

**Registered number: 04352824**

# **Northumbrian Fine Foods Limited**

## **Annual report**

**31 December 2022**



# Northumbrian Fine Foods Limited

## Company information

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**Directors**

N McAndry  
P Bignebat  
C Fenart (appointed 1 October 2022)  
T Langdon (appointed 14 February 2022)  
L Taviatsky (appointed 3 January 2023)  
H Breffort (resigned 30 September 2022)  
G Schiratti (resigned 3 January 2023)  
J Wood (resigned 14 February 2022)

**Registered number**

04352824 registered in England

**Registered office**

Dukesway  
Team Valley  
Gateshead  
Tyne & Wear  
NE11 0PZ

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3AZ

# **Northumbrian Fine Foods Limited**

## **Company information**

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# Northumbrian Fine Foods Limited

**Strategic**  
**Year ended 31 December 2022**

**report**

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## **Principal activities**

The Company's principal activities are the manufacture and sale of gluten-free and gluten biscuits manufactured at our Gateshead factory in the north-east of England, plus the distribution of group products to UK retailers. The Company produces branded product, private label and contract manufactured products, supported by strong new product development and effective cost control initiatives.

## **Business review and future developments**

The company operates as part of Biscuit International ("BI") group which is the leading European manufacturer of private label sweet biscuits, with a wide range of products with a European or local presence – traditional biscuits, waffles and cakes. The group strategy is to drive growth through the cross selling of group products to European markets leveraging the local expertise and their relationships with local retailers.

The Company strategy within the Biscuit International group is to create, manufacture and supply market leading 'Free From' and gluten biscuits and cookies to meet the needs of consumers and customers in the UK and around the world.

During the year under review, our company experienced a 6% increase in sales volume compared to the previous year, resulting in a total turnover of £57.7 million, up from £51.9 million in 2021.

However, 2022 posed challenges due to external economic conditions that were beyond our control. These challenges led to significant cost increases across our entire supply chain. In response, we raised prices to offset these impacts, but unfortunately, we couldn't fully recover the increased costs in year. As a result, we reported a loss of £4.5 million in earnings before interest, tax, depreciation, amortization, and exceptional costs (EBITDA), in contrast to the £1.2 million profit in 2021.

Despite this setback, we remain confident in the resilience of our business model and look forward to a positive turnaround. We expect to return to profitability in the second quarter of 2023.

Our ongoing objectives remain focused on retaining and growing our customer base, improving profit margins, and exploring new opportunities in retail, non-retail, and food service markets. Additionally, we are committed to expanding our export business to further drive growth.

Biscuit International has plans to continue to invest in the commercial organisation to aid cross selling, plant and machinery and in the continuous improvement activities which will enable the company to maintain and improve profitability.

As we look forward to the coming years the Company continues to invest with confidence in:

- Further strengthening a capable, established management team
- Technical and quality, where we continue to raise the bar and standards
- Training and capability of all staff
- Staff welfare and engagement

# Northumbrian Fine Foods Limited

## Strategic Year ended 31 December 2022

## report

The Company expects the support of its sister Biscuit International group companies will lead to increased sales of gluten free products into the established group customer base in mainland Europe and around the world.

### Key performance indicators

Important financial Key Performance Indicators (KPIs) monitored by the Directors are sales volume growth, gross margin, and EBITDA.

	Dec-22	Dec-21
Sales £000	57,691	51,925
Sales growth	11%	12%
EBITDA £000	(4,542)	1,160
EBITDA growth	-491%	20%

Key outcomes for the workplace safety are the number of accidents at 50 for the year (2021: 44) and the number of RIDDOR incidents being 2 for 2022 (2021: 1).

In the view of directors, there are no (2021:no) non-financial key performance indicators, including those relating to environmental and employee matters.

### Streamlined Energy and Carbon Reporting (SECR) Disclosure

The SECR disclosure presents our carbon footprint within the United Kingdom across scope 1 and 2, an appropriate intensity metric.

