

Company Registration No. 07037738 (England and Wales)

**REGAL FOOD PRODUCTS GROUP PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2019**

# REGAL FOOD PRODUCTS GROUP PLC

## COMPANY INFORMATION

---

<b>Directors</b>	Mr M Younis Mr M A Chaudhry Mr A Younis Mr W Younis
<b>Secretary</b>	Mr M Younis
<b>Company number</b>	07037738
<b>Registered office</b>	Regal House Wallis Street Bradford BD8 9RR
<b>Auditor</b>	Hentons Northgate 118 North Street Leeds West Yorkshire LS2 7PN
<b>Business address</b>	Regal House Wallis Street Bradford BD8 9RR
<b>Bankers</b>	Yorkshire Bank Plc 14 Broadway Bradford West Yorkshire BD1 1EZ

---

# REGAL FOOD PRODUCTS GROUP PLC

## CONTENTS

---

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 24

---

# REGAL FOOD PRODUCTS GROUP PLC

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MAY 2019**

---

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

### **Review of the business**

Our financial year ended May 2019 proved to be a demanding one. Still amidst the uncertainty of Brexit and the decline of the exchange rates our gross margin has suffered yet again. We have all witnessed the increase of raw materials and that has had some effect on our profit performance. The groups turnover has increased again, and it is in line with the director's expectations.

Our vision is to have a "family business to be proud of" and our mission is to develop a successful portfolio of food businesses which continue to reflect our founders' sense of value for money, integrity and trustworthiness and where performance and reputation are an enduring source of pride. We aim to continue building a business with an attractive scale and diversification across international markets.

### **Future outlook**

Work is underway for the groups new 20,000 SQFT purpose build warehouse. This will enable the business to expand on the ever-growing product portfolio as well as creating 40 more jobs for the local community. Early in the year the group also added 40,000 SQFT of storage to the existing distribution arm. These competitive pressures could cause us to lose market share and may require us to lower prices, increase capital marketing and advertising expenditures or increase the use of discounting or promotional campaigns. This may also restrict our ability to increase prices, including in response to commodities or other cost increases. Future performance of the Group is dependent upon our continuing ability to meet customer needs and provide a differentiated and relevant offering.

The directors expect the level of activity to remain broadly consistent with the current performance rate. The continued development of new products and focus on quality will help drive more sales.

### **People and community**

We pride ourselves on ensuring the best facilities and opportunities are provided for the development of individuals in all levels of the company. We measure how we are doing in several ways, one of which is the regular employee survey. This provides us with helpful feedback as to how we can improve the workplace experience for our colleagues. The group is committed to operating in a socially responsible manner within its local communities. As a family business, the company has a strong track record of community investment delivered through our families matter strategy. One of our core values is "consideration" and we believe that the community should benefit from having our business here.

The company works closely with several charities creating shelters, water supply and food parcels in third world countries for the poor and needy. The group also believes that charity starts at home and we have continued and increased our support for local food banks. Many senior members of the management team take part in feeding the homeless on Sunday and provide them with food packages to last all week.

When times are challenging the determination, skill and commitment of colleagues in the business are even more apparent. On behalf of the Board I would like to thank all for their very considerable efforts in continuing to help deliver a family business we can all be proud of.

# REGAL FOOD PRODUCTS GROUP PLC

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MAY 2019**

---

### Principal risks and uncertainties

Consumer demand and trends are clearly key drivers of the products which the group supplies. We seek to mitigate the risk by holding a portfolio of food businesses which face into various channels within the supply chain.

The competitive pressures continue in all areas of our operations. The availability, quality and price of raw material crops continue to be variable. However, these are issues that are just becoming the norm of business life and we seek to manage any difficulties collaboratively with both our suppliers and customers. Wherever the structure of the market allows, and it proves beneficial we forward contract to mitigate the uncertainty and volatility of commodity prices.

Compliance with technical standards relating to the supply of food products in today's world is increasingly demanding. Our technical teams are very active, constantly monitoring all relevant aspects of internal performance, of our suppliers and that of our license and co pack partners, with a view to maintaining the highest food safety standards. The group currently holds the BRC AA accreditation.

