

Company registration number 04584241 (England and Wales)

**FRESHCUT FOODS LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2022**

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# FRESHCUT FOODS LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mr D K Bondi Mr C F Copestake Mr D Gilman Mrs M Jones Mr M K Wood Mr D Sargent	(Resigned 21 January 2022)
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<b>Company number</b>	04584241
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<b>Registered office</b>	14-16 Lilac Grove Beeston Nottingham England NG9 1PF
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<b>Auditor</b>	Grant Thornton UK LLP 17th Floor 103 Colmore Row Birmingham West Midlands B3 3AG
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# **FRESHCUT FOODS LTD**

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# **FRESHCUT FOODS LTD**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 JULY 2022**

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The directors present the strategic report for the Year ended 31 July 2022.

#### **Fair review of the business**

The company's principal activity during the period continued to be the manufacture and processing of added-value vegetable and carbohydrate products.

The company had a very successful year. Since the easing of lockdown we have seen a continuing build back in sales with those customers impacted by COVID-19, this combined with sales made in new channels has seen the business expand, operating at levels 30% above pre-COVID-19. Looking further forward we will continue to drive sales through our current customer base and the continued development of new fast moving channels, in line with increasing consumer demand for plant based products.

The company faced uncertainty in the labour market during the period, in part due to Brexit. In order to minimise the impact we continue to invest in automation and evolve our working practices, as a result this has not materially impacted the business.

The directors believe that whilst the market place will continue to remain challenging the company is well placed to deal with such economic demands due to its positive stance in the industry and its strengthening financial position.

#### **Principal risks and uncertainties**

The directors meet regularly to discuss the risks facing the business and ways to mitigate such risks. The principle risks and uncertainties facing the company are as follows:

##### **Competitor and Consumer Risks**

The company operates in a highly competitive market, driven by customer and consumer tastes. Significant product innovations, technical advances, raw material cost and availability issues and intensification of price competition could adversely affect the company's results. The company strives to continually develop innovative products of a high quality, that meet customer and consumer demands.

##### **Economic Uncertainty**

The company could be adversely affected by global business conditions and a worsening of the economy both generally and specifically in the UK. Factors such as taxation, interest rates, inflation, the availability and cost of credit, could significantly affect the activity level of customers. Whilst general economic conditions are outside of the company's control, we are responding to the current economic conditions by continually reviewing products offered to the market to ensure that we meet the requirements of the consumer. Given the uncertain consumer outlook, the company also continues to closely manage costs, debtors and cashflow.

##### **Management of Procurement Costs**

The company uses forward foreign currency contracts and forward purchase contracts to reduce exposure to the variability of foreign exchange rates or commodity prices, by fixing the rate of any material payment in a foreign currency or providing certainty to raw material volumes and prices.

##### **Food safety, Environmental and Health and Safety**

As a processor of fresh vegetables, the company is subject to general market related risks, including product contamination and general food scares. Further, the company is also subject to rigorous and constantly evolving regulations and legislation in the areas of environmental protection and employee health and safety. The company maintains a strong technical department, which sets high standards for hygiene, health and safety systems and environmental controls. The company take external advice to ensure that they remain compliant with the ever-changing regulatory environment, particularly in the areas of health and safety.

##### **Suppliers**

The company is dependent on the continuous supply of products from key suppliers. A loss of these suppliers could see short-term disruption to the production levels of the company. The company uses a range of suppliers in various locations to ensure that products can be sourced throughout the year. The accounts department rigorously check the financial strength of suppliers for long-term viability. Agreements are frequently entered into with suppliers to guarantee the availability of the quantity and quality of products.

# FRESHCUT FOODS LTD

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2022

#### Financial Risk

##### Foreign currency risk

There is a risk of significant exposure to foreign currency movements, primarily euro, due to the company importing the majority of its products. As a result, foreign currency forward contracts are taken out to manage the risk. There was £1,476k worth of forward contracts outstanding at the year end.

##### Loss of Key Personnel

The ongoing success of the company is dependent on attracting and retaining high quality management and senior employees to manage the operations effectively. The risk is mitigated by the recruitment processes used, long-term management incentives and providing senior staff with access to development training.

