

Registered number: 04352824

Northumbrian Fine Foods Limited

Annual report

31 December 2020

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Northumbrian Fine Foods Limited

Directors and Advisers

Directors

H Breffort
G Schiratti
J Wood
S McLelland (resigned 14 Feb 2020)
Neil McAndry (appointed 17 Feb 2020)
Pierre Bignebat (appointed 20 Apr 2020)

Registered number

04352824 registered in England

Registered office

Dukesway
Team Valley
Gateshead
Tyne & Wear
NE11 0QP

Independent auditor

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

Northumbrian Fine Foods Limited

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Northumbrian Fine Foods Limited

Strategic report

Year ended 31 December 2020

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, retailers' own label and contract manufactured products, supported by strong new product development and effective cost control initiatives.

Business review and future developments

Biscuit International ("BI") 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 grow sales by the cross selling of group products to European markets leveraging the local selling Company's relationships with local retailers.

The Company strategy within the Biscuit International group is focused on the continued development of quality gluten-free products meeting the highest technical standards of our customers, and the sales of group products to UK retailers.

The 12 months to December 2020 was a successful period for Northumbrian Fine Foods Limited, with sales of £46.3m (2019 £32.3m) and EBITDA defined as earnings before interest, tax, depreciation, amortisation and exceptional costs £1.0m (2019 £3.9m). In the year ended 31 December 2020 the earnings were negatively impacted by costs associated with Brexit, Covid interruptions and charges related to the ongoing investment costs to improve operational performance.

Sales have increased by 43% as the Company has pursued a strategy of growing its own products manufactured by sister entities within the group. During 2020 the sales slowed by -2% or -£0.6m (2019 +5% +£1.2m). The Directors believe this was negatively impacted by Covid. This reduction was offset by significant growth from selling BI sourced products + £14.6m which resulted in a £13.0m revenue growth. The Directors are confident that sales and profits will grow by continuing to focus on growing product groups where the Company has a commercial and technical advantage, namely the gluten free category, plus the introduction of group products to UK retailers.

Biscuit International has plans to continue to invest in both the commercial organisation to aid cross selling and in the development of the NFF factory to achieve best in industry performance.

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

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.

Principal risks and uncertainties

Brexit

The UK left the EU on 1st January 2020. As a result of this change certain customers in the EU (primarily Eire) require the Company to change some supply change delivery methods, and invoicing which now includes the relevant VAT to be charged. These changes were not implemented until January 2021 in line with the delay in implementation agreed between the UK and the EU.

Northumbrian Fine Foods Limited

Strategic report

Year ended 31 December 2020

Inflation

Looking forward to 2022, the Company believes that significant cost inflation will occur and has therefore engaged with all its customers to ensure the correct level of pass through of this increased cost to maintain profitability.

Key performance indicators

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

Key performance indicators	12 months to December 2020	12 months to December 2019
Sales £000	46,276	32,344
Sales growth	43%	24%
EBITDA £000	968	3,938
EBITDA growth	-75%	37%

Key outcomes for the workplace safety are the number of accidents at 79 for the year (2019: 32) and the number of RIDDOR incidents being 1 for 2020 (2019: 1). The increase in 2020 is due to reinforced reporting of all accidents by the management team.

The external customer audits have increasingly reviewed the Company's employee practices. As a result the Company engaged external resource to complete an extensive survey during 2020 which lead to a Company initiative restructuring how the employees are managed and motivated.

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.

	Year to 31 December 2020
Energy consumption used to calculate emissions (kwh)	4,770,524
Emissions from combustion of gas (scope 1) tCO ₂ e	204
Emissions from combustion of electricity (scope 2) tCO ₂ e	97
Total gross tCO ₂ e based on above	301
Energy ratio (kgCO ₂ e/tonnes of production)	58

Northumbrian Fine Foods Limited

Strategic report Year ended 31 December 2020

Section 172: Duty to promote the success of the Company

- (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 as a whole, 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 prioritizing 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 recognized as a good employer. We utilize a number of different tools to foster two way communication 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. 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.

