

Company Registration No. 03605607 (England and Wales)

HENLEY BRIDGE INGREDIENTS LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



HENLEY BRIDGE INGREDIENTS LTD

COMPANY INFORMATION

Directors	Mr J M Dalglish	(Appointed 27 June 2019)
	Mr A Dalglish	(Appointed 27 June 2019)

Company number	03605607
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Registered office	c/o Kent Foods Limited Unit 2 Gateway Park Christopher Martin Road Basildon SS14 3EL
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Auditor	Wylie & Bisset (Audit) Limited Chartered Accountants 168 Bath Street Glasgow G2 4TP
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HENLEY BRIDGE INGREDIENTS LTD

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HENLEY BRIDGE INGREDIENTS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

The principal activity of the company continued to be that of food wholesalers. The company is a well-established independent company supplying food ingredients to the manufacturing and foodservice industries.

Turnover increased from £21.364m to £22.233m, an increase of 4.3%. The company's key financial indicator is net profit before tax which increased slightly to £1,518,033 from £1,497,126 in 2018.

Principal risks and uncertainties

The key risk to the company will be, as in previous years, unanticipated fluctuations in commodity prices and to a lesser extent, consumer demand caused by weather, natural disasters, financial uncertainties and political events.

Financial Risk Management

The company's principal financial investments comprise cash and other financial assets and liabilities, such as trade debtors and trade creditors, which arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below. The company utilises a contract specific hedging plan and any significant financial risks are addressed on a case-by-case basis.

Credit Risk

The company's credit risk comprises of its external debtors; however, the company monitors its customers via its dedicated credit control department in order to ensure that credit is not extended where there is a likelihood of default.

Cash Flow Risk

The company manages cash flow by tracking cash on a daily basis, forecasting on a rolling weekly basis and ensuring cash is available to meet commitments as they fall due.

HENLEY BRIDGE INGREDIENTS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Brexit Negotiations

It is the current view of the Directors that any risks will be minimal with the immediate risks facing the company from a UK perspective potentially being as a result of increased bureaucracy and the effect any changes in import/export taxes or delays within the supply chain where we depend on third parties, particularly at ports of entry to the UK. As the company has considerable experience in the importation and exporting of goods both within and out with the European Union, the Directors are of the view that the company has the experience to adapt to the post Brexit environment when negotiations are concluded.

Any changes to company / branch taxation on non-UK jurisdictions may also have an economic impact on the group in terms of additional administration and requiring additional technical skills.

Covid-19 Pandemic

The Directors are managing this matter in line with Government guidance. The welfare of the company's employees, their families and the wider community are the Directors' primary concern. As a key supplier within the food chain, the company is classed as a key business / service and continues to operate as normally as possible to ensure food ingredients and products are delivered to our customers. The main risks facing the company as a result of Covid-19 are shortages in the food supply chain, availability of third-party hauliers and the impact of credit risk. While the company is financially sound, with no external facilities the impact of increased credit risk may affect the company.

In addition, the Board is assessing daily the effect of the current Covid-19 pandemic on the present and future performance of the Company.

Going Concern

In preparing the financial statements, the directors have made an assessment of the company's ability to continue as a going concern.

Given the customer spread and liquidity, the directors have prepared detailed forecasts which show that the company is able to operate within its existing financial arrangements. The company is expected to remain profitable into the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.


On behalf of the board



Mr J M Dalglish

Director

29 April 2020



HENLEY BRIDGE INGREDIENTS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of procuring and supplying food ingredients to industry.

Directors

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

Mr J M Dalglish	(Appointed 27 June 2019)
Mr A Dalglish	(Appointed 27 June 2019)
Mr A M Mycock	(Resigned 27 June 2019)
Mrs K M Mycock	(Resigned 27 June 2019)
Mr T S St. John	(Resigned 27 June 2019)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £180,000. The directors do not recommend payment of a further dividend.


Auditor

Wylie & Bisset (Audit) Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr J M Dalglish
Director

29 April 2020

HENLEY BRIDGE INGREDIENTS LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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). 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;
- 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.