#### Taxation

The company is subject to taxation and change in tax legislation, which could impact on the results and cashflow. The directors regularly monitor changes in tax legislation and obtain external advice to respond to such changes.

#### Key performance indicators

The key financial performance indicators during the year were as follows:

	Year ended 31st July 22	Year ended 31st July 21
	£'000	£'000
Turnover	35,444	25,460
Profit / (loss) after tax	159	(1,439)
Shareholders' Funds	3,567	3,409
Investment in tangible fixed assets	2,153	2,205

On behalf of the board

*Matt Wood*

.....  
Mr M K Wood

Director

27/4/2023

Date: .....

# **FRESHCUT FOODS LTD**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 JULY 2022***

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The directors present their annual report and financial statements for the Year ended 31 July 2022.

#### **Principal activities**

The principal activity of the company continued to be that of a fresh vegetable processor.

#### **Directors**

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

Mr D K Bondi  
Mr C F Copestake  
Mr D Gilman  
Mrs M Jones  
Mr M K Wood  
Mr D Sargent

(Resigned 21 January 2022)

#### **Results and dividends**

The results for the Year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Financial instruments**

Investment of cash surpluses, borrowing and derivative instruments are made through banks and companies which must fulfil credit ratings criteria approved by the board.

All customers who wish to trade on credit limits are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost of sterling. This hedging activity involves the use of foreign exchange forward contracts.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The company's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the Year. These provisions remain in force at the reporting date.

# FRESHCUT FOODS LTD

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2022

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### Post reporting date events

There have been no significant events affecting the company since the year end.

### Future developments

We are confident that the company is well positioned for growth. We continue to invest in the business to ensure that we can capitalise upon new opportunities in the food sector and realise our potential.

The company's overall strategy continues to be the supply of quality products, with focus on commitments to high standard food safety.

### Auditor

In accordance with the company's articles, a resolution proposing that Grant Thornton UK LLP be reappointed as auditor of the company will be put at a General Meeting.

### Matters covered in strategic report

The business review, principle risks and uncertainties, future developments and KPIs have been included in the strategic report.

### Statement of disclosure to auditor

The directors confirm that:

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

### Going Concern

In assessing the appropriateness of the going concern assumption, the directors have reviewed detailed profit and cash flow forecasts considering reasonably foreseeable potential scenarios and uncertainties in relation to income, expenditure and cash flows for a period of 12 months from the sign off of these financial statements. The company is party to a Percy Topco Limited group, group wide funding arrangement, which is repayable in March 2024 and requires specific covenants to be met. In assessing the going concern of the group as a whole, the directors have also assessed potential scenarios and uncertainties in relation to such covenants. The directors are confident that the group and company, after considering downside scenarios, have the ability to pay debts as they fall due for at least the next 12 months and to meet all relevant covenants tests and as such have deemed it appropriate for the financial statements to be prepared on the going concern basis.

On behalf of the board

*Matt Wood*

.....  
Mr M K Wood  
Director

27/4/2023  
Date: .....

## **FRESHCUT FOODS LTD**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102

'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm that:

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

On behalf of the board

*Matt Wood*

.....  
Mr M K Wood  
Director

.....  
27/4/2023



# **FRESHCUT FOODS LTD**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FRESHCUT FOODS LTD**

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#### **Opinion**

We have audited the financial statements of Freshcut Foods Limited (the 'company') for the year ended 31 July 2022, which comprise the profit and loss account, statements of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and Covid, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

## **FRESHCUT FOODS LTD**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FRESHCUT FOODS LTD**

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#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matter on which we are required to report under the Companies Act 2006**

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

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of 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 and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