Understanding the supply chain has been the focus of much attention. Our investment and efforts over many years to have strong relationships with our supplier has shown to be the right approach and one which we look to continue to build on.

### Development and performance

- Turnover for the year £15.5m (2018: £13.4m).
- Operating profit for the year £665k (2018: £751k).

### Key performance indicators

The board assessed the following KPIs as the most effective measures for monitoring the groups progress against its strategic objectives:

- Underlying sales growth - year on year increase in sales revenue - 15% (2018: 31%)
- Operating profit margin - operating profit as a percentage of sales revenue - 4% (2018: 6%)
- Cash flow - net cash inflows from operating activities - £870k (2018: £409k)

On behalf of the board

Mr M Younis  
**Director**  
28 November 2019

# REGAL FOOD PRODUCTS GROUP PLC

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MAY 2019**

---

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

### Principal activities

The principal activity of the company continued to be the wholesale of food and confectionery products.

### Directors

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

Mr M Younis  
Mr M A Chaudhry  
Mr A Younis  
Mr W Younis

### Results and dividends

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

Ordinary dividends were paid amounting to £327,875. The directors do not recommend payment of a final dividend.

### Auditor

The auditor, Henton & Co LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of disclosure to auditor

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

On behalf of the board

Mr M Younis  
**Director**

28 November 2019

# **REGAL FOOD PRODUCTS GROUP PLC**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MAY 2019***

---

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for 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.

# REGAL FOOD PRODUCTS GROUP PLC

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF REGAL FOOD PRODUCTS GROUP PLC

---

#### Opinion

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

In our opinion the financial statements:

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

#### Basis for opinion

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

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

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

We have nothing to report in this regard.

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

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

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



# REGAL FOOD PRODUCTS GROUP PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF REGAL FOOD PRODUCTS GROUP PLC

---

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

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

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

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

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### Use of our report

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

**Nadeem Ahmed (Senior Statutory Auditor)**  
for and on behalf of Hentons

28 November 2019

**Chartered Accountants**  
**Statutory Auditor**

Northgate  
118 North Street  
Leeds  
West Yorkshire  
LS2 7PN

## REGAL FOOD PRODUCTS GROUP PLC

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2019

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	15,494,757	13,444,949
Cost of sales		(13,458,296)	(11,471,356)
<b>Gross profit</b>		2,036,461	1,973,593
Distribution costs		(268,941)	(174,312)
Administrative expenses		(1,176,214)	(1,094,807)
Other operating income		73,984	46,108
<b>Operating profit</b>	<b>4</b>	665,290	750,582
Interest payable and similar expenses	<b>7</b>	(70,594)	(65,305)
<b>Profit before taxation</b>		594,696	685,277
Tax on profit	<b>8</b>	(50,175)	(58,710)
<b>Profit for the financial year</b>		544,521	626,567

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# REGAL FOOD PRODUCTS GROUP PLC

## BALANCE SHEET

AS AT 31 MAY 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Intangible assets	10	20,221		12,293	
Tangible assets	11	2,868,993		2,592,342	
Investment properties	12	216,000		432,000	
Investments	13	185,980		185,980	
			3,291,194		3,222,615
<b>Current assets</b>					
Stocks	15	686,712		616,390	
Debtors	16	3,142,736		3,481,477	
Cash at bank and in hand		10,526		30,277	
			3,839,974		4,128,144
<b>Creditors: amounts falling due within one year</b>	17	(3,026,837)		(3,694,332)	
<b>Net current assets</b>			813,137		433,812
<b>Total assets less current liabilities</b>			4,104,331		3,656,427
<b>Creditors: amounts falling due after more than one year</b>	18		(1,584,860)		(1,309,743)
<b>Provisions for liabilities</b>	20		(64,796)		(108,655)
<b>Net assets</b>			2,454,675		2,238,029
<b>Capital and reserves</b>					
Called up share capital	23	50,010		50,010	
Revaluation reserve		417,631		426,331	
Profit and loss reserves		1,987,034		1,761,688	
<b>Total equity</b>			2,454,675		2,238,029

