Culina Logistics Limited

Annual Report

Registered number 05128194

31 December 2020

Contents

Strategic Report

The directors present their strategic report for the year ended 31 December 2020.

Principal activities

The principal activities of the company are that of a market-leading provider of chilled food and drink logistics solutions, which is incorporated and domiciled in the United Kingdom.

Review of the business

These financial statements cover the year ended 31 December 2020 and during this year the company operated from ten sites across the UK, providing multi-temperature shared-user supply chain services in the food and drink sector.

In summary, the challenging market conditions continue to impact the business, however the directors are satisfied that the company continues to provide its customers with a market leading service. The company is well funded and financially robust, so the directors are confident the business is well placed to meet the challenges of the on-going economic climate and market conditions.

The directors do not currently anticipate any significant future changes in the nature of the company's business.

Financial Review

The company produced a profit before taxation of £10,603,000 compared with £10,074,000 in 2019.

Revenues and operating profit

Revenue comprises amounts recognised by the company in respect of goods and services supplied. Revenue has increased from £183,205,000 in 2019 to £191,294,000 following the addition of both new customers and new sites within the business. Operating profit for the year of £11,286,000 exceeded the £10,747,000 achieved in 2019.

Cash

The cash position as at 31 December 2020 was £333,000 compared to £325,000 at 31 December 2019. The Group cash-pooling arrangement resulted in an increased balance due to the company of £29,897,000 as at 31 December compared to £10,185,000 as at 31 December 2019.

Net Assets

Net assets increased to £103,607,000 as at 31 December 2020 from £95,015,000 as at 31 December 2019.

Key Performance Indicators (KPIs)

The directors monitor the performance of the business both financially and operationally with a comprehensive suite of Key Performance Indicators (KPI) which cover all areas of the business and are shared with staff and customers as appropriate.

Financial:	Sales, operating profit, trade receivable and trade payable ageing
Headcount:	Permanent and agency
Transport:	Transport cost per pallet and miles per gallon
Warehouse:	Picking rates (cases per hour) and loading rates (pallets per hour)

Strategic Report *(continued)*

Section 172(1) statement

In discharging their duty to promote the interests of the Company under section 172 Companies Act 2006, the directors of the company have regard to a number of factors and stakeholder interests. These are described below. As a wholly owned subsidiary, the Directors do not consider the factors listed in section 172(1)(f) (need to act fairly between the members of the company) are relevant to the proper discharge of their duty under section 172.

The Directors, in line with their duties under s172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, and in doing so have regard, amongst other matters, to the:

- Likely consequences of any decision in the long term
- Interests of the company's employees
- Need to foster the company's business relationships with suppliers, customers and other stakeholders
- Impact of the company's operations on the community and the environment
- Desirability of the company maintaining a reputation for high standards of business conduct

The Directors' regard to these matters is embedded in their decision-making process, through the company's business strategy, culture, governance framework, management information flows and stakeholder engagement processes.

The company's business strategy is focused on achieving success for the company in the long-term. In setting this strategy, the Board takes into account the impact of relevant factors and stakeholder interests on the company's performance. The Board also identifies principal risks facing the business and sets risk management objectives.

The Board promotes a culture of upholding the highest standards of business conduct and regulatory conduct. The Board ensures these core values are communicated to the company's employees and embedded in the company's policies and procedures, employee induction and training programmes and its risk control and oversight framework.

The Board recognizes that building strong and lasting relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate a sustainable business.

The Directors are supported in the discharge of their duties by:

- A director training programme to further their understanding of their duties and obligations under applicable law and regulation.
- Processes which ensure the provision of timely management information and escalation through reporting lines to the Board from the company's business areas, its risk and control functions, support teams and committees of the Board.
- Agenda planning for Board and Committee meetings to provide sufficient time for the consideration and discussion of key matters.

Stakeholders

The Board understands the importance of engagement with all of its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the Company.

The Board regularly discusses issues concerning employees, customers, suppliers, community and environment, regulators and its shareholder, which it takes into account in its discussions and in its decision-making process.

In addition to this, the Board seeks to understand the interests and views of the company's stakeholders by engaging with them directly when required. The below summarises the key stakeholders and how we engage with each:

Strategic Report *(continued)*

Stakeholders (continued)

Stakeholders	***Engagement***
Employees	Our employees contribute to a positive working culture and safe working environment. Employees are key to the success of our business. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our team to ascertain which training and development opportunities should be made available to improve our team's productivity and our individual employees' potential within the business. We continually invest in employee development and wellbeing to create and encourage an inclusive culture within the organisation. Our employee appraisal programme encourages employee feedback and facilitates the opportunity for both employees and managers to set performance goals on an annual basis. Our culture invites different perspectives, new ideas and opportunities for growth. We work hard to ensure employees feel welcome and are valued and recognized for their hard work. All employees receive regular updates on the performance of the company ranging from regular published updates to an annual Leadership Roadshow where the Group CEO along with his Senior Management Team provides an update to all employees on key matters.
Customers	Customers are at the centre of our business. Our business development team allied with our customer service teams build lasting relationships with current and potential customers to understand their objectives and requirements. We are in regular contact with customers in order to meet their defined service and reporting requirements. This includes attending monthly and quarterly update calls, face to face meetings (quarterly/bi-annually/annually) depending on customer preferences. We take a consultative approach with customers focused on building long-term relationships and solving their supply-chain challenges.
Suppliers	We work with a wide range of suppliers both in the UK and the European Union. We remain committed to being fair and transparent in our dealings with all of our suppliers. The company has procedures requiring due diligence of suppliers as to their internal governance, including for example, their anti-bribery and corruption practices, data protection policies and modern slavery matters. The company has systems and processes in place to ensure suppliers goods and services are provided in line with terms and conditions which are acceptable to the company, in addition to ensuring suppliers are paid in a timely manner.
Community and Environment	The Board's approach to social responsibility, diversity and the community is of high importance. Corporate social responsibility principles are part of our culture and decision-making process. We take a consultative approach focused on building long-term relationships and solving business problems. Diversity and Inclusion is a key pillar for our company. Our Group HR Director is responsible for Diversity and Inclusion and aims to connect with affiliates and networks, updating the Board regularly. The Board continues to commit and broaden the company's work and associations with local charitable organisations.

Strategic Report *(continued)*

Stakeholders (continued)

Stakeholders	***Engagement***
Shareholders	The Board also seeks to behave in a responsible manner towards our shareholders. The Board communicates information relevant to its shareholders on a regular basis to cover such items as financial performance, forecasting, annual budgeting, etc.

Principal risks and uncertainties

The company's operational risks include environmental, health and safety and IT/power failures. Environmental and social effects are always considered. The company replaces trucks after an average of between 2 to 3 years, which ensures compliance with the latest European Regulation Standards and compares the efficiency of alternatives. Regular vehicle maintenance limits emissions and driver training results in optimal fuel economy and safer driving. Documented procedures and risk assessments manage the health and safety risks. Disaster recovery procedures exist which would be implemented in the event of power and IT outages.

The company's commercial risks include reduced margins as a result of pressure from market influences.

On behalf of the board

Thomas Van Mourik
Director

Culina Logistics Limited
Shrewsbury Road
Market Drayton
Shropshire
United Kingdom
TF9 3SQ

2 July 2021

Directors' Report

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

Future developments

As noted in the Strategic Report, the directors do not currently anticipate any significant future changes in the nature of the company's business.

COVID-19

On 30 January 2020 the World Health Organisation (WHO) declared an international health emergency due to the outbreak of coronavirus. Since 11 March 2020 the WHO classified the spread of coronavirus as a pandemic.

The company has taken all of the necessary steps to protect employees whilst maintaining business continuity with the implementation of the Government COVID-19 safety measures. The company is committed to ensuring compliance with UK Government guidelines and measures put in place to protect all of our employees.

The continuation of the COVID-19 pandemic and its potential impact on the company is being continually monitored. The directors have undertaken detailed planning and cash flow forecasting that has taken into account possible scenarios allowing the company to continue to operate as a going concern throughout the pandemic to date.

The company is funded via loans and cash-pooling which are provided by intra-group companies. The security of this has been confirmed by the parent company as being available for a period of at least 12 months following the approval of these financial statements. As such, the directors are satisfied that the company is able to operate as a going concern and to settle its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Dividend

During the current year no dividend was declared *(2019: £nil)*.

Political and charitable contributions

No political donations were made during the year *(2019: £nil)*. The company and its employees made charitable donations of £9,000 during the year *(2019: £9,000)*.

Financial risk management

The company's operations expose it to certain financial risks. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company's borrowings are amounts due to fellow group companies and banks based on fixed interest rates. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Liquidity risk

Given the nature of this company's activities, a significant amount of the company's funding comes from other Group companies. Ultimate responsibility for liquidity risk management rests with the Board of Directors of the company, which is drawn from the Board of Directors of other Group companies. Other Group companies maintain sufficient funds in order to ensure the company has sufficient available funds for operations and planned expansions.

Market risk

As the company has some foreign denominated liabilities, it is exposed to market risk. The company manages this risk through minimising its exposure to foreign denominated liabilities wherever possible. Where this is not possible, it is ensured that the most favourable exchange rates available in the market are utilised to settle the liabilities.

Directors' Report *(continued)*

Directors

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

T Van Mourik
N S Jury
S J Winwood
D C Pugh

Corporate Governance

The company is required by The Companies (Miscellaneous Reporting) Regulations 2018 to make a statement in relation to its corporate governance practices. For the year ended 31 December 2020, the company has adopted the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council (FRC) in December 2018 and available on the FRC website). The purpose of his report is to explain these principles and how they apply to the company for the financial year reported.

Principle 1 – Purpose and leadership

The purpose of the company is to provide storage and distribution services for companies in the United Kingdom. The company has adopted a clear statement of its strategic vision, which is communicated to senior management biannually. This strategy is actively promoted throughout the year.
The directors act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its member, and in doing so have regard, amongst other matters, to the:

- likely consequences of any decision in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and other stakeholders;
- impact of the company's operations on the community and the environment;
- desirability of the company retaining a reputation for high standards of business conduct.

The Directors' regard to these matters is embedded in their decision-making process, through the company's business strategy, culture, governance framework, management information flows and stakeholder engagement processes.

Principle 2 – Board composition

The Board of the company comprises the Group Chief Executive Officer, Chief Financial Officer, Chief Executive Officer, 2 Operations Directors, Commercial Director and Group Human Resources Director.
The Board considers that its size and composition is appropriate to its function.

Principle 3 – Directors' responsibilities

The Board of the company is responsible for oversight of the company's activities, within the strategic framework set by the Group Board. Each Board member has a clear understanding of their respective responsibilities and their accountability for discharging this role.
The Group has adopted a formal governance matrix and business approvals framework which prescribes the scope of authority of the Chief Executive Officer and other members of the executive management team and reserves key business decisions to an appropriate decision-maker within the Group.

Principle 4 – Opportunity and risk

Opportunities:
For the financial year reported, the Board was the principle forum for the assessment of strategic opportunities, which were considered as part of its monthly meetings. Identified opportunities were considered and approved at Board level where required by the governance matrix and business approvals framework.
Business Risk:
The Board is responsible for the identification and management of risk within the company. This involves consideration of the principal strategic, operational and financial risks.

Directors' Report *(continued)*

Corporate Governance (continued)

Industry-specific operational risks:
The company operates in an industry where the assessment and management of operational safety risks is of paramount importance. The company holds monthly Health and Safety Executive reviews.

Principle 5 – Remuneration

The company is committed to attracting, retaining and incentivising a talented workforce to deliver the strategic objectives.
The Board meets annually to review the remuneration of the executive management team. In conjunction with the Group Human Resources function, the company benchmarks executive pay against a number of comparators. For the wider employee base, remuneration is set by the Chief Executive Officer, again subject to regular external benchmarking against an appropriate peer group.

Principle 6 – Stakeholders

The Board understands the importance of engagement with all of its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the Company.
The Board regularly discusses issues concerning employees, customers, suppliers, community and environment, regulators and its shareholder, which it takes into account in its discussions and in its decision-making process.
In addition to this, the Board seeks to understand the interest and views of the Company's stakeholders by engaging with them directly when required.

Stakeholder engagement

For information regarding how the directors have engaged with stakeholders, such as suppliers, customers and others during the financial year, including the effect of that regard on Principal Decisions taken during the year, please see the Section 172 Statement in the Strategic report, which is incorporated into this Director's report by reference and forms an integral part of this report.

Employee engagement

For information regarding how the directors have engaged with employees during the financial year please see the Section 172 Statement in the Strategic report, which is incorporated into this Director's report by reference and forms an integral part of this report.

Employees

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and the various factors affecting the performance of the company. This is achieved through formal and informal meetings supplemented by a regular internal employee newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Directors' Report *(continued)*

Statement of directors' responsibilities in respect of the financial statements (continued)

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 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 101, 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 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 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.

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.

Streamlined Energy and Carbon Reporting (SECR)

Stated below is the mandatory reporting of energy and greenhouse gas emissions for the period 1 January 2020 to 31 December 2020, pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Our methodology to calculate our greenhouse gas emissions is based on the 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019)' issued by DEFRA, using DEFRA's 2020 conversion factors. In some cases, consumption has been extrapolated from available data.

We report using a financial control approach to define our organisational boundary. We have reported all material emission sources required by the regulations, for which we deem ourselves to be responsible and have maintained records of all source data and calculations.

During the reporting period, the company invested in a greener fleet including trucks compliant with the Euro-6 Step D emissions standard and trailers with reduced emissions refrigeration units. The company also increased the use of tyre retreading to contribute to the reduction of $CO2$ emissions.

Our energy management programme is ongoing, including monitoring and targeted reporting of energy consumption on a daily basis at the majority of sites. Through the service provided by our energy consultants, the energy management programme we run enables us to identify and address any consumption issues as and when they arrive, allowing us to eliminate unnecessary energy waste.

Below includes total energy consumption (reported as kWh) and greenhouse gas emissions for the sources required by the regulations, along with our intensity ratio.

Directors' Report *(continued)*

Streamlined Energy and Carbon Reporting (SECR) (continued)

Total Energy Consumption – used for Emissions calculation (kWh) (Scope 1 and 2 – see below)	**132,507,949**
	tCO2e
Emissions resulting from combustion of gas and fuel (Scope 1)	**29,017**
Emissions resulting from the purchase of electricity (Scope 2)	**3,274**
Total gross reported emissions (Scope 1 and 2)	**32,291**
Intensity ratio (Scope 1 and 2 emissions per £m of turnover)	**168.8**

Independent Auditors

At the end of the current reporting period, PricewaterhouseCoopers LLP will cease to hold office. A resolution for BDO to be appointed will be proposed at the Annual General Meeting.

On behalf of the board

Thomas Van Mourik
Director

Culina Logistics Limited
Shrewsbury Road
Market Drayton
Shropshire
United Kingdom
TF9 3SQ

2 July 2021

Independent auditors' report to the members of Culina Logistics Limited

Report on the audit of the financial statements

Opinion

In our opinion, Culina Logistics 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 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining cash flow forecasts prepared by management, covering the period until 31 December 2023 which indicate the business will generate sufficient cash flows to meet its long and short term obligations
- reviewing the terms of the letter of support received from the ultimate parent company guaranteeing its financial support for at least 12 months from the date of signing of the financial statements

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

Independent auditors' report to the members of Culina Logistics Limited *(continued)*

statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 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 Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 compliance with industry regulations, employment legislation and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial

Independent auditors' report to the members of Culina Logistics Limited *(continued)*

statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of unusual journals to revenue or the manipulation of accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- Understanding and evaluating the key elements of the internal controls around accounting estimates;
- Reviewing accounting estimates for any indicators of management bias by validating supporting evidence and challenging the assumptions that are made;
- Review of legal expense accounts, board minutes and other internal documentation to identify any inconsistencies with other information provided by management; and
- Substantive testing of journal entries, in particular any journal entries posted with unusual account combinations which result in an impact to revenue.

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.

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 received 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.

Paul Norbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
2 July 2021

Statement of Comprehensive Income
for the year ended 31 December 2020

	Note	**Year ended 31 December 2020 £000**	Year ended 31 December 2019 £000
Revenue	*4*	**191,294**	183,205
Cost of sales		**(152,964)**	(152,960)
Gross profit		**38,330**	30,245
Administrative expenses		**(26,533)**	(18,933)
Administrative expenses - exceptional	5	**(289)**	(316)
Total administrative expenses		**(26,822)**	(19,249)
Operating profit before amortisation		**11,508**	10,996
Amortisation		**(222)**	(249)
Operating profit	*5*	**11,286**	10,747
Finance income	*8*	**181**	142
Finance expenses	*9*	**(864)**	(815)
Net finance expenses		**(683)**	(673)
Profit before taxation		**10,603**	10,074
Tax on profit	*10*	**(2,011)**	(1,754)
Profit for the financial year		**8,592**	8,320
Other comprehensive income		**-**	-
Total comprehensive income		**8,592**	8,320

In the current and preceding years the company's income is derived entirely from continuing operations. The historical cost profit is not materially different from the reported profit.

The notes on pages 16 to 31 form part of the financial statements.

Statement of Financial Position
as at 31 December 2020

	Note	31 December 2020 £000	31 December 2020 £000	31 December 2019 £000	31 December 2019 £000
Fixed assets					
Intangible assets	*11*		**68,448**		68,435
Property, plant and equipment	*12*		**25,083**		24,525
Right of use assets	*13*		**57,191**		23,561
Deferred tax asset	*14*		**1,070**		1,136
			151,792		117,657
Current assets					
Inventories	*15*	**365**		358	
Trade and other receivables	*16*	**59,387**		36,649	
Cash and cash equivalents		**333**		325	
			60,085		37,332
Creditors: amounts falling due within one year					
Interest-bearing loans and borrowings	*17*	**(11,401)**		(9,132)	
Trade and other payables	*18*	**(47,031)**		(30,790)	
Provisions for liabilities	*19*	**(1,648)**		(1,450)	
			(60,080)		(41,372)
Net current assets / (liabilities)			**5**		(4,040)
Total assets less current liabilities			**151,797**		113,617
Creditors: amounts falling due after more than one year	*17*		**(48,190)**		(18,602)
Net assets			**103,607**		95,015
Equity					
Called up share capital	*20*		**3,917**		3,917
Merger reserve			**12,569**		12,569
Other reserves			**78**		78
Retained earnings			**87,043**		78,451
Total shareholders' funds			**103,607**		95,015

These financial statements on pages 13 to 31 were approved by the board of directors on 2 July 2021 and were signed on its behalf by:

Thomas Van Mourik
Director

Company Registered Number: 05128194

Statement of Changes in Equity
for the year ended 31 December 2020

	Called up Share capital £000	Merger reserve £000	Other reserves £000	Retained earnings £000	Total Shareholders' funds £000
At 1 January 2019 as previously stated	**3,917**	**12,569**	**78**	**70,387**	**86,951**
Effect of adoption of IFRS16: Leases	-	-	-	(262)	(262)
Restated balance at 1 January 2019	**3,917**	**12,569**	**78**	**70,125**	**86,689**
Deferred tax movement following accounting policy change	-	-	-	6	6
Profit for the financial year and total comprehensive income	-	-	-	8,320	8,320
At 31 December 2019	**3,917**	**12,569**	**78**	**78,451**	**95,015**
Profit for the financial year and total comprehensive income	-	-	-	8,592	8,592
At 31 December 2020	**3,917**	**12,569**	**78**	**87,043**	**103,607**

Notes to the financial statements

1 General Information

Culina Logistics Limited is a market-leading provider of multi-temperature, third party logistics services predominantly focused on the chilled food and drink sector.

The company is a private company, incorporated and domiciled in the UK, and limited by shares. The registered office address is Tern Valley Business Park, Market Drayton, Shropshire, TF9 3SQ, England.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

As permitted by FRS 101, for both periods presented, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and related party transactions with other wholly-owned members of the Group. Where required, equivalent disclosures are given in the Group financial statements of Unternehmensgruppe Theo Muller S.e.c.s. a partnership registered in Luxembourg. The partnership prepares Group financial statements which are publicly available and can be obtained as set out in Note 23.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

In testing for impairment of goodwill, the directors have made certain assumptions concerning the future development of the business that are consistent with the company's latest forecasts. Should the assumptions regarding the discount rate or growth in the profitability prove to be significantly inaccurate then it is possible that goodwill included in the statement of financial position could become impaired. At 31 December 2020, the directors do not consider that any reasonably likely changes in key assumptions would cause the carrying value of the goodwill to become impaired.

Going concern

On 30 January 2020 the World Health Organisation (WHO) declared an international health emergency due to the outbreak of coronavirus. Since 11 March 2020 the WHO classified the spread of coronavirus as a pandemic.

The company has taken all of the necessary steps to protect employees whilst maintaining business continuity with the implementation of the Government COVID-19 safety measures. The company is committed to ensuring compliance with UK Government guidelines and measures put in place to protect all of our employees.

The continuation of the COVID-19 pandemic and its potential impact on the company is being continually monitored. The directors have undertaken detailed planning and cash flow forecasting that has taken into account possible scenarios allowing the company to continue to operate as a going concern throughout the pandemic to date.

The company is funded via loans and cash-pooling which are provided by intra-group companies. The security of this has been confirmed by the parent company as being available for a period of at least 12 months following the approval of these financial statements. As such, the directors are satisfied that the company is able to operate as a going concern and to settle its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Exemptions

As permitted by FRS 101, the company has taken advantage of available disclosure exemptions. The following exemptions have been taken:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payments (details of the number and weighted average-exercise price of share options, and how the fair value of goods or services received was determined).
- The requirements of IFRS 7 Financial Instruments Disclosures.
- The requirements of IAS 7 Statement of Cash Flows.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IRFS that has been issued but is not yet effective).
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures (key management compensation).
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  (i) Paragraph 79(a)(iv) of IAS 1 'Presentation of Financial Statements'
  (ii) Paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
- The following paragraphs of IAS 1 'Presentation of Financial Statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134 to 136 (capital management disclosures).

The company intends to continue to take advantage of these exemptions in future years.

Where required, equivalent disclosures have been given in the consolidated financial statements of Unternehmensgruppe Theo Müller S.e.c.s.

New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2020 which have had a material impact on the company.

Foreign currency translation

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Revenue

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. The company recognises revenue when performance obligations have been satisfied and at the point in time when the specific service has been fulfilled. The company bases its estimate of returns, discounts and rebates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Intangible assets and goodwill

Intangible assets – computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the shorter of the licence period and ten years to write the assets down to their residual value.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Property, plant and equipment

Such assets are stated at cost less depreciation and impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	straight line or over the period of the lease
Plant and machinery	-	10% to 33% straight line
Furniture and fittings	-	10% to 33% straight line
Motor vehicles	-	8.33% to 25% straight line

No depreciation is provided on assets in the course of construction. The assets' residual values and useful lives are reviewed and adjusted as appropriate at each statement of financial position date.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount exceeds the higher of the asset's fair value less cost to sell and value in use. Any impairment charge is recorded in the income statement.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

Leases

The company leases various warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is the lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a range different terms and conditions. The lease agreements do not impose any covenants other than the security interest in the leased assets that are held by the lessor. Leased assets may not be used for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principle and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial indirect costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the company is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets are assets with a value of less than £5,000 when new.