Northumbrian Fine Foods Limited

Strategic report

Year ended 31 December 2020

- (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.

- (f) the need to act fairly as 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 7 January 2022 and signed on its behalf by:



N. McAndry
Director

Northumbrian Fine Foods Limited

Directors' report

Year ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £122,685 (2019: profit £1,756,785). There were no dividends paid during the year (2019: £Nil). The Directors do not recommend a final dividend in respect of the year (2019: £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:

J Wood	
S McLelland	(Resigned 17 February 2020)
N McAndry	(Appointed on 17 February 2020)
G Schiratti	
H Breffort	
P Bignebat	(Appointed 23 April 2020)

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

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.

Northumbrian Fine Foods Limited

Directors' report

Year ended 31 December 2020

Directors' responsibilities statement

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
- 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.

Northumbrian Fine Foods Limited

Directors' report

Year ended 31 December 2020

Independent Auditors

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

This report was approved by the board on 7 January 2022 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 2020 and of its profit for the year then ended;
- have been properly prepared 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); 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: Balance sheet as at 31 December 2020; Profit and loss account and 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.

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.

Northumbrian Fine Foods Limited

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

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 2020 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 Directors' responsibilities statement, 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.

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 tax legislation and in respect of compliance with the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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/professional expenses 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 realizable value of inventories, impairment of trade receivables and consideration of the impacts of COVID-19 on 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. This description forms part of our auditors' report.

Northumbrian Fine Foods Limited

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.

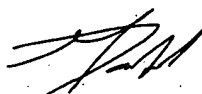
Other required reporting

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
7th January 2022

Northumbrian Fine Foods Limited

Profit and loss account

Year ended 31 December 2020

		2020	2019
	Note	£	£
Turnover	5	46,276,042	32,343,756
Cost of sales		(35,605,379)	(21,335,383)
Gross profit		10,670,663	11,008,373
Distribution costs		(2,221,864)	(1,451,195)
Administrative expenses		(8,038,291)	(6,118,923)
Exceptional costs	6	-	(913,296)
Total Administrative expenses		(8,038,291)	(7,032,219)
Operating profit	7	410,508	2,524,959
Interest payable and similar expenses	11	(175,438)	(303,359)
Profit before tax		235,070	2,221,600
Tax on profit	12	(112,385)	(464,816)
Profit (and total comprehensive income) for the financial year		122,685	1,756,784

There was no other comprehensive income for 2020 or 2019 other than those included in the profit and loss account, which are presented net of related tax effects

The notes on pages 14 to 26 form part of these financial statements.

Northumbrian Fine Foods Limited

Balance sheet At 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	13		197,711		208,842
Tangible assets	14		4,412,346		3,372,292
			4,610,057		3,581,134
Current assets					
Stocks	15	3,745,252		3,599,215	
Debtors	16	7,910,812		7,875,634	
Cash at bank and in hand		239,868		155,873	
		11,895,932		11,630,722	
Creditors: amounts falling due within one year	17	(8,510,340)		(7,451,277)	
Net current assets			3,385,592		4,179,445
Total assets less current liabilities			7,995,649		7,760,579
Provisions for liabilities					
Deferred tax	18	(374,748)		(262,363)	
			(374,748)		(262,363)
Net assets			7,620,901		7,498,216
Capital and reserves					
Called up share capital	19		2,369,692		2,369,692
Profit and loss account			5,251,209		5,128,524
Total equity			7,620,901		7,498,216

The financial statements on pages 11 to 26 were approved by the Board of Directors on 7 January 2022 and signed on its behalf by


N McAndry
Director

Company registered number: 04352824
The notes on pages 14 to 26 form part of these financial statements.