The financial statements were approved by the board of directors and authorised for issue on 28 November 2019 and are signed on its behalf by:

Mr M Younis  
Director

Company Registration No. 07037738

# REGAL FOOD PRODUCTS GROUP PLC

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2019

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
<b>Balance at 1 June 2017</b>		50,008	435,032	1,434,255	1,919,295
<b>Year ended 31 May 2018:</b>					
Profit and total comprehensive income for the year		-	-	626,567	626,567
Issue of share capital	23	2	-	-	2
Dividends	9	-	-	(307,835)	(307,835)
Transfers		-	(8,701)	8,701	-
<b>Balance at 31 May 2018</b>		50,010	426,331	1,761,688	2,238,029
<b>Year ended 31 May 2019:</b>					
Profit and total comprehensive income for the year		-	-	544,521	544,521
Dividends	9	-	-	(327,875)	(327,875)
Transfers		-	(8,700)	8,700	-
<b>Balance at 31 May 2019</b>		50,010	417,631	1,987,034	2,454,675

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MAY 2019**

---

### **1 Accounting policies**

#### **Company information**

Regal Food Products Group plc is a private company limited by shares incorporated in England and Wales. The registered office is Regal House, Wallis Street, Bradford, BD8 9RR.

#### **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 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; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of RFPG Holdings Limited. These consolidated financial statements are available from its registered office, Regal House, Wallis Street, Bradford, BD8 9RR.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

#### **1.2 Going concern**

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

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods 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.

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 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

---

### 1 Accounting policies

(Continued)

Intangible assets comprise identifiable development expenditure where the technical, commercial and financial feasibility can be demonstrated. Research expenditure is written off against profits in the year in which it is incurred. Such assets are defined as having finite useful lives and the costs are amortised on a straight line basis over their estimated useful lives of 3 years. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

Amortisation 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:

Development Costs	33.33% straight line
-------------------	----------------------

#### 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:

Freehold buildings	2% straight line
Plant and machinery	10% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	33.33% 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 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

#### 1.7 Fixed asset investments

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

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

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

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

---

### 1 Accounting policies

(Continued)

#### 1.8 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.

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.

#### 1.9 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.

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.

#### 1.10 Cash at bank and in hand

Cash at bank and in hand 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.

#### 1.11 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

---

### 1 Accounting policies

(Continued)

#### **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.

#### **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.



# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

---

### 1 Accounting policies

(Continued)

#### **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.

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

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

### 1.12 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.

### 1.13 Taxation

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

#### **Current tax**

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

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

---

### 1 Accounting policies

(Continued)

#### **Deferred tax**

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account. 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.

#### **1.14 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.

#### **1.15 Retirement benefits**

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

#### **1.16 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.

#### **1.17 Employee Benefit Trusts**

The Company has created a trust whose beneficiaries will include employees of the Company and their dependents. Assets held under this trust will be controlled by trustees who will be acting independently and entirely at their own discretion.

Where assets are held in the trust and these are considered by the Company to be in respect of services already provided by employees to the Company, the Company will account for these as assets of the trust when payment is made to the trust. The value transferred will be charged in the Company's profit and loss account for the year to which it relates.

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 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.

Key areas of judgement and estimation relate to provisions against stocks, over-riders and doubtful debt, but the directors are satisfied that there is no significant risk of material misstatement arising.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Sale of food and confectionery products	15,494,757	13,444,949
	<u>15,494,757</u>	<u>13,444,949</u>
	2019 £	2018 £
<b>Other significant revenue</b>		
Grants received	2,200	2,200
	<u>2,200</u>	<u>2,200</u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	13,812,034	12,165,995
Overseas	1,682,723	1,278,954
	<u>15,494,757</u>	<u>13,444,949</u>

### 4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(2,200)	(2,200)
Fees payable to the company's auditor for the audit of the company's financial statements	14,300	10,950
Depreciation of owned tangible fixed assets	303,259	278,203
(Profit)/loss on disposal of tangible fixed assets	(6,666)	276
Amortisation of intangible assets	9,144	7,162
Cost of stocks recognised as an expense	12,664,359	10,711,080
	<u>12,664,359</u>	<u>10,711,080</u>

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 5 Employees

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

	2019 Number	2018 Number
Administration	3	3
Sales	6	7
Warehouse	1	1
Drivers	4	4
Bakery	1	1
Cleaning	1	1
	<u>16</u>	<u>17</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	297,124	274,010
Social security costs	17,506	14,099
Pension costs	1,636	761
	<u>316,266</u>	<u>288,870</u>

### 6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>44,577</u>	<u>31,635</u>

### 7 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	70,384	59,547
Other interest	210	5,758
	<u>70,594</u>	<u>65,305</u>

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 8 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	94,034	101,181
Adjustments in respect of prior periods	-	(47,545)
	<u>94,034</u>	<u>53,636</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(43,859)	5,074
	<u>(43,859)</u>	<u>5,074</u>
<b>Total tax charge</b>	<u>50,175</u>	<u>58,710</u>

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

	2019 £	2018 £
Profit before taxation	<u>594,696</u>	<u>685,277</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	112,992	130,203
Tax effect of expenses that are not deductible in determining taxable profit	4,621	30,213
Depreciation on assets not qualifying for tax allowances	(8,759)	6,604
Research and development tax credit	(14,820)	(108,310)
Deferred tax movement	(43,859)	-
	<u>50,175</u>	<u>58,710</u>
<b>Taxation charge for the year</b>	<u>50,175</u>	<u>58,710</u>

### 9 Dividends

	2019 £	2018 £
Interim paid	<u>327,875</u>	<u>307,835</u>

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 10 Intangible fixed assets

	Development Costs £
<b>Cost</b>	
At 1 June 2018	76,785
Additions - separately acquired	17,071
At 31 May 2019	93,856
<b>Amortisation and impairment</b>	
At 1 June 2018	64,491
Amortisation charged for the year	9,144
At 31 May 2019	73,635
<b>Carrying amount</b>	
At 31 May 2019	20,221
At 31 May 2018	12,293

### 11 Tangible fixed assets

	Freehold buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 June 2018	1,738,000	1,053,784	1,010,870	213,124	4,015,778
Additions	79,166	163,858	76,730	47,240	366,994
Disposals	-	-	-	(22,394)	(22,394)
Transfer to investment property where fair value becomes available	216,000	-	-	-	-
At 31 May 2019	2,033,166	1,217,642	1,087,600	237,970	4,576,378
<b>Depreciation and impairment</b>					
At 1 June 2018	66,908	470,337	762,580	123,611	1,423,436
Depreciation charged in the year	39,080	114,458	107,501	42,220	303,259
Eliminated in respect of disposals	-	-	-	(19,310)	(19,310)
At 31 May 2019	105,988	584,795	870,081	146,521	1,707,385
<b>Carrying amount</b>					
At 31 May 2019	1,927,178	632,847	217,519	91,449	2,868,993
At 31 May 2018	1,671,092	583,447	248,290	89,513	2,592,342

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 11 Tangible fixed assets

(Continued)

Land and buildings with a carrying amount of £1,671,092 were revalued during 2014 by Sanderson Weatherall, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	1,302,968	1,302,968
Accumulated depreciation	(84,266)	(58,207)
Carrying value	<u>1,218,702</u>	<u>1,244,761</u>

### 12 Investment property

2019  
£

#### Fair value

At 1 June 2018

432,000

Transfers to owner-occupied property

(216,000)

At 31 May 2019

216,000

Investment property comprises the element of the company's buildings which are not occupied and used in the operation of the business. The property was acquired on an arms length basis and the split of value between freehold land and buildings and investment properties has been assessed based on occupation and usage. The directors have no reason to believe there has been a change in fair value.

### 13 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	14	1	1
Loans to associates		185,979	185,979
		<u>185,980</u>	<u>185,980</u>

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 13 Fixed asset investments (Continued)

#### Movements in fixed asset investments

	Shares in group undertakings and participating interests	Loans to group undertakings and participating interests	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 June 2018 & 31 May 2019	1	185,979	185,980
<b>Carrying amount</b>			
At 31 May 2019	1	185,979	185,980
At 31 May 2018	1	185,979	185,980

### 14 Subsidiaries

Separate company financial statements are required to be prepared by law. Consolidated financial statements for the RFPG Holdings Limited Group are prepared and publicly available.

