Foodpack Limited

Annual Report

Registered number 09674147

Nine Months Ended 31 December 2018

Contents

Company Information

Directors	A Dawson – appointed 1 December 2018 T Van Mourik – appointed 1 December 2018 N S Jury – appointed 1 December 2018 C L Price – appointed 1 December 2018 A Hitchen – resigned 30 November 2018 T D Murphy – resigned 30 November 2018
Company number	09674147
Registered office	Tern, Tern Valley Business Park, Market Drayton England, TF9 3SQ
Independent Auditors	Mazars LLP Chartered Accountants & Statutory Auditor 14th Floor, The Plaza 100 Old Hall Street Liverpool L3 9QJ

Strategic Report

The directors present the Strategic Report for the nine months ended 31 December 2018.

Review of the business

The principal activities of the company continue to be the co-packing / co-manufacture and manufacture of various food products for the UK market (business to business and direct to retail customers).

The company has strengthened its position with major customers, and there has been further investment in Plant and Machinery to improve efficiencies.

Retail business grew during the year and its continuation is expected during the year to 31 December 2019.

Financial Review

The result for the trading nine month period to 31 December 2018 as detailed in the statement of comprehensive income on page 10 was a loss for nine months ended 31 December 2018 of £289,000 (*year ended 31 March 2018: profit of £286,000*).

Revenues and gains

Revenue comprises amounts recognised by the company in respect of goods and services supplied. Revenue for the nine months ended 31 December 2018 was £7,850,000 (*year ended 31 March 2018: £12,868,000*), which is expected to increase further in the next trading year. Operating loss before interest was £291,000 for the current period (*year ended 31 March: 2018 profit of £443,000*).

Principal risks and uncertainties

Foreign currency risk

The company has no operations outside of the UK, with minimal direct exposure to exchange rate fluctuations. However, the company carries the risk of its UK suppliers of material being themselves affected by currency movements and therefore attempting to pass the cost on. No foreign currency contracts were used during the year.

Interest rate risk

The company has external debt, on which the interest rate level is both fixed and variable. The company has no fixed interest receivable.

Credit risk

The company sets targets for debtor days and continually reviews its position. Debt is relatively concentrated; however, the concentration falls on blue chip global businesses. The company is in constant contact with its markets, and ensures all new opportunities are explