
As at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	11	41,420	45,960
Right of use assets	12	200	300
Intangible assets	13	1,256	1,349
Investments	14	-	-
Deferred tax assets	15	420	414
		43,296	**48,023**
Current assets			
Stocks	16	65,943	88,968
Debtors	17	69,331	67,644
Cash at bank and in hand		2,243	285
		137,517	156,897
Creditors: amounts falling due within one year	18	(103,339)	(129,120)
Net current assets		**34,178**	**27,777**
Total assets less current liabilities		**77,474**	**75,800**
Creditors: amounts falling due after more than one year	18	(68)	(516)
Provisions for liabilities	19	(2,395)	(1,475)
Net assets		**75,011**	**73,809**
Capital and reserves			
Called up share capital	22	1,000	1,000
Cash flow hedge reserve		(888)	(1,268)
Profit and loss account		74,899	74,077
Shareholders' funds		**75,011**	**73,809**

The notes on pages 18 to 36 are an integral part of these financial statements.

The financial statements of LDH (La Doria) Limited, registered number 03291346, were approved by the Board of Directors and authorised for issue on 29th July 2022.

Signed on behalf of the Board of Directors

Antonio Ferraioli
Chairman

Barry Fine
Chief Executive

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021

	Called up share capital £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2020	**1,000**	**(1,647)**	**65,603**	**64,956**
Profit for the financial year	-	-	12,500	12,500
Other comprehensive income for the year (note 21)	-	379	-	379
Total comprehensive income for the year	**-**	**379**	**12,500**	**12,879**
Dividends (note 10)	-	-	(4,026)	(4,026)
At 31 December 2020	**1,000**	**(1,268)**	**74,077**	**73,809**
Profit for the financial year	-	-	6,262	6,262
Other comprehensive income for the year (note 21)	-	380	-	380
Total comprehensive income for the year	**-**	**380**	**6,262**	**6,642**
Dividends (note 10)	-	-	(5,440)	(5,440)
At 31 December 2021	**1,000**	**(888)**	**74,899**	**75,011**

1. GENERAL INFORMATION

LDH (La Doria) Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office is shown on page 1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 6. These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of UK-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 24 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained. These financial statements are separate financial statements.

The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss (including derivative financial instruments), as required by International Accounting Standard (IAS) 39 'Financial Instruments' - Recognition and Measurement.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a 63.9% subsidiary undertaking of La Doria S.p.A., registered in Italy, which prepares consolidated financial statements. The Company's financial statements and the group's financial statements are drawn up in accordance with the provisions of the Seventh Directive (83/349/EEC) and are consolidated under the equity accounting method. These financial statements present information about the Company as an individual undertaking and not about its group.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, fair value measurement, revenue contracts with customers, leases, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets, related party transactions and compensation of key management personnel.

Going concern

The Company has prepared its financial statements on a going concern basis. This takes into account its financial forecasts, cash flow forecast and on going financial support from the parent company which has been confirmed by a letter of support. Whilst there are inherent levels of uncertainty around many economic factors and any further impact of the pandemic the prudent forecasts have been prepared for the foreseeable future. The Company has considered the sensitivities around the assumptions made in the forecasts and the ability to adapt to changing levels of activity. The Company considers that it has sufficient cash financing, alongside the support of the parent company and are able to seek alternative financing to continue its operations for at least 12 months following the signature of the financial statements as set out in the Strategic Report on page 2. For further details see the Directors' Report on pages 7 to 10.

Turnover

Turnover is recognised on delivery of goods to customers and consists solely of goods sold in the year to customers in the United Kingdom and Europe excluding value added tax and after trade discounts and promotional expenses. Turnover is based upon the consideration to which the Company expects to be entitled in a contract with a customer and customer expectations. Once customers accept the goods upon delivery there is no obligation for returns, warranties or other obligations. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the tangible fixed assets line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Company as a lessor

The Company enters into lease agreements as a lessor with respect to its freehold buildings.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Post-retirement benefits

The Company operates a defined contribution pension scheme. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the period to which they relate.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred by the reporting date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on an undiscounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date and the gains or losses on translation are included in the income statement.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment. Cost includes the original purchase price and the costs attributable to bringing the asset into working condition for its intended use. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	40 years
Plant, machinery and equipment	2 to 10 years
Computer hardware and software	2 to 5 years
Motor vehicles	2 to 3 years

The useful lives of all tangible fixed assets are reassessed periodically. Land and assets under construction are not subject to depreciation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. Amortisation is included in administrative expenses in the profit and loss account.

The significant externally acquired intangibles recognised by the Company and their useful economic lives are as follows:

Patents, trademarks and other rights	15 years

Inventories

Inventories are stated at the lower of cost and net realisable value, where cost represents the full landed cost into the warehouse. Cost is calculated using the first in, first out method. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Where necessary, provision is made for damaged inventory and inventory nearing the end of its shelf life.

Financial instruments

All financial assets are initially measured at fair value with transaction costs directly attributable to the acquisition immediately recognised in profit or loss.

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

The Company classifies its financial assets as loans and receivables, except derivatives (see below), which are all measured subsequently at fair value through profit or loss (FVTPL). Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

The Company has not entered into any reverse factoring arrangements with suppliers and liabilities are settled in line with credit terms provided once all supplier obligations have been confirmed as being satisfied.

Bank overdrafts are shown within borrowings in current liabilities.

Derivative financial instruments

The Company enters into derivative financial instruments (cash flow hedges) to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 21.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

Hedge accounting

The Company designates hedging instruments of foreign exchange risk on firm commitments as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 21 sets out details of the fair values of the derivative instruments used for hedging purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Directors.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have concluded that, due to the nature of the business, there are no critical accounting judgements or key sources of estimation uncertainty that are required to be disclosed here.

4. TURNOVER

The Company's turnover is derived from the delivery of goods to customers. Of the Company's total turnover, 97.8% (2020: 95.2%) is attributable to the UK market and 2.2% (2020: 4.8%) to EU markets.

5. OPERATING PROFIT

	2021 £'000	2020 £'000
Operating profit is stated after charging/(crediting):		
Inventory as cost of sales	394,816	401,947
Inventory written off as expense	427	212
Transportation expenses	10,188	11,773
Warehousing expenses	5,102	7,138
Employee benefits charge	191	178
Short term lease expense	7	23
Exchange differences	1,008	-
Depreciation and other amounts written off tangible fixed assets	2,952	1,020
Depreciation and other amounts written off right of use assets	151	115
Amortisation and other amounts written off intangible assets	93	51
Profit on disposal of fixed assets	(416)	(13)

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £66,000 (2020: £66,000). No fees were payable to Deloitte LLP and their associates for non-audit services.to the Company in the year (2020: £nil).

6. REMUNERATION OF DIRECTORS

	2021 £'000	2020 £'000
Directors' emoluments	986	832
Company contributions to money purchase pension schemes	-	-
Total	986	832

Seven directors (2020: seven) are remunerated by the Company. The aggregate of emoluments of the highest paid director was £931,000 (2020: £755,000). There were no Company pension contributions made to a money purchase scheme on their behalf (2020: £nil). There are no retirement benefits under money purchase pension schemes.

7. STAFF NUMBERS AND COSTS

The average monthly number of persons employed by the Company (including executive directors) during the year, analysed by category, was as follows:

	2021 No	2020 No
Selling and distribution	8	8
Administration	84	77
Total	92	85

The aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	5,102	5,348
Social security costs	647	696
Other pension costs (defined contribution plans – see note 20)	191	178
Total	**5,940**	**6,222**

8. INTEREST RECEIVABLE/(PAYABLE) AND SIMILAR INCOME/(CHARGES)

	2021 £'000	2020 £'000
Receivable		
Interest income on short term deposits	15	81
Total	**15**	**81**
Payable		
On bank loans and overdrafts	(533)	(318)
Lease liabilities	(4)	(4)
Total	**(537)**	**(322)**

9. TAX ON PROFIT

Tax included in profit or loss	2021 £'000	2020 £'000
Current tax		
UK corporation tax on profits for the year	1,736	2,419
Adjustment in respect of prior periods	7	-
Total current tax	1,743	2,419
Deferred tax (note 19)		
Origination and reversal of temporary differences	5	606
Change in tax rates	426	78
Adjustment in respect of prior periods	(17)	6
Total deferred tax	414	690
Tax on profit	**2,157**	**3,109**

Tax included in other comprehensive income	2021 £'000	2020 £'000
Deferred tax (note 19)		
Origination and reversal of temporary differences	(1)	(89)
Total deferred tax	(1)	(89)
Total tax included in other comprehensive income	**(1)**	**(89)**

The Finance Bill 2021 was received Royal Assent during the year which announced that the main rate of Corporation Tax will increase tax to 25 from April 2023, as a result deferred tax balances at 31 December 2021 are measured at 25%.

There are no matters in relation to uncertain tax positions that require disclosure.

Tax charge reconciliation	2021 £'000	2020 £'000
Profit before taxation	8,419	15,609
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	1,600	2,966
Effects of:		
Expenses not deductible for tax purposes	200	66
Income not taxable in determining taxable profit	-	(7)
Change in tax rates	367	78
Adjustment in respect of prior periods	(10)	6
Total tax charge (see above)	**2,157**	**3,109**

10. DIVIDENDS

	2021 £'000	2020 £'000
Equity – Ordinary		
£5.440 per £1 Ordinary share (2020 £4.026 per £1 Ordinary share)	5,440	4,026

The directors have proposed an ordinary dividend in respect of the current financial year of £4,335,500 (£4.3355 per £1 ordinary share). This has not been included within creditors as it was not approved before the year end.

11. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant, machinery and equipment £'000	Computer hardware and software £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2021	23,741	23,762	1,363	251	49,117
Additions	-	333	20	-	353
Disposals	(1,820)	(1,508)	(208)	(32)	(3,568)
At 31 December 2021	21,921	22,587	1,175	219	45,902
Accumulated depreciation					
At 1 January 2021	341	1,791	842	183	3,157
Charge for year	436	2,332	135	49	2,952
Disposals	(254)	(1,132)	(208)	(32)	(1,942)
At 31 December 2021	523	2,991	768	200	4,482
Carrying value at 31 December 2021	**21,398**	**19,596**	**407**	**19**	**41,420**
Carrying value at 31 December 2020	23,400	21,971	521	68	45,960

During the year, the Company marketed and sold the freehold property and land of the previous registered office in St Ives with the transaction completing in October 2021. Included in the sale of the building were integral plant, machinery and equipment with a net book value at disposal of £384,000.

100% of land and buildings relate to freehold tenure (2020: 100%). The carrying value of land is £5,196,000 (2020: £5,571,000) and the carrying value of buildings was £16,202,000 (2020: £17,829,000).

There are no restrictions on title, and there is no property, plant and equipment pledged as security for liabilities.

12. RIGHT OF USE ASSETS

The Company has lease contracts for motor vehicles and plant and machinery and equipment. The amounts recognised in the financial statements in relation to the leases are as follows:

	Plant, machinery and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2021	18	426	444
Additions	-	51	51
Disposals	-	(16)	(16)
At 31 December 2021	**18**	**461**	**479**
Accumulated depreciation			
At 1 January 2021	-	144	144
Charge for year	2	149	151
Disposals	-	(16)	(16)
At 31 December 2021	**2**	**277**	**279**
Carrying value at 31 December 2021	**16**	**184**	**200**
Carrying value at 31 December 2020	18	282	300

	At 31 December 2021 £'000	At 31 December 2020 £'000
Current liabilities	115	142
Non current liabilities	62	138
Total	177	280
Interest expense (included in finance cost)	4	4

All additions are in relation to the inception of new leases in the year.

Total cash outflows in relation to leases totaled £159,000 in the year (2020: £127,000).

13. INTANGIBLE ASSETS

	Patents, trademarks and other rights £'000
Cost	
At 1 January 2021 and 31 December 2020	1,400
Accumulated amortisation	
At 1 January 2021	51
Charge for year	93
At 31 December 2021	144
Carrying value at 31 December 2021	**1,256**
Carrying value at 31 December 2020	1,349

14. INVESTMENTS

The Company holds a direct controlling interest in the following subsidiary undertakings:

	Country of incorporation	Principal activity	Class and percentage of shares held
1. Oriental & Pacific Frozen Food Co. Limited (Dormant)	UK	Importer and distributor of ambient food	100.0% ordinary share capital
2. Manpineco Limited (Dormant)	UK	Importer and distributor of ambient food	100.0% ordinary share capital
3. Cook Italian Limited (Dormant)	UK	Importer and distributor of ambient food	100.0% ordinary share capital
4. Canpas Limited (Dormant)	UK	Importer and distributor of ambient food	100.0% ordinary share capital
5. LDH (La Doria) Ireland Ltd	Republic of Ireland	Importer and distributor of ambient food	100.0% ordinary share capital

Registered office for UK companies: LDH (La Doria) Distribution Centre, Unit 1, Eastern Gateway, Sproughton Road, IP1 5FF

Registered office for Republic of Ireland company: One Spencer Dock, North Wall Quay, Dublin 1, Diblin, Ireland

15. DEFERRED TAX ASSETS

	2021 £'000	2020 £'000
Deferred tax asset (note 19)	**420**	**414**

There are no unrecognised deferred tax assets.

16. STOCKS

	2021 £'000	2020 £'000
Finished goods and goods for resale	**65,943**	**88,968**

17. DEBTORS

	2021 £'000	2020 £'000
Trade debtors	65,984	65,276
Amount owed by group undertakings	1,191	99
Prepayments and accrued income	795	1,172
Derivative financial assets (note 21)	370	-
Corporation tax	-	156
Other debtors	991	941
Total	**69,331**	**67,644**

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Trade debtors are stated after provisions for impairment of £8,000 (2020: £8,000).

18. CREDITORS

	2021 £'000	2020 £'000
Amounts falling due within one year		
Trade creditors	44,544	54,743
Amounts owed to group undertakings	24,331	40,054
Bank overdrafts	24,726	26,767
Tax and social security	493	627
Corporation tax	85	-
Derivative financial liabilities (note 21)	2,981	1,808
Lease liabilities (note 12)	115	142
Other creditors	710	414
Accruals and deferred income	5,354	4,565
Total amounts falling due within one year	103,339	129,120
Amounts falling due after more than one year		
Lease liabilities (note 12)	62	138
Other creditors	-	378
Derivative financial liabilities (note 21)	6	-
Total amounts falling due after more than one year	68	516

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. Lease liabilities relate to the creditor for assets acquired under right of use leases and the assets are security against the liabilities.

There are no amounts falling due after more than five years.

19. PROVISION FOR LIABILITIES

The Company's deferred tax assets and (liabilities) totalled (£1,475,000) (2020 – (£1,061,000)) and related to temporary differences in respect of:

Deferred Tax Assets and Liabilities	**Cash flow hedges £'000**	**Other £'000**	**Tangible fixed assets £'000**	**Net £'000**
At 1 January 2021	297	117	(1,475)	(1,061)
Recognised in income	-	7	(420)	(413)
Recognised in equity	(1)	-	-	(1)
At 31 December 2021	296	124	(1,895)	(1,475)
Deferred tax asset over 12 months	296	124	-	420
At 31 December 2021	296	124	-	420
Deferred tax liabilities over 12 months	-	-	(1,895)	(1,895)
At 31 December 2021	**-**	**-**	**(1,895)**	**(1,895)**

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences because it is considered probable that these assets will be recovered. Temporary differences will be reversed when tax deductions are available on a cash settlement basis. Deferred tax liabilities will reverse because depreciation is expected to be higher than available capital allowances.

Other provisions	**£'000**
At 1 January 2021	-
Recognised in income	(500)
At 31 December 2021	**(500)**

The Company has also made a provision of £500,000 (2020: £nil) in relation to the potential settlement of an ongoing HMRC enquiry in relation to transfer pricing in earlier accounting periods. The Company continues to work collaboratively towards a conclusion.

20. PENSION SCHEME

The Company only operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £191,000 (2020: £178,000).

21. DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments recognised during the year and at the reporting date were forward foreign exchange contracts. All of these contracts were entered into for the purpose of cash flow hedging. For the purposes of the summary of fair values below, the full fair value of a hedging derivative is classified as a current asset or liability if the remaining time to maturity of the instrument is less than 12 months, and as a non-current asset or liability if the remaining time to maturity of the instrument is more than 12 months. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for GBP : EUR and GBP : USD.

The fair values of derivative financial assets/(liabilities) at the reporting date were as follows:

	Assets		Liabilities	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Forward foreign exchange contracts - cash flow hedges:				
Current portion	370	310	(2,981)	(2,118)
Non-current portion	-	-	(6)	-
Total	370	310	(2,987)	(2,118)

Movements in the fair values of derivative financial (liabilities)/assets for the year were as follows:

	£'000
At 1 January 2021	(1,808)
Recognised in profit or loss account	(429)
Recognised in statement of other comprehensive income	(380)
At 31 December 2021	**(2,617)**

22. CALLED UP SHARE CAPITAL AND RESERVES

	2021 £'000	2020 £'000
Authorised		
'A' 639,000 (2020: 580,000) ordinary shares of £1 each	639	580
'B' 3,000 (2020: 33,000) ordinary shares of £1 each	3	33
'C' 23,000 (2020: 73,000) ordinary shares of £1 each	23	73
'D' 200,000 ordinary shares of £1 each	200	200
'E' 5,000 (2020: 14,000) ordinary shares of £1 each	5	14
'F' 130,000 (2020: 100,000) ordinary shares of £1 each	130	100
	1,000	1,000
Allotted, called-up and fully paid		
'A' 639,000 (2020: 580,000) ordinary shares of £1 each	639	580
'B' 3,000 (2020: 33,000) ordinary shares of £1 each	3	33
'C' 23,000 (2020: 73,000) ordinary shares of £1 each	23	73
'D' 200,000 ordinary shares of £1 each	200	200
'E' 5,000 (2020: 14,000) ordinary shares of £1 each	5	14
'F' 130,000 (2020: 100,000) ordinary shares of £1 each	130	100
	1,000	1,000

All shares rank pari passu.

23. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company had commitments at the end of 2021 were as follows:

	2021 £'000	2020 £'000
Forward foreign exchange contracts	228,135	143,955

Contingent liabilities were as follows:

	2021 £'000	2020 £'000
Duty deferment guarantee	-	3,200

The duty deferment guarantee is in relation to the requirements to have a duty deferment account with the UK tax authorities to enable to pay duty once a month instead of individual consignments.

There are no contractual commitments for the acquisition of property, plant and equipment (2020: £nil).

24. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING

At the balance sheet date, the ultimate parent and controlling party is La Doria S.p.A., incorporated in Italy, which is the parent undertaking of the smallest and largest group into which the results of the Company are consolidated. Copies of the consolidated financial statements of La Doria S.p.A. are available from the registered office of La Doria S.p.A. at Via Nazionale 320, 84012 Angri (SA), Italy. See note 26 for subsequent events.

25. RELATED PARTY TRANSACTIONS

The following disclosures relate to the year ended 31 December 2021:

The Company purchased goods and services from La Doria S.p.A., a 63.9% shareholder of the Company, amounting to £117,534,000 (2020: £135,784,000). The amount outstanding at the year end amounted to £24,818,000 (2020: £40,044,000). The Company made recharges to La Doria S.p.A. amounting to £1,477,000 (2020: £2,256,000). The amount outstanding at the year end amounted to £460,000 (2020: £99,000).

The Company purchased goods from Thai Union Trading Europe BV, a 20.0% shareholder of the Company, amounting to £4,589,000 (2020: £22,616,000). The amount outstanding at the year end amounted to £1,104,000 (2020: £4,691,000). The Company made recharges to Thai Union Trading Europe BV amounting to £87,000 (2020: £130,000). The amount outstanding at the year end amounted to £3,000 (2020: £5,000).

The Company purchased goods from Pastificio Di Martino Gaetano & F.LLI S.p.A., a 13.0% shareholderof the Company, amounting to £56,990,000 (2020: £56,907,000). The amount outstanding at year end amounted to £11,849,000 (2020: £10,713,000). The Company made recharges to Pastificio Di Martino Gaetano & F.LLI S.p.A. amounting to £188,000 (2020: £785,000). The amount outstanding at the year end was £78,000 (2020: £167,000).

All the above transactions are in made under arm's length principles for goods and associated trading costs as part of the Company's main trade. There are no non-trading or financing transactions or balances.

26. SUBSEQUENT EVENTS

Proposed dividend for 2021 - See note 10.

In October 2021, the parent company La Doria S.p.A. had announced that a purchase agreement had been signed by Amalfi Holding S.p.A. for the acquisition of 63.13% of the share capital of the parent company. The transaction completed within 6 months of the year end, following legal authorisations and approvals. The current management of the parent company will continue in their roles. The Directors do not expect any changes in the direct ownership of the Company or the commitments to the Company from the parent company, as a result of this transaction.