## FRESHCUT FOODS LTD

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FRESHCUT FOODS LTD

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud  
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and we determined that the laws and regulations most directly relevant to specific assertions in the financial statements are those related to the reporting framework (being FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' and the Companies Act 2006) and relevant tax legislation in the UK. In addition, we concluded that there are certain significant laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements such as health and safety regulations, employment law and anti-bribery legislation.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance, and updating our understanding of the company's operations, financial reporting obligations and control environment, including around compliance with laws and regulations. We considered the risk of fraud to be higher through the potential for management override of controls.
- Audit procedures performed by the engagement team included:
  - identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud, particularly around journal processing;
  - journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business;
  - challenging assumptions and judgements made by management relating to its areas of significant estimation and judgement;
  - reviewing legal and professional expenditure in the year to assess for any indicators of non-compliance with relevant laws and regulations; and
  - completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment by the engagement partner of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - knowledge of the industry in which the company operates and understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and

## FRESHCUT FOODS LTD

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FRESHCUT FOODS LTD

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- understanding of the legal and regulatory requirements specific to the company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

#### Use of our report

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

*Grant Thornton UK LLP*  
.....

**Matthew Buckingham BSc ACA**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham  
**27 April 2023**

**FRESHCUT FOODS LTD****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 JULY 2022**

		Year ended 31 July 2022 £	Year ended 31 July 2021 £
	Notes		
Turnover	3	35,443,756	25,459,609
Cost of sales		(24,010,801)	(17,820,094)
<b>Gross profit</b>		<b>11,432,955</b>	<b>7,639,515</b>
Distribution costs		(2,100,904)	(1,404,234)
Administrative expenses		(8,645,652)	(7,801,814)
Other operating income	3	23,937	127,964
<b>Operating profit/(loss)</b>	<b>5</b>	<b>710,336</b>	<b>(1,438,569)</b>
Interest payable and similar expenses	7	(769)	(548)
<b>Profit/(loss) before taxation</b>		<b>709,567</b>	<b>(1,439,117)</b>
Tax on profit/(loss)	8	(550,950)	-
<b>Profit/(loss) for the financial Year</b>		<b>158,617</b>	<b>(1,439,117)</b>

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

The notes on pages 13 to 27 form part of these financial statements.

**FRESHCUT FOODS LTD****STATEMENT OF FINANCIAL POSITION  
AS AT 31 JULY 2022**

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	10		6,954,826		6,438,137
<b>Current assets</b>					
Stocks	11	1,311,954		845,900	
Debtors	12	4,972,399		4,526,411	
Cash at bank and in hand		1,634,919		988,533	
		7,919,272		6,360,844	
<b>Creditors: amounts falling due within one year</b>	13	(10,748,292)		(9,376,916)	
<b>Net current liabilities</b>			(2,829,020)		(3,016,072)
<b>Total assets less current liabilities</b>			4,125,806		3,422,065
<b>Creditors: amounts falling due after more than one year</b>	14		(7,481)		(13,307)
<b>Provisions for liabilities</b>					
Deferred tax liability	17	(550,950)		-	
			(550,950)		-
<b>Net assets</b>			3,567,375		3,408,758
<b>Capital and reserves</b>					
Called up share capital	19		6,233		6,233
Share premium account			130,133		130,133
Capital redemption reserve	20		40		40
Profit and loss reserves			3,430,969		3,272,352
<b>Total equity</b>			3,567,375		3,408,758

The notes on pages 13 to 27 form part of these financial statements.

27/4/2023

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

*Matt Wood*

Mr M K Wood  
Director

Company Registration No. 04584241

**FRESHCUT FOODS LTD****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2022**

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 August 2020</b>	6,233	130,133	40	4,711,469	4,847,875
<b>Period ended 31 July 2021:</b>					
Loss for the period	-	-	-	(1,439,117)	(1,439,117)
<b>Balance at 31 July 2021</b>	6,233	130,133	40	3,272,352	3,408,758
<b>Period ended 31 July 2022:</b>					
Profit for the period	-	-	-	158,617	158,617
<b>Balance at 31 July 2022</b>	6,233	130,133	40	3,430,969	3,567,375

The notes on pages 13 to 27 form part of these financial statements.

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2022

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#### 1 Accounting policies

##### Company information

Freshcut Foods Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 14-16 Lilac Grove, Beeston, Nottingham, England, NG9 1PF.

##### 1.1 Accounting convention

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

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

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

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of PW Mey UK Limited. These consolidated financial statements are available from its registered office, 26 St James Square, London, UK, SW1Y 4JH.

##### 1.2 Going concern

In assessing the appropriateness of the going concern assumption, the directors have reviewed detailed profit and cash flow forecasts considering reasonably foreseeable potential scenarios and uncertainties in relation to income, expenditure and cash flows for a period of 12 months from the sign off of these financial statements. The company is party to a Percy Topco Limited group, group wide funding arrangements, which is repayable in March 2024 and requires specific covenants to be met. In assessing the going concern of the group as a whole, the directors have also assessed potential scenarios and uncertainties in relation to such covenants. The directors are confident that the group and company, after considering downside scenarios, have the ability to pay debts as they fall due for at least the next 12 months and to meet all relevant covenants tests and as such have deemed it appropriate for the financial statements to be prepared on the going concern basis.



# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2022

#### 1 Accounting policies

(Continued)

##### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

##### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

##### 1.5 Tangible fixed assets

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

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

Plant and equipment	10%-25% straight line
Fixtures and fittings	33% straight line

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

##### 1.6 Impairment of fixed assets

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

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

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

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2022

#### 1 Accounting policies

(Continued)

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

#### 1.7 Stocks

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

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

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

#### 1.8 Cash and cash equivalents

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

#### 1.9 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

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

##### **Other financial assets**

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

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2022

#### 1 Accounting policies

(Continued)

##### **Impairment of financial assets**

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

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

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

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

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

##### **Basic financial liabilities**

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

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

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

##### **Other financial liabilities**

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

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

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2022

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#### 1 Accounting policies

(Continued)

##### ***Derecognition of financial liabilities***

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

#### 1.10 Equity instruments

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

#### 1.11 Taxation

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

##### ***Current tax***

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

##### ***Deferred tax***

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

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

#### 1.12 Employee benefits

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

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

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

#### 1.13 Retirement benefits

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

# **FRESHCUT FOODS LTD**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 JULY 2022**

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#### **1 Accounting policies**

**(Continued)**

##### **1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

##### **1.15 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### **1.16 Foreign exchange**

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

#### **2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2022

#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### *Useful economic life*

Tangible fixed assets are depreciated over the useful lives of the related assets taking in to account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### *Intercompany loans*

The Directors make an assessment over the recoverability of the amount owed by the Group undertakings based on their knowledge of those entities and make provision for any amount considered unrecoverable.

#### 3 Turnover and other revenue

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Sale of goods	35,443,756	25,459,609
	<u>35,443,756</u>	<u>25,459,609</u>
	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
UK	35,346,756	25,385,235
EU	97,000	74,374
	<u>35,443,756</u>	<u>25,459,609</u>
	2022 £	2021 £
<b>Other revenue</b>		
Grants received	23,937	127,964
	<u>23,937</u>	<u>127,964</u>

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2022****4 Auditor's remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	28,500	37,500
<b>For other services</b>		
Taxation compliance services	5,000	8,750
Other taxation services	11,750	16,500
All other non-audit services	10,500	14,500
	<u>27,250</u>	<u>39,750</u>

**5 Operating profit/(loss)**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss) for the period is stated after charging/(crediting):		
Exchange (gains)/losses	(85,868)	3,497
Government grants	(23,937)	(127,964)
Fees payable to the company's auditor for the audit of the company's financial statements	28,500	37,500
Depreciation of owned tangible fixed assets	1,628,867	1,355,672
Depreciation of tangible fixed assets held under finance leases	6,275	4,543
(Profit)/loss on disposal of intangible assets	-	807
Operating lease charges	<u>422,055</u>	<u>311,965</u>

**6 Employees**

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

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Production staff	179	159
Administration staff	56	43
Management staff	3	3
Total	<u>238</u>	<u>205</u>

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2022****6 Employees (Continued)**

Their aggregate remuneration comprised:

	2022	As restated 2021
	£	£
Wages and salaries	5,420,170	4,595,059
Social security costs	494,825	396,631
Pension costs	108,908	91,008
	<u>6,023,903</u>	<u>5,082,698</u>

The prior year remuneration has been restated to exclude agency costs, there has been no adjustment within the profit and loss.

None of the directors received any remuneration during the year, (2021: £nil).

**7 Interest payable and similar expenses**

	2022	2021
	£	£
Interest on finance leases and hire purchase contracts	<u>769</u>	<u>548</u>

**8 Taxation**

	2022	2021
	£	£
<b>Deferred tax</b>		
Origination and reversal of timing differences	104,607	-
Adjustment in respect of prior periods	446,343	-
	<u>550,950</u>	<u>-</u>
Total deferred tax	<u>550,950</u>	<u>-</u>

From 17 March 2020 the substantively enacted UK corporation tax rate was 19% as announced by the Government in the Spring Budget 2020. However, the UK corporation tax rate will increase to 25% with effect from 1 April 2023 per Finance Bill 2021. This increased tax rate was substantively enacted on 24 May 2021. As a result, deferred tax has been calculated at a rate of 25%.



**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2022****8 Taxation****(Continued)**

The actual charge for the Year can be reconciled to the expected charge/(credit) for the Year based on the profit or loss and the standard rate of tax as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Profit/(loss) before taxation	709,567	(1,439,117)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	134,818	(273,432)
Tax effect of expenses that are not deductible in determining taxable profit	(4,362)	113
Adjustments in respect of prior years	25,106	(36,258)
Group relief	473,525	391,433
Research and development tax credit	(172,900)	(111,150)
Deferred tax adjustments in respect of prior years	446,343	-
Fixed asset differences	(350,754)	(77,782)
Deferred tax not recognised	-	107,076
Additional deduction for land remediation expenditure	(826)	-
Taxation charge for the period	550,950	-

**9 Intangible fixed assets****Goodwill**  
**£****Cost**

At 1 August 2021 and 31 July 2022

313,508

**Amortisation and impairment**

At 1 August 2021 and 31 July 2022

313,508

**Carrying amount**

At 31 July 2022

-

At 31 July 2021

-

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2022****10 Tangible fixed assets**

	Plant and equipment £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 August 2021	12,378,548	456,077	12,834,625
Additions	2,120,029	32,609	2,152,638
Disposals	(807)	-	(807)
At 31 July 2022	14,497,770	488,686	14,986,456
<b>Depreciation and impairment</b>			
At 1 August 2021	5,989,331	407,157	6,396,488
Depreciation charged in the Year	1,594,670	40,472	1,635,142
At 31 July 2022	7,584,001	447,629	8,031,630
<b>Carrying amount</b>			
At 31 July 2022	6,913,769	41,057	6,954,826
At 31 July 2021	6,389,217	48,920	6,438,137

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Plant and equipment	13,980	20,255

**11 Stocks**

	2022 £	2021 £
Raw materials and consumables	1,033,483	671,266
Finished goods and goods for resale	278,471	174,634
	1,311,954	845,900

A stock provision totalling £120,587 (2021:£124,580) has been made against the carrying value of the stock in the balance sheet to reflect expected net realisable value.

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2022****12 Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	4,005,629	3,339,056
Amounts owed by group undertakings	163,827	-
Amounts owed by related parties	238,048	518,052
Other debtors	311,351	205,510
Prepayments and accrued income	253,544	463,793
	<u>4,972,399</u>	<u>4,526,411</u>

**13 Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
	<b>Notes</b>	
Obligations under finance leases	<b>15</b>	5,826
Trade creditors		4,090,211
Amounts owed to group undertakings		4,653,395
Amounts owed to related parties		21,600
Taxation and social security		148,581
Other creditors		426,518
Accruals and deferred income		1,402,161
		<u>10,748,292</u>
		<u>9,376,915</u>

Amounts owed to the group undertakings within the group are owed by way of an interest free, non - secured loan with no fixed repayment date which is repayable on demand.

**14 Creditors: amounts falling due after more than one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
	<b>Notes</b>	
Obligations under finance leases	<b>15</b>	7,481
		<u>13,307</u>

Amounts due under the finance leases and hire purchase agreements are secured by fixed and floating charges over the assets.