Northumbrian Fine Foods Limited

Statement of changes in equity Year ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	2,369,692	5,128,524	7,498,216
Profit for the year	-	122,685	122,685
At 31 December 2020	2,369,692	5,251,209	7,620,901

Statement of changes in equity Year ended 31 December 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	2,369,692	3,371,740	5,741,432
Profit for the year	-	1,756,784	1,756,784
At 31 December 2019	2,369,692	5,128,524	7,498,216

The notes on pages 14 to 26 form part of these financial statements.

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2020

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 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 Covid-19 and Going concern

In March 2020 the global economy was impacted by the COVID-19 viral pandemic. The impacts of this continue to be felt across the economy to the date of signing these financial statements. The Directors have taken appropriate actions to ensure that operations are able to continue and do not believe that this will impact on the ability of the Company to continue as a 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.

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2020

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.

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

- I. from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- II. from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- III. 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
- IV. 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, ie. 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.

3.3 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.

3.4 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:

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2020

Property improvements	-	over the lease term
Plant and machinery	-	10% reducing balance
Fixtures and fittings	-	20% reducing balance
Computer equipment	-	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 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 straightline basis over the lease term.

3.7 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.

3.8 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.

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Notes to the financial statements Year ended 31 December 2020

3.9 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.

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 recognizes the shared 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 recognized in retained earnings as a component of equity.

Certain of the Company's employees have been granted share options by the 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

3.10 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.

3.11 Research and development

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

3.12 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

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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.

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. Judgments 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:

	2020	2019
	£	£
United Kingdom	42,990,638	30,197,452
Rest of Europe	3,285,404	2,146,304
	46,276,042	32,343,756

All turnover arises from the sale of goods.

6. Exceptional costs

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide a clearer understanding of the underlying financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

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Notes to the financial statements Year ended 31 December 2020

	2020	2019
	£	£
New commercial organisation	-	628,271
Brexit	-	285,025
	-	913,296

7. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	414,919	350,433
Amortisation of intangible assets	142,407	148,862
Audit fees payable to the Company's auditor	46,810	32,000
Foreign exchange losses	499,421	31,938
Operating lease rentals	401,264	363,556

8. Employees

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

	2020	2019
	£	£
Wages and salaries	5,789,826	5,290,390
Social security costs	526,713	480,385
Other pension costs	91,765	79,700
	6,408,304	5,850,475

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The Company experienced increased employee costs as a result some disruption to accommodate safe working during Covid. The number of employees furloughed was 3 as a result of not being able to attend work safely. The company claimed furlough costs of £44,317.

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

	2020	2019
	No	No
Production	196	207
Administrative	49	32
Management	7	6
	252	245

9. Directors' remuneration

	2020	2019
	£	£
Remuneration	276,260	204,918
Company contributions to defined contribution	31,041	68,382
	307,301	273,300

Two directors (2019:nil) received share based payments included in remuneration

During the year retirement benefits were accruing to 2 directors (2019: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £153,988 (2019: £154,998).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2019: £17,500).

There are Director loans outstanding of £85,226 (2019: nil). 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% payable on the anniversary of the date of the loan.

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2020

10. 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 recognizes 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 £46,736 (2019:nil).

11. Interest payable and similar expenses

	2020 £	2019 £
Bank interest	36,944	142,411
Interest on intercompany loan	110,648	160,948
Finance leases and hire purchase interest	27,846	-
	175,438	303,359

12. Tax on profit

	2020 £	2019 £
Current tax		
UK Corporation tax on profits for the year	-	408,701
Total current tax	-	408,701
Deferred tax		
Origination and reversal of timing differences	53,002	61,728
Changes to tax rates	33,868	(6,498)
Adjustments in respect of previous periods	25,515	885
Total deferred tax	112,385	56,115
Total tax	112,385	464,816

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Notes to the financial statements Year ended 31 December 2020