HENLEY BRIDGE INGREDIENTS LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF HENLEY BRIDGE INGREDIENTS LTD

Opinion

We have audited the financial statements of Henley Bridge Ingredients Ltd (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

HENLEY BRIDGE INGREDIENTS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF HENLEY BRIDGE INGREDIENTS LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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.

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.

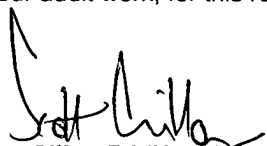
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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



Scott Gillon BA(Hons) FCCA CA (Senior Statutory Auditor)
for and on behalf of Wylie & Bisset (Audit) Limited

29 April 2020

Chartered Accountants
Statutory Auditor

Chartered Accountants
168 Bath Street
Glasgow
G2 4TP

HENLEY BRIDGE INGREDIENTS LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	22,273,583	21,364,959
Cost of sales		(17,325,346)	(16,450,443)
Gross profit		<u>4,948,237</u>	<u>4,914,516</u>
Distribution costs		(84,189)	(43,685)
Administrative expenses		(3,440,461)	(3,408,767)
Other operating income		64,185	35,013
Operating profit	4	<u>1,487,772</u>	<u>1,497,077</u>
Interest receivable and similar income	7	30,261	49
Profit before taxation		<u>1,518,033</u>	<u>1,497,126</u>
Tax on profit	8	(283,416)	(241,140)
Profit for the financial year		<u><u>1,234,617</u></u>	<u><u>1,255,986</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HENLEY BRIDGE INGREDIENTS LTD

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	10	248,896		278,334	
Investments	11	20,050		50	
		<u>268,946</u>		<u>278,384</u>	
Current assets					
Stocks	13	2,234,052		2,414,196	
Debtors	14	3,130,949		4,044,167	
Cash at bank and in hand		762,434		299,248	
		<u>6,127,435</u>		<u>6,757,611</u>	
Creditors: amounts falling due within one year	15	<u>(3,173,785)</u>		<u>(4,855,139)</u>	
Net current assets		2,953,650		1,902,472	
Total assets less current liabilities		<u>3,222,596</u>		<u>2,180,856</u>	
Provisions for liabilities	17	(24,762)		(37,639)	
Net assets		<u>3,197,834</u>		<u>2,143,217</u>	
Capital and reserves					
Called up share capital	20	135		135	
Capital redemption reserve		65		65	
Profit and loss reserves		3,197,634		2,143,017	
Total equity		<u>3,197,834</u>		<u>2,143,217</u>	

The financial statements were approved by the board of directors and authorised for issue on 29 April 2020 and are signed on its behalf by:



Mr J M Dalglish
Director

Company Registration No. 03605607

HENLEY BRIDGE INGREDIENTS LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		135	65	1,172,031	1,172,231
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	1,255,986	1,255,986
Dividends	9	-	-	(285,000)	(285,000)
Balance at 31 December 2018		135	65	2,143,017	2,143,217
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	1,234,617	1,234,617
Dividends	9	-	-	(180,000)	(180,000)
Balance at 31 December 2019		135	65	3,197,634	3,197,834

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Henley Bridge Ingredients Ltd is a private company limited by shares incorporated in England and Wales. The registered office is c/o Kent Foods Limited, Unit 2 Gateway Park Christopher Martin Road, Basildon, SS14 3EL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of HMS (485) Ltd . These consolidated financial statements are available from its registered office, C/O Kent Foods Limited, Albex House, 1 Marchfield Drive, Paisley, Scotland, PA3 2RB. .

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is recognised as food ingredients are supplied to the foods manufacturing and food service industries.

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

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold property	Over period of lease
Leasehold improvements	Over period of lease
Plant and machinery	15% Reducing balance
Fixtures, fittings & equipment	Straight line basis between 3 & 10 years
Motor vehicles	25% Reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

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.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2019 £	2018 £
Other significant revenue		
Interest income	261	49
Dividends received	30,000	-
	<u> </u>	<u> </u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	22,226,694	21,321,520
Other	46,889	43,439
	<u> </u>	<u> </u>
	22,273,583	21,364,959
	<u> </u>	<u> </u>

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(148,935)	(106,577)
Fees payable to the company's auditor for the audit of the company's financial statements	9,700	9,500
Depreciation of owned tangible fixed assets	71,716	85,259
Operating lease charges	301,714	276,474

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £148,935 (2018 - £106,577).