Investments

Investments in subsidiaries are held at fair value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first in-first out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

Trade and other receivables

Trade and other receivables do not carry interest and are stated at amortised cost less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Impairment

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

***Impairment** (continued)*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Functional and presentational currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Sterling (£), which is also the company's functional currency.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Exceptional items

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

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Common control transactions

The company has chosen to recognise upon a hive-up the net assets as at the book value as included in the subsidiary's financial statements.

Financial risk management

The company undertakes procedures which aim to reduce uncertainty in the financial performance of the company. The company considers the effect of liquidity risk and credit risk on its ability to operate effectively.

Currently, liquidity risk is not considered a significant business risk to the company given its level of net cash and cash flow projections. As noted in the Strategic Report, the company has undertaken considerable investment in its fleet in the financial year. Since this investment has, due to favourable borrowing rates, for the first time been via finance leasing, the company's net debt position has increased.

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers. Before accepting any new customer, the company uses an external credit agency to assess the potential customer's credit quality and with reference to these findings and the management's judgement and experience defines each customer a credit limit. Limits attributed to customers are reviewed as necessary based on credit history and customer requirements.

3 Critical accounting estimates and judgements

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.

There are no critical estimates or judgements.

4 Revenue

The total revenue of the company for the year has been derived from its principal activity of providing warehousing and distribution services.

All revenue arose within the United Kingdom.

Business segment analysis

The company has only one operating segment.

Notes to the financial statements *(continued)*

5 Operating profit

The operating profit is stated after charging/(crediting):	**Year ended 31 December 2020 £000**	Year ended 31 December 2019 £000
Auditors' remuneration: audit of these financial statements	**58**	42
Amortisation of intangible assets	**222**	249
Depreciation and amounts written off property, plant and equipment	**5,031**	4,430
Depreciation of right-of-use assets	**10,021**	9,928
Profit on disposal of property, plant and equipment	**(166)**	(36)
(Profit)/Loss on foreign exchange	**(13)**	14
Operating lease rentals payable on property leases	**3,923**	3,750
Operating lease rentals payable on other leases	**665**	398
Exceptional costs: redundancy costs	**289**	316

6 Staff costs and directors' remuneration

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

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Wages and salaries	**58,335**	49,737
Social security costs	**5,383**	4,686
Other pension costs	**3,919**	3,408
Other staff costs	**694**	661
	68,331	58,492

Staff costs include £289,000 of redundancies paid during the year *(2019: £316,000).*

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

	Year ended 31 December 2020 No.	Year ended 31 December 2019 No.
Warehousing and distribution	**1,743**	1,445
Administration	**368**	310
	2,111	1,755

7 Directors' remuneration

Directors are paid by the parent company, Culina Group Limited and, as directors are remunerated for their services to the Culina group as whole, it is not possible to allocate emoluments specifically to Culina Logistics Limited. Accordingly, the above details include no emoluments in respect of directors. Their costs are included in the Directors' emoluments disclosed in the financial statements of Culina Group Limited.

Notes to the financial statements *(continued)*

8 Finance income

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Other interest receivable	**181**	142
	181	142

9 Finance expenses

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Loan interest payable	**48**	65
Lease liabilities	**816**	736
Other interest payable	**-**	14
	864	815

10 Tax on profit

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Analysis of tax charge in the year		
Corporation tax		
United Kingdom corporation tax on profits for the year	**1,968**	1,771
Adjustments in respect of prior years	**(23)**	(103)
Total current tax charge	**1,945**	1,668
Deferred tax		
Current year	**201**	206
Adjustments in respect of prior years	**(1)**	(98)
Impact of change in tax rate	**(134)**	(22)
Total deferred tax charge/(credit)	**66**	86
Total tax charge	**2,011**	1,754

Notes to the financial statements *(continued)*

10 Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed for the year is lower *(2019: lower)* than that arising from applying the standard rate of corporation tax in the UK of 19.0% *(2019: 19.0%)*. The differences are explained below:

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Profit before taxation	**10,603**	10,074
Profit before taxation multiplied by standard rate of Corporation tax in the UK of 19.0% *(2019: 19.0%)*	**2,014**	1,914
Effects of:		
Non-taxable income	**(10)**	-
Expenses not deductible for tax purposes	**165**	63
Impact of tax rate changes	**(134)**	(22)
Adjustment to current tax for prior years	**(23)**	(103)
Adjustment to timing differences for prior periods	**(1)**	(98)
Total tax charge for the year (see table above)	**2,011**	1,754

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to decrease the tax expense for the period by £338,000 and to increase the deferred tax asset by £338,000.

Notes to the financial statements *(continued)*

11 Intangible assets

	Goodwill	Computer software	Total
	£000	**£000**	**£000**
Cost			
At 1 January 2020	67,159	4,256	71,415
Additions	-	236	236
Disposals	-	(4)	(4)
At 31 December 2020	**67,159**	**4,488**	**71,647**
Accumulated amortisation			
At 1 January 2020	-	2,980	2,980
Charge for the year	-	222	222
Disposals	-	(3)	(3)
At 31 December 2020	**-**	**3,199**	**3,199**
Net book value			
At 31 December 2020	**67,159**	**1,289**	**68,448**
At 31 December 2019	67,159	1,276	68,435

The company is required to test its goodwill for impairment at least annually or more frequently if indicators of impairment exist. Impairment reviews compare the carrying value of the goodwill contained in each cash generating unit ("CGU") with its recoverable amount.

The directors believe that only one CGU now exists within the company as all aspects of its operations are inter-dependent of each other with all operations being fully integrated.

The recoverable amount of the CGU is considered to be its value in use, calculated by reference to the company's pre tax cash flow projections based on the company's approved budget for 2021 and plan for 2022. Cash flows beyond this period are extrapolated into perpetuity using an estimated growth rate of 1.7% *(2019: 1.7%)*, being the directors' estimated view of the long term compound growth in the economy. This is considered appropriate because the CGU is considered to be a long term business.

The main assumptions on which the forecast cash flows were based include the level of sales, gross margin and expenses within the business and have been set by the directors based on their past experience of the business and its industry together with their future plans for the business and expectations of the market. The level of sales depends upon the size of the markets in which the company operates together with the directors' estimations of its market share and competitive pressures. Gross margin is dependent upon the net costs to the business of purchasing products together with the level of supplier rebates. Expenses are based on the current cost base of the company adjusted for variable costs and known plans for the business.

A pre tax discount rate of 10% *(2019: 10%)* has been applied to the projected cash flows. The discount rate reflects the market assumptions for the risk free rate and equity risk premium and also takes into account the cost of debt.

A sensitivity analysis has been performed in order to review the impact of changes in key assumptions. With all other assumptions held constant, a 5% increase in the pre tax discount rate to 15% or a decline in growth rate of -5% does not identify that any impairment is required.

The directors believe that the assumptions on which the carrying value of goodwill is supported are reasonable and that no impairment to goodwill is required.

Notes to the financial statements *(continued)*

12 Property, plant and equipment

	Plant and machinery £000	Furniture and fittings £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost					
At 1 January 2020	24,942	4,395	21,257	54	50,648
Additions	3,895	674	4,594	49	9,212
Transfer from ROU assets	-	-	52	-	52
Transfer	54	-	-	(54)	-
Disposals	(320)	(28)	(5,177)	-	(5,525)
At 31 December 2020	**28,571**	**5,041**	**20,726**	**49**	**54,387**
Accumulated depreciation					
At 1 January 2020	17,034	3,368	5,721	-	26,123
Charge for the year	2,184	318	2,529	-	5,031
Disposals	(48)	(22)	(1,780)	-	(1,850)
At 31 December 2020	**19,170**	**3,664**	**6,470**	**-**	**29,304**
Net book value					
At 31 December 2020	**9,401**	**1,377**	**14,256**	**49**	**25,083**
At 31 December 2019	7,908	1,027	15,536	54	24,525

In 2020, £52,000 (2019: £2,073,000) of finance leases were terminated early with an option to purchase fee paid.

Notes to the financial statements *(continued)*

13 Leases

The company has lease contracts for warehouses, equipment and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

(i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts in relation to leases:

	31 December 2020 £000	31 December 2019 £000
Right-of-use assets		
Buildings	**47,247**	15,893
Plant & Machinery	**5,878**	3,367
Vehicles	**4,066**	4,236
Equipment	**-**	65
	57,191	23,561
Lease liabilities		
Current	**10,551**	7,882
Non-current	**47,690**	17,252
	58,241	25,134

Additions to the right-of-use assets during the 2020 financial year were £44,080,000 (2019: £55,000).

During 2020, leased assets with a net book value of £52,000 (2019: £2,073,000) were terminated with an option to purchase fee paid. These assets transferred to property, plant and equipment.

(ii) Amounts recognised in the income statement

	31 December 2020 £000	31 December 2019 £000
Depreciation charge of right-of-use assets		
Buildings	**(4,466)**	(3,300)
Plant & Machinery	**(1,457)**	(1,072)
Vehicles	**(3,993)**	(5,400)
Equipment	**(105)**	(156)
	(10,021)	(9,928)
Interest expense (included in finance costs)	**(816)**	(736)
Expense relating to short-term leases (included in cost of sales)	**(4,586)**	(4,148)
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in cost of sales)	**(2)**	(2)

Notes to the financial statements *(continued)*

13 Leases *(continued)*

(ii) Amounts recognised in the income statement *(continued)*

	31 December 2020 £000	31 December 2019 £000
Future minimum lease payments are as follows:		
Not later than one year	**11,679**	8,404
Later than one year but not later than five years	**28,726**	15,277
Later than five years	**23,657**	3,030
Total gross payments	**64,062**	26,711
Impact of finance expense	**5,821**	1,577
Carrying amount of liability	**58,241**	25,134

The total cash outflow for leases in 2020 was £16,006,000 (2019: £14,893,000)

14 Deferred tax asset

	31 December 2020 £000	31 December 2019 £000
Asset at the beginning of the year	**1,136**	1,162
Charge to income statement during the year	**(66)**	(86)
Credit to reserves	**-**	60
Asset at the end of the year	**1,070**	1,136

The elements of the deferred taxation asset are as follows:

	31 December 2020 £000	31 December 2019 £000
Accelerated capital allowances	**759**	899
Other timing differences	**311**	237
	1,070	1,136

The deferred tax asset reflected in the company's statement of financial position at 31 December 2020 has been calculated at the rate of 19% (2019: 17%), that being the enacted rate that is expected to apply at the timing of reversal.

Notes to the financial statements *(continued)*

15 Inventories

	31 December 2020 £000	31 December 2019 £000
Raw materials and consumables	**365**	358

Raw materials and consumables recognised as cost of sales in the year amounted to £14,130,000 *(2019: £18,078,000)*.

16 Trade and other receivables

Amounts falling due in one year	**31 December 2020 £000**	31 December 2019 £000
Trade debtors	**23,416**	21,328
Amounts owed by group undertakings	**33,991**	12,995
Other debtors	**73**	96
Prepayments and accrued income	**1,907**	2,230
	59,387	36,649

Trade debtors are stated after provisions for impairment of £1,907,000 *(2019: £1,542,000).*

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17 Interest-bearing loans and borrowings

	31 December 2020 £000	31 December 2019 £000
Amounts falling due within one year		
Loans from Group undertaking	**850**	1,250
Lease liabilities	**10,551**	7,882
	11,401	9,132
Amounts falling due after more than one year		
Lease liabilities	**47,690**	17,252
Loans from Group undertaking	**500**	1,350
	48,190	18,602

The unsecured loans from a group undertaking incur interest at 1.66% and 2.1% and are repayable annually with final repayment by 30 November 2021 and 30 November 2022.

Notes to the financial statements *(continued)*

18 Trade and other payables

	31 December 2020 £000	31 December 2019 £000
Amounts falling due within one year		
Trade creditors	**7,935**	8,897
Amounts owed to group undertakings	**13,377**	8,893
Social security and other taxes	**8,402**	3,376
Other creditors	**3,282**	946
Accruals and deferred income	**14,035**	8,678
	47,031	30,790

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19 Provisions for liabilities

	31 December 2020 £000	31 December 2019 £000
Amounts falling due within one year		
Balance at beginning of year	**1,450**	1,902
Charge / (Credit) to the statement of comprehensive income	**265**	(399)
Amounts utilised	**(67)**	(53)
Balance at the end of the year	**1,648**	1,450

20 Called up share capital

	31 December 2020 £000	31 December 2019 £000
Allocated, called up and fully paid		
39,166,650 (2019: 39,166,650) Ordinary shares of 10p each (*2019: the same*)	**3,917**	3,917

21 Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £3,919,000 *(2019: £3,408,000)*. There was £374,000 outstanding at 31 December 2020 *(2019: £316,000)*.

Notes to the financial statements *(continued)*

22 Related party transactions

As a wholly owned subsidiary of Unternehmensgruppe Theo Muller S.e.c.s. the company has taken advantage of the exemption available under FRS 101 to disclose transactions with other members of the Group headed by Unternehmensgruppe Theo Muller S.e.c.s.

During the year the company recharged Culina Logistics Ireland Limited £9,000 *(2019: £9,000)* of costs, which it incurred on its behalf. At 31 December 2020 the company was owed £1,000 by Culina Logistics Ireland Limited *(2019: £1,000)*.

23 Ultimate parent undertaking and controlling party

The immediate parent company is Culina Group Limited, a company registered in England and Wales.

The ultimate parent undertaking, and the smallest and largest group to consolidate these financial statements, is Unternehmensgruppe Theo Müller S.e.c.s., a partnership registered in Luxembourg. This entity prepares Group financial statements which are publicly available and can be obtained from Unternehmensgruppe Theo Müller S.e.c.s, 2b rue Albert Borschette, L-1246 Luxembourg. The ultimate controlling party is Herr Theo Müller.