	Dec-22	Dec-21
Energy consumption used to calculate emissions (kwh)	5,395,265	4,960,996
Emissions from combustion of gas (scope 1) tCO <sub>2</sub> e	659	657
Emissions from combustion of electricity (scope 2) tCO <sub>2</sub> e	384	501
Total gross tCO <sub>2</sub> e based on above	1,043	1,158
Energy ration (kgCO <sub>2</sub> e / tonnes of production)	218.3	242.3

### Principal risks and uncertainties

The Company is exposed notably to the following risks. The Company's senior management oversees the management of these risks and its Directors review and agree policies for managing each of these risks.

#### Product liability risks

The production, packaging and sale of food products may give rise to product liability risks. The Company applies the highest product safety standards to the entire production and distribution process, from purchase of raw material through the distribution of the final product, supported and guaranteed by structured procedures and systematic internal and external quality audits.

#### Raw material and packaging costs

The risk of negative consequences of fluctuations in raw material prices on the results is mitigated by securing ingredient pricing approximately 6-9 months ahead. This enables fair warning of commodity risks and where appropriate to adjust sales pricing in a timely manner. The strong interaction between purchasing and commercial ensures the early engagement with customers to ensure correct level of pass through.

Section 172: Duty to promote the success of the Company

# Northumbrian Fine Foods Limited

## Strategic Year ended 31 December 2022

## report

- (1) A director of a Company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term,

It is the responsibility of the Company's board to make decisions in line with the ambitions of the parent Company and its shareholders. The Directors take seriously the perennial risk posed by prioritising short term pressures over long term strategic priorities and as a Board considers how best to ensure a balance between the need to meet immediate financial objectives and our long-term goals. The Company has a clearly defined long term strategy of promoting the core manufacturing strength around Free From products and the growth of sales from Biscuit International products imported from Europe. The Directors believe this is aligned with the long-term development of a successful business.

- (b) the interests of the Company's employees,

The Company is committed to provide a safe and enjoyable working environment for all staff and seeks to be recognised as a good employer. We utilise several different tools to foster two-way communication and to ensure we share information about the Company, as well as listen to the views of the employees. This has been especially important during the pandemic where the Company has actively engaged and advised all employees to ensure a safe working environment. Each year the Company runs an anonymous employee opinion survey through a third party, the feedback from the survey feeds into the future company plans. The Company also supports the learning and career development of our employees through performance management and study support where appropriate.

- (c) the need to foster the Company's business relationships with suppliers, customers, and others,

The Company continues to work closely with customers, suppliers, and other stakeholders to deliver market leading products that makes their businesses more sustainable, whilst maintaining economic value to all parties in the delivery chain. In practice this is often lead by the Company's commercial team engaging with the various buying teams within the customer base. The commercial team seeks to promote new opportunities within the Free From retail space as well as introducing new products as sourced from the various sister Company's within the European Group. The suppliers are engaged both by the local team in the UK as well as the European central buying group resource, which can introduce new opportunities for the suppliers within the wider group context.

- (d) the impact of the Company's operations on the community and the environment,

The Company makes use of the Group procurement team to develop environmentally sound solutions for our products and packaging to promote to our customers. The local teams participate and sometimes lead these initiatives using Group wide tools to help engage all the New Product Development teams within each of the Group entities.

- (e) the desirability of the Company maintaining a reputation for high standards of business conduct,

The Company has established an enviable reputation for the quality and desirability of its products within the retailers. This has led to a very strong presence in the UK retail space where we supply the majority of our products. The Company is regularly audited by both BRC and indeed all the retail customers and has consistently met customer expectations for the production of quality products.

# Northumbrian Fine Foods Limited

**Strategic**  
**Year ended 31 December 2022**

**report**

- (f) the need to act fairly between members of the Company.

The effective parent Company Biscuit International is a private Company incorporated in France. This Company sets out a strong framework for working with the various entities under this umbrella. This covers rules relevant to product development, cross selling strategy with appropriate incentives and the management of logistic and delivery concerns plus the commercial terms. The Board members and senior officers within Biscuit International also take an active role in the management of the Company through various regular reporting and meeting schedules. The Board of the Company comprises some of the Board members of Biscuit International.

The Company's Directors have reviewed and believe they are compliant with regards to section 172 1 (a) to (f) of the act and have behaved correctly with regard to these matters.

This report was approved by the board on 29 September 2023 and signed on its behalf by:



**N McAndry**  
Director

# Northumbrian Fine Foods Limited

## Directors' Year ended 31 December 2022

## report

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The Directors present their report and the audited financial statements for the year ended 31 December 2022.

### Results and dividends

The loss for the year, after taxation, amounted to £4,689,906 (profit for 2021: £130,872). There were no dividends paid during the year (2021: £nil). The Directors do not recommend a final dividend in respect of the year (2021: £nil).

### Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

N McAndry  
P Bignebat  
C Fenart (appointed 1 October 2022)  
T Langdon (appointed 14 February 2022)  
L Taviansky (appointed 3 January 2023)  
H Breffort (resigned 30 September 2022)  
G Schiratti (resigned 3 January 2023)  
J Wood (resigned 14 February 2022)

### Qualifying third party indemnities

As permitted by the Articles of Association, the Directors 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.

### Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, currency risk and liquidity risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company where appropriate.

#### *Price risk*

The Company is exposed to commodity price risk as a result of its operations. One of the main risks the Company faces is raw material fluctuation. The Company aims to secure ingredient pricing approximately 6-9 months ahead. This enables fair warning of commodity risks and where appropriate to adjust sales pricing on a timely basis. The Company has no exposure to equity securities price risk as it holds no listed or other equity investments.

#### *Credit risk*

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

#### *Liquidity risk*



# Northumbrian Fine Foods Limited

## Directors' Year ended 31 December 2022

## report

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The Company actively manages its risk profile on a regular basis to ensure the Company has sufficient available funds for operations and planned expansions.

### *Currency fluctuation*

There are some ingredients affected by exchange rate movements (of euros in particular). To help mitigate these the Company aims to match income and expenditure of euro transactions as far as possible.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

# Northumbrian Fine Foods Limited

## Directors' Year ended 31 December 2022

## report

- 
- 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 auditors are aware of that information.

### Independent Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the board on 29 September 2023 and signed on its behalf by:



**N McAndry**  
Director

# Independent auditors' report to the members of Northumbrian Fine Foods Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Northumbrian Fine Foods Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance sheet as at 31 December 2022; the Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

# Independent auditors' report to the members of Northumbrian Fine Foods Limited (continued)

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

# Independent auditors' report to the members of Northumbrian Fine Foods Limited (continued)

## **Auditors' 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 auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations and food safety laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and compliance with the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries or through management bias in manipulation of accounting estimates with the aim of increasing revenue or profitability, including the increase of its Earnings Before Interest Tax Depreciation or Amortisation 'EBITDA'. Audit procedures performed by the engagement team included:

- Discussions with management including those charged with governance, inquiring specifically as to whether there was any known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of legal expense accounts in the year to identify potential non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular net realisable value of inventories, impairment of trade receivables and going concern; and
- Identifying and testing journal entries in particular any journal entries posted with unusual account combinations, focussing on those that increased revenue or that improved performance at an earnings before interest tax depreciation and amortisation "EBITDA" level.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

# Independent auditors' report to the members of Northumbrian Fine Foods Limited (continued)

## **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Mark Dawson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
29 September 2023

# Northumbrian Fine Foods Limited

## Profit and loss account Year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	5	57,691,270	51,925,480
Cost of sales		(49,527,655)	(40,778,261)
<b>Gross profit</b>		<b>8,163,615</b>	<b>11,147,219</b>
Distribution costs		(3,166,315)	(2,517,484)
Administrative expenses		(10,200,605)	(8,104,040)
<b>Operating (loss) / profit</b>	6	<b>(5,203,305)</b>	<b>525,695</b>
Interest payable and similar expenses	10	(309,868)	(200,922)
<b>(Loss) / Profit before tax</b>		<b>(5,513,173)</b>	<b>324,773</b>
Tax on (loss) / profit	11	823,267	(193,901)
<b>(Loss) / Profit for the financial year</b>		<b>(4,689,906)</b>	<b>130,872</b>

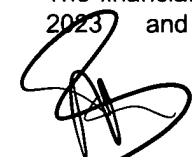
There was no other comprehensive income for 2022 or 2021 other than those included in the profit and loss account, which are presented net of related tax effects.

The notes on pages 15 to 26 form part of these financial statements

**Northumbrian Fine Foods Limited**  
**Balance sheet**  
**At 31 December 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	12	249,545	274,867
Tangible assets	13	5,152,192	4,874,304
		5,401,737	5,149,171
<b>Current assets</b>			
Stocks	14	3,784,753	4,131,648
Debtors	15	5,784,777	10,364,724
Cash at bank and in hand		275,120	191,744
		9,844,650	14,688,116
<b>Creditors: Amounts falling due within one year</b>	16	(12,034,529)	(10,071,928)
<b>Net current (liabilities) / assets</b>		(2,189,879)	4,616,188
<b>Total assets less current liabilities</b>		3,211,858	9,765,359
<b>Creditors: Amounts falling due after one year</b>	16	-	(1,347,967)
<b>Provisions for liabilities</b>			
Deferred tax liability	17	-	(568,649)
<b>Net assets</b>		3,211,858	7,848,743
<b>Capital &amp; reserves</b>			
Called up share capital	18	2,369,692	2,369,692
Profit and loss account		842,166	5,479,051
<b>Total equity</b>		3,211,858	7,848,743

The financial statements on pages 12 to 26 were approved by the Board of Directors on 29 September 2023 and signed on its behalf by



**N McAndry**  
Director

Company registered number: 04352824

The notes on pages 15 to 26 form part of these financial statements.



**Northumbrian Fine Foods Limited**  
**Statement of Changes in Equity**  
**Year ended 31 December 2022**

	<b>Called up share capital £</b>	<b>Profit &amp; loss £</b>	<b>Total equity £</b>
At 1 January 2022	2,369,692	5,479,051	7,848,743
Loss for the year	-	(4,689,906)	(4,689,906)
Credit relating to equity-settled share-based payments	-	53,021	53,021
<b>At 31 December 2022</b>	<b>2,369,692</b>	<b>842,166</b>	<b>3,211,858</b>

	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2021	2,369,692	5,251,209	7,620,901
Profit for the year	-	130,872	130,872
Credit relating to equity-settled share-based payments	-	96,970	96,970
<b>At 31 December 2021</b>	<b>2,369,692</b>	<b>5,479,051</b>	<b>7,848,743</b>

The notes on pages 15 to 26 form part of these financial statements.

# Northumbrian Fine Foods Limited

## Notes to the financial statements Year ended 31 December 2022

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### 1. General information

Northumbrian Fine Foods Limited ('the Company') manufactures an extensive range of biscuits, cereal bars and gluten free products for sale to retailers.

The Company is a private Company limited by shares, incorporated and domiciled in England, United Kingdom. The address of the registered office is given in the Company information page 2 of these financial statements.

### 2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

### 3. 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 periods presented, unless otherwise stated.

#### 3.1 Basis of preparation

The financial statements are prepared under the historical cost convention. They are presented in pounds sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### 3.2 Going concern

The Directors have received from their parent company, Biscuit Holding S.A.S. a letter of support confirming the group's continued financial support of the Company in the context of increased trading activities with sister companies. This support guarantees the Company access to funding for the foreseeable future, being at least 12 months from the date of signing of these accounts. Thus, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have adopted the going concern basis of accounting in preparing the annual financial statements.

#### 3.3 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Northumbrian Fine Foods Limited is a qualifying entity as its results are consolidated into the financial statements of its parent company which are publicly available.

# Northumbrian Fine Foods Limited

## Notes to the financial statements

Year ended 31 December 2022

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As a qualifying entity, the Company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

### 3.4 Revenue recognition

#### Turnover

Turnover comprises revenue recognised in respect of goods supplied during the year, net of discounts rebates, and excluding Value Added Tax.

Turnover is recognised as goods are delivered to the customer.

#### Government grants

Government grants are recognised in the profit and loss account on a performance basis, i.e., when the Company has satisfied all the conditions attaching to the grant. Grant monies received in advance of the performance conditions being fully satisfied are deferred to future period, included on the balance sheet within creditors.

### 3.5 Intangible assets and amortisation

Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses. Amortisation is provided on all intangible assets, other than those not yet ready for use, so as to write off the cost of each asset over its estimated useful life as follows:

Computer software - 3 years straight line

Asset residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. The effect of any change is accounted for prospectively.

### 3.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is provided on all tangible fixed assets, other than assets under construction, at rates calculated to write off the cost less estimated residual value of fixed assets, over their expected useful lives as follows:

Property improvements	- over the lease term
Plant and machinery	- 10% reducing balance
Fixtures and fittings	- 20% reducing balance
Computer equipment	- 3 years straight line

# Northumbrian Fine Foods Limited

## Notes to the financial statements Year ended 31 December 2022

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Asset residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. The effect of any change is accounted for prospectively.

### 3.7 Leased assets

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the Company similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charged to the profit and loss account over the period of the leases, so as to produce a constant periodic rate of charge on the remaining balance of the liability.

Leases that do not confer rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

### 3.8 Stocks

Stocks are stated at the lower of cost or estimated selling price less costs to complete and sell. Cost includes all direct costs and, for manufactured stocks and work in progress, an appropriate proportion of fixed and variable overheads (based on normal operating capacity). Cost is based on the first-in first-out (FIFO) method.

Provision is made as necessary for damaged, obsolete or slow-moving items.

### 3.9 Financial instruments

The Company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other debtors and creditors, cash and bank balances, bank loans and loans to or from related parties, including fellow group companies.

Bank loans are measured initially at the transaction price, and subsequently at amortised cost using the effective interest method. All other financial assets and liabilities (which are all due within one year) are measured initially and subsequently at the transaction price.

At the end of each reporting period, debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

### 3.10 Employee benefits

#### ***Short-term benefits***

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

# Northumbrian Fine Foods Limited

## Notes to the financial statements

Year ended 31 December 2022

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### ***Defined contribution pension plan***

The Company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

### ***Share based payment***

Where the Company participates in a share-based payment arrangement established by a group Company, the Company takes advantage of the alternative treatment allowed under section 26 of FRS 102. The Company recognises the share based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the relative remuneration cost of participating employees. The corresponding credit is recognised in retained earnings as a component of equity.

Certain of the Company's employees have been granted share options by an upstream parent Company. The Company makes use of the exemption in section 26 of FRS 102 to account for the expense based on a reasonable allocation of the parent Company's total expense. The Company has calculated its allocation of the parent Company's total expense based on the relative remuneration cost of the relevant employees. This is not a judgement based estimate.

### **3.11 Foreign currency**

The Company's functional currency is the pound sterling.

Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses are recognised in the profit and loss account.

### **3.12 Research and development**

All research and development expenditure is expensed in the period in which it is incurred.

### **3.13 Taxation**

The taxation expense for the period comprises current and deferred tax and is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# Northumbrian Fine Foods Limited

## Notes to the financial statements Year ended 31 December 2022

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing differences.

### 4. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Stock provisioning** estimate – a significant proportion of the Company's stock is foodstuffs, and therefore perishable. In addition, packaging stocks can become un-usable due to design changes or ingredients updates. When calculating the stock provision, management considers use-by dates for food items, as well as applying assumptions around anticipated future usage of food items and packaging stocks.

**Receivables recoverability** estimate – the Company's debtors are materially made up of large retailers where the recoverability is not impacted by liquidity considerations. However, there are estimates required for recoverability based on challenges of quantities delivered. The Company employs estimates based on customer history and the quality of proof of delivery documentation.

### 5. Turnover

The whole of the turnover is attributable to the sale of goods.

Analysis of turnover by geography:

	2022 £	2021 £
United Kingdom	51,378,194	46,924,518
Rest of Europe	6,313,076	5,000,962
	57,691,270	51,925,480

### 6. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets (note 13)	517,614	500,094
Amortisation of intangible assets (note 12)	143,910	136,653
Audit fees payable to the Company's auditors	57,000	63,000
Foreign exchange losses/(gains)	112,313	(326,631)
Operating lease rentals	435,505	415,505
	1,266,342	788,621

# Northumbrian Fine Foods Limited

## Notes to the financial statements Year ended 31 December 2022

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	7,618,952	6,011,299
Social security costs	814,352	617,974
Other pension costs	162,474	117,755
	<b>8,595,778</b>	<b>6,747,028</b>

The Company experienced disruption to accommodate safe working during COVID in 2021. No employees were furloughed during 2022 (2021: for two weeks in February 2021, there were 145 employees furloughed). The Company claimed £Nil (2021: £65,591) in relation to this from the UK Government under the scheme.

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

	2022 No.	2021 No.
Productive	203	159
Administrative	59	62
Management	4	4
	<b>266</b>	<b>225</b>

### 8. Directors' remuneration

	2022 £	2021 £
Remuneration	533,066	303,968
Company contributions to defined contribution pension	2,311	31,676
	<b>535,377</b>	<b>335,644</b>

In the year two directors (2021: two) received share based payments included in remuneration.

During the year retirement benefits were accruing to 2 directors (2021: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £292,454 (2021: £190,932).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £991 (2021: £1,319).

There are Director loans outstanding of £111,811 (2021: £92,222). The loans relate to the personal taxation arising as a result of the share based payments issued in June 2020. The loans attract interest charged at annual rate of 4.0% (2021: 4.0 %) payable on the anniversary of the date of the loan.

# Northumbrian Fine Foods Limited

## Notes to the financial statements Year ended 31 December 2022

### 9. Share based payments

Certain employees of the Company have been granted shares in Biscuit International. The shares are granted on the basis of the employees investing in the Company and are valued as per the accounting note 3 - share based payments.

The Company recognises an equity settled share-based payment expense based on a reasonable allocation of the total charge for the group. This allocation is based on an allocation of its share of the group's total expense, calculated in proportion to the relative remuneration cost of participating employees. The expense for the year in total was £53,021 (2021: £50,235).

### 10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest	218,270	101,309
Interest on intercompany loan	91,598	99,613
<b>Total current tax</b>	<b>309,868</b>	<b>200,922</b>

### 11. Tax on (loss)/profit

	2022 £	2021 £
<b>Current tax</b>		
UK Corporation tax on profits for the year	(254,618)	-
	<b>(254,618)</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(532,687)	70,746
Changes to tax rates	(168,219)	148,199
Adjustments in respect of previous periods	132,257	(25,044)
<b>Total deferred tax</b>	<b>(568,649)</b>	<b>193,901</b>
<b>Total tax</b>	<b>(823,267)</b>	<b>193,901</b>



# Northumbrian Fine Foods Limited

## Notes to the financial statements Year ended 31 December 2022

### Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
<b>Profit / (Loss) before tax</b>	<b>(5,513,173)</b>	<b>324,773</b>
Profit before tax multiplied by standard rate of corporation tax in UK of 19% (2021: 19%)	(1,047,503)	61,707
<b>Factors affecting tax (credit)/charge:</b>		
Expenses not deductible for tax purposes	10,144	14,228
Income not taxable	(110,791)	(5,888)
Others	(190,354)	699
Deferred tax not recognised	551,199	-
Adjustments to tax charge in respect of previous periods	132,257	(25,044)
Changes to tax rates	(168,219)	148,199
<b>Total tax (credit)/charge for the year</b>	<b>(823,267)</b>	<b>193,901</b>

In the Budget 2020, the Government announced that the Corporation tax main rate (for all profits, except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023, the Corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the Government confirmed the increase in the Corporation tax rate to 25% from April 2023.

### 12. Intangible assets

	Computer Software £
<b>Cost</b>	
At 1 January 2022	785,624
Additions	118,588
<b>At 31 December 2022</b>	<b>904,212</b>
<b>Accumulated amortisation</b>	
At 1 January 2022	510,757
Charge for the year	143,910
<b>At 31 December 2022</b>	<b>654,667</b>
<b>Net book value</b>	
<b>At 31 December 2022</b>	<b>249,545</b>
At 31 December 2021	274,867

# Northumbrian Fine Foods Limited

## Notes to the financial statements Year ended 31 December 2022

### 13. Tangible Assets

	Total	Property improvements	Plant and machinery	Fixtures and fittings	Computer equipment
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2022	614,032	7,033,669	359,007	302,298	8,309,006
Additions	47,312	676,088	56,892	15,210	795,502
<b>At 31 December 2022</b>	<b>661,344</b>	<b>7,709,757</b>	<b>415,899</b>	<b>317,508</b>	<b>9,104,508</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	98,718	2,843,541	238,796	253,647	3,434,702
Charge for the year	25,541	445,219	16,646	30,208	517,614
<b>At 31 December 2022</b>	<b>124,259</b>	<b>3,288,760</b>	<b>255,442</b>	<b>283,855</b>	<b>3,952,316</b>
<b>Net book value</b>					
<b>At 31 December 2022</b>	<b>537,085</b>	<b>4,420,997</b>	<b>160,457</b>	<b>33,653</b>	<b>5,152,192</b>
At 31 December 2021	515,314	4,190,128	120,211	48,651	4,874,304

Plant and machinery does not include any assets held under finance leases or hire purchase for 2022 (2021: net book value £ nil).

### 14. Stocks

	2022 £	2021 £
Raw materials and consumables	1,749,023	2,065,217
Finished goods	2,035,730	2,066,431
	<b>3,784,753</b>	<b>4,131,648</b>

The amount of inventories expenses during the year was £15,043,320 (2021: £13,055,048). The stock values include provisions of £357,756 (2021: £190,773).

### 15. Debtors

	2022 £	2021 £
Trade debtors	4,925,329	8,794,428
Amounts owed by group undertakings	127,907	128,910
Other debtors	176,206	-
Directors' loan	111,811	92,222
VAT and R&D tax receivable	204,945	597,815
Prepayments and accrued income	238,579	751,349
	<b>5,784,777</b>	<b>10,364,724</b>

# Northumbrian Fine Foods Limited

## Notes to the financial statements

Year ended 31 December 2022

During the year the company sold £6,447,548 (2021: £Nil) to BPCE (the factoring company). £3,241,567 (2021: £Nil) was retained from amounts sold to BPCE.

### 16. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,894,412	3,243,751
Amounts owed to group undertakings	6,729,899	4,904,151
Other taxation and social security	159,834	124,080
Accruals and deferred income	2,250,384	1,799,946
	<b>12,034,529</b>	<b>10,071,928</b>

### Creditors: amounts falling due after one year

	2022 £	2021 £
Amounts owed to group undertakings*	-	1,347,967
	-	<b>1,347,967</b>

\* This figure includes amounts repayable to a group undertaking by May 2026 carrying interest of 4.25% per annum.

### 17. Deferred tax liability

	2022 £	2021 £
At beginning of year	(568,649)	(374,748)
Credit/(charge) to profit and loss account in the year	700,906	(218,945)
Adjustment in respect of prior year	(132,257)	25,044
<b>At end of year</b>	<b>-</b>	<b>(568,649)</b>

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Fixed assets timing differences	(903,327)	(619,005)
Short term timing differences	31,130	1,508
Losses	872,197	-
R&D expenditure credit	-	48,848
	-	<b>(568,649)</b>

# Northumbrian Fine Foods Limited

## Notes to the financial statements Year ended 31 December 2022

### 18. Called up share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
2,369,690 (2021: 2,369,690) Ordinary shares of £1 each	<b>2,369,690</b>	2,369,690
400 (2021: 400) Ordinary shares of £0.005 each	<b>2</b>	2
	<b>2,369,692</b>	2,369,692

Both classes of ordinary share have voting, distribution and capital rights, and rank pari-passu in all respects. There are no restrictions on the distribution of dividends or the repayment of capital.

### 19. Dividends

	2022 £	2021 £
Interim dividends paid	-	-

A final dividend of nil (2021: nil) was paid per a share. In respect of the current year the Directors do not propose a dividend.

### 20. Capital commitments

	2022 £	2021 £
Contracted for but not provided in these financial statements	<b>167,970</b>	136,862

### 21. Commitments under operating leases

Future minimum lease payments under non-cancellable operating leases fall due as follows:

	2022 £	2021 £
Within one year	<b>548,426</b>	473,613
After one year and before five years	<b>1,941,596</b>	1,871,207
After five years	<b>2,322,036</b>	2,970,000
	<b>4,812,058</b>	5,314,820

# **Northumbrian Fine Foods Limited**

## **Notes to the financial statements Year ended 31 December 2022**

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### **22. Related party transactions**

Key management personnel comprise the executive directors, whose remuneration is given in note 9 (total of remuneration and Company contributions to defined contribution pension schemes).

### **23. Controlling parties**

The immediate parent undertaking is Biscuit Holding S.A.S a Company registered in France following the acquisition during the year.

The ultimate parent companies are various investment vehicles advised by Platinum Equity Advisors, LLC (a Delaware (USA) limited liability Company).