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Regal Food Products Limited	England and Wales	Dormant company	Ordinary shares	100.00

The investments in subsidiaries are all stated at cost.

### 15 Stocks

	2019 £	2018 £
Finished goods and goods for resale	686,712	616,390

### 16 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,299,636	2,758,554
Other debtors	841,021	664,753
Prepayments and accrued income	2,079	58,170
	3,142,736	3,481,477



# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 17 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	19	335,851	800,977
Trade creditors		2,191,262	2,369,621
Amounts owed to group undertakings		138,851	138,851
Corporation tax		116,872	148,576
Other taxation and social security		10,821	4,487
Other creditors		56,692	58,788
Accruals and deferred income		176,488	173,032
		<u>3,026,837</u>	<u>3,694,332</u>

### 18 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	19	1,483,293	1,205,976
Government grants	21	101,567	103,767
		<u>1,584,860</u>	<u>1,309,743</u>

### 19 Loans and overdrafts

	2019 £	2018 £
Bank loans	1,686,160	1,370,727
Bank overdrafts	132,984	636,226
	<u>1,819,144</u>	<u>2,006,953</u>
Payable within one year	335,851	800,977
Payable after one year	1,483,293	1,205,976
	<u></u>	<u></u>

Bank loans and overdrafts are secured by fixed and floating charge over the assets of the company.

### 20 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities		64,796	108,655
		<u></u>	<u></u>

# REGAL FOOD PRODUCTS GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 21 Government grants

In the year to May 2016 the company received grant funding of £110,000 to contribute towards the purchase of a new property in order to increase both manufacturing capacity and employee numbers.

The grant is to be released to the profit and loss account of the company over the useful economic life of the property.

### 22 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,636	761

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.

### 23 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
1 Ordinary B share of £1 each	1	1
1 Ordinary C share of £1 each	1	1
1 Ordinary D share of £1 each	1	1
1 Ordinary E share of £1 each	1	1
1 Ordinary F share of £1 each	1	1
1 Ordinary G share of £1 each	1	1
4 Ordinary H shares of £1 each	4	4
	50,010	50,010

Ordinary shares rank pari passu in all respects in relation to voting rights, dividends, and capital distributions including on winding up and redemption of shares at the option of the company and or the shareholder.

Alphabet shares carry no voting rights to participate in receiving a distribution in the winding up of the company. They carry rights to participate in receiving a dividend which is separate to that of the full ordinary shares.

### 24 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

## REGAL FOOD PRODUCTS GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

---

#### 24 Related party transactions

(Continued)

At 31 May 2019 a balance of £Nil (2018: £Nil) was due to the director M Younis. M Younis has given a personal guarantee in order to support the overdraft facility on one of the company's bank accounts.

At 31 May 2019 a balance of £678,883 (2018: £594,641) was due from SKR Retail Limited, a company controlled by the director M Younis. During the year the company charged SKR Retail Limited £6,633 (2018: £13,200) for insurance and £12,000 (2018: £12,000) for management services.

At 31 May 2019 balance of £1,116,695 (2018: £1,110,300) included in trade creditors was due to The Baking Company LLP, of which the company is a member. during the year the company made purchases of £7,166,745 (2018: £5,702,697) from The Baking Company LLP.

During the year the company charged The Baking Company LLP £100,000 (2018:£115,000) for management services, £62,004 (2018: £62,004) for rent and rates, £84,382 (2018: £75,320) for power, light and heat and £Nil (2018: £20,559) for wages.

At 31 May 2019 a balance of £185,979 (2018: £185,979) was due from the LLP in respect of profit share and accountancy fees paid on behalf of the LLP.

#### 25 Ultimate controlling party

The company's parent is RFPG Holdings Limited. The smallest group of undertakings for which group accounts are drawn up and of which the company is a member is RFPG Holdings Limited, registered office Regal House, Wallis Street, Bradford, BD8 9RR.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.