Factors affecting tax charge for the year/period

	2020	2019
	£	£
Profit before tax	235,070	2,221,600
Profit multiplied by standard rate of corporation tax in UK of 19% (2019: 19%)	44,663	422,104
Effects of:		
Expenses not deductible for tax purposes	5,000	9,624
Other	3,339	38,701
Adjustments to tax charge in respect of previous periods	25,515	885
Changes to tax rates	33,868	(6,498)
Total tax charge for the year	112,385	464,816

Factors affecting tax charge for the year/period

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 26 October 2016) and Finance Bill 2019 (on 7 September 2017). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. The UK government has declared that corporation tax will increase to 25% in 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

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Notes to the financial statements Year ended 31 December 2020

13. Intangible assets

	Computer software £
Cost	
At 1 January 2020	440,538
Additions	131,276
At 31 December 2020	571,814
Amortisation	
At 1 January 2020	231,696
Charge for the year	142,407
At 31 December 2020	374,103
Net book value	
At 31 December 2020	197,711
At 31 December 2019	208,842

14. Tangible fixed assets

	Property Improvements £	Plant and Machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2020	553,327	4,830,875	270,916	236,865	5,891,983
Additions	55	1,350,592	66,049	38,277	1,454,973
At 31 December 2020	553,382	6,181,467	336,965	275,142	7,346,956
Accumulated Depreciation					
At 1 January 2020	52,355	2,123,728	157,133	186,475	2,519,691
Charge for the year	22,134	326,445	36,118	30,222	414,919
At 31 December 2020	74,489	2,450,173	193,251	216,697	2,934,610
Net book value					
At 31 December 2020	478,893	3,731,294	143,714	58,445	4,412,346
At 31 December 2019	500,972	2,707,147	113,783	50,390	3,372,292

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Notes to the financial statements Year ended 31 December 2020

Plant and machinery does not include any assets held under finance leases or hire purchase for 2020 (2019: net book value £ nil).

15. Stocks

	2020	2019
	£	£
Raw materials and consumables	1,874,537	1,760,683
Finished goods	1,870,715	1,838,532
	3,745,252	3,599,215

The stock values include provisions of £99,767 (2019: £59,771)

16. Debtors

	2020	2019
	£	£
Trade debtors	6,655,909	7,048,832
Amounts owed by group undertakings	157,750	120,582
Prepayments and accrued income	763,459	639,187
Corporation tax	248,468	-
Director's loans	85,226	-
Other debtors	-	67,033
	7,910,812	7,875,634

17. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank invoice discounting facility	-	33,380
Corporation tax	-	250,000
Trade creditors	2,031,463	3,368,528
Amounts owed to group undertaking	5,202,780	2,966,188
Other taxation and social security	55,385	123,567
Accruals and deferred income	1,220,712	709,614
	8,510,340	7,451,277

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Notes to the financial statements Year ended 31 December 2020

18. Deferred taxation

	2020	2019
	£	£
At beginning of year	(262,363)	(206,248)
Charge to profit and loss account in the year	(86,870)	(55,230)
Adjustment in respect of prior year	(25,515)	(885)
At end of year	(374,748)	(262,363)

The deferred taxation balance is made up as follows:

	2020	2019
	£	£
Fixed assets timing differences	(278,080)	(262,363)
Losses	(96,668)	-
	(374,748)	(262,363)

19. Called up share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
2,369,690 (2019: 2,369,690) Ordinary shares of £1	2,369,690	2,369,690
400 (2019: 400) Ordinary shares of £0.005 each	2	2
	2,369,692	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.

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20. Dividends

	2020	2019
	£	£
Interim dividends paid	-	-

A dividend of £Nil (2019: £Nil) was paid per a share. In respect of the current year the Directors do not propose a dividend.

21. Capital commitments

	2020	2019
	£	£
Contracted for but not provided in these financial	192,441	70,000

22. Commitments under operating leases

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

	2020	2019
	£	£
Within one year	458,929	406,759
After one year and before five years	1,878,602	1,738,734
After five years	3,190,000	3,630,000
	5,527,531	5,775,493

23. 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).

24. 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).