**15 Finance lease obligations**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Future minimum lease payments due under finance leases:</b>		
Within one year	5,826	5,826
In two to five years	7,481	13,307
	<u>13,307</u>	<u>19,133</u>

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2022****15 Finance lease obligations****(Continued)**

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**16 Financial instruments**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Financial assets measured at amortised cost</b>		
Trade debtors	4,005,631	3,339,055
Other debtors	311,351	205,511
Amounts owed by group undertakings	163,827	-
Amounts owed by other related parties	238,048	518,052
Prepayments and accrued income	253,544	463,793
	<u>          </u>	<u>          </u>
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	4,090,211	4,210,984
Amounts owed to group undertakings	4,653,395	3,728,753
Amounts owed to other related parties	21,600	6,000
Other creditors	426,518	507,970
Accruals and deferred income	1,402,161	788,481
	<u>          </u>	<u>          </u>

**17 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities</b>	<b>Liabilities</b>
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Balances:</b>		
Accelerated capital allowances	555,471	(51,494)
Tax losses	-	47,068
Short term timing differences	(4,521)	4,426
	<u>          </u>	<u>          </u>
	550,950	-
	<u>          </u>	<u>          </u>
<b>Movements in the Year:</b>		<b>2022</b>
		<b>£</b>
Liability at 1 August 2021		-
Charge to profit or loss		550,950
		<u>          </u>
Liability at 31 July 2022		550,950
		<u>          </u>

In addition to the deferred tax liability above, the Company has additional unrecognised gross tax losses of £nil, (2021: £792,559).

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2022****18 Retirement benefit schemes**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	108,908	91,007

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

**19 Share capital**

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary A shares of £1 each	5,680	5,680	5,680	5,680
Ordinary C shares of £1 each	280	280	280	280
Ordinary D shares of £1 each	40	40	40	40
Ordinary E shares of £1 each	72	72	72	72
Ordinary F shares of £1 each	161	161	161	161
	<u>6,233</u>	<u>6,233</u>	<u>6,233</u>	<u>6,233</u>

The shares have attached to them full voting, dividend and capital distribution, including on winding up, rights and are not redeemable.

**20 Capital redemption reserve**

The capital redemption reserve represents a non-distributable reserve in to which amounts have been transferred following the redemption or purchase of the company's own shares.

**21 Financial commitments, guarantees and contingent liabilities**

During the year cross guarantees in relation to the bank facilities were in place between Freshcut Foods Limited and Fresh Mediterranean Foods Limited, a company in which directors have an interest. There was no liability at the year end.

**22 Operating lease commitments****Lessee**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Within one year	390,706	309,064
Between two and five years	1,477,655	1,146,370
In over five years	124,640	410,625
	<u>1,993,001</u>	<u>1,866,059</u>

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2022****23 Related party transactions****Transactions with related parties**

During the Year the company entered into the following transactions at arms' length with related parties:

	<b>Sales 2022 £</b>	<b>Sales 2021 £</b>	<b>Purchases 2022 £</b>	<b>Purchases 2021 £</b>
SCA Investments Limited	2,257,000	2,472,727	-	-
Braeside Marle Properties Limited	-	-	146,000	133,889
Altech Ltd	-	-	29,000	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

	<b>2022 £</b>	<b>2021 £</b>
<b>Amounts due to related parties</b>		
Braeside Marle Properties Limited	<u>21,600</u>	<u>6,000</u>

The following amounts were outstanding at the reporting end date:

	<b>2022 £</b>	<b>2021 £</b>
<b>Amounts due from related parties</b>		
SCA Investments Limited	<u>238,048</u>	<u>518,052</u>

**Other information**

The company has taken advantage of the exemption available under FRS 102 from disclosing transactions and balances with other wholly owned group companies that form part of the Percy Topco Limited group.

**24 Ultimate controlling party**

The immediate parent company is deemed to be Percy Bidco Limited by virtue of their 100% shareholding in the company. The ultimate controlling party is deemed to be PW Mey UK Limited which is the parent to both the smallest and largest group of which the company is a member. Copies of consolidated financial statements of PW Mey UK Limited are available from the company secretary at 26 St James Square, London, UK, SW1Y 4JH.