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Warehouse	22	19
Directors and Administration	37	35
	59	54

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,857,862	1,856,732
Social security costs	199,280	204,433
Pension costs	50,957	27,588
	2,108,099	2,088,753

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	59,917	26,779

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	261	49
Income from fixed asset investments		
Income from shares in group undertakings	30,000	-
Total income	<u>30,261</u>	<u>49</u>

8 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	296,293	241,140
Deferred tax		
Origination and reversal of timing differences	(12,877)	-
Total tax charge	<u>283,416</u>	<u>241,140</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	<u>1,518,033</u>	<u>1,497,126</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	288,426	284,454
Tax effect of expenses that are not deductible in determining taxable profit	1,631	3,178
Tax effect of income not taxable in determining taxable profit	(5,700)	(6,175)
Permanent capital allowances in excess of depreciation	11,936	8,558
Research and development tax credit	-	(46,419)
Other non-reversing timing differences	(12,877)	(2,456)
Taxation charge for the year	<u>283,416</u>	<u>241,140</u>

9 Dividends

	2019 £	2018 £
Final paid	<u>180,000</u>	<u>285,000</u>

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Tangible fixed assets

	Leasehold property	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2019	32,316	277,680	113,219	473,077	16,000	912,292
Additions	-	12,450	-	29,828	-	42,278
At 31 December 2019	32,316	290,130	113,219	502,905	16,000	954,570
Depreciation and impairment						
At 1 January 2019	19,394	150,520	70,708	385,586	7,750	633,958
Depreciation charged in the year	2,585	31,422	6,377	29,270	2,062	71,716
At 31 December 2019	21,979	181,942	77,085	414,856	9,812	705,674
Carrying amount						
At 31 December 2019	10,337	108,188	36,134	88,049	6,188	248,896
At 31 December 2018	12,922	127,160	42,511	87,491	8,250	278,334

11 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	12	20,050	50

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019	50
Additions	20,000
At 31 December 2019	20,050
Carrying amount	
At 31 December 2019	20,050
At 31 December 2018	50

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Address	Class of shares held	% Held	
			Direct	Indirect
FH Distribution Limited	C/O Kent Foods Ltd Unit 2 Gateway Park, Christopher Martin Road, Basildon, England	Ordinary Shares	51.00	-

13 Stocks

	2019 £	2018 £
Raw materials and consumables	2,234,052	2,414,196

14 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	2,225,085	3,090,030
Amounts owed by group undertakings	237,196	-
Other debtors	499,828	785,630
Prepayments and accrued income	168,840	168,507
	3,130,949	4,044,167

15 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Other borrowings	16	1,000,000	-
Trade creditors		1,646,743	2,558,393
Amounts owed to group undertakings		97,385	-
Corporation tax		221,293	295,933
Other taxation and social security		61,559	46,539
Other creditors		15,201	1,734,433
Accruals and deferred income		131,604	219,841
		3,173,785	4,855,139

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Loans and overdrafts

	2019 £	2018 £
Loans from group undertakings	1,000,000	-
Payable within one year	1,000,000	-

The borrowings consist of a £1m loan received from the parent company, HMS (485) Ltd, during the year. This loan is repayable on demand.

17 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	18	24,762	37,639

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	24,762	37,639
Movements in the year:		2019 £
Liability at 1 January 2019		37,639
Credit to profit or loss		(12,877)
Liability at 31 December 2019		24,762

19 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	50,957	27,588

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

HENLEY BRIDGE INGREDIENTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

20 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
75 Ordinary "A" of £1 each	75	75
60 Ordinary "B" of £1 each	60	60
	<u>135</u>	<u>135</u>

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	214,920	232,331
Between two and five years	586,109	801,030
	<u>801,029</u>	<u>1,033,361</u>

22 Ultimate controlling party

The ultimate controlling party of the company is HMS (485) Ltd, by way of its acquisition of 100% of the share capital on 27 June 2019. The results of the company are consolidated into the group accounts prepared by HMS (485) Ltd and are available from its registered office with the address C/O Kent Foods Limited, Albex House, 1 Marchfield Drive, Paisley, Scotland, PA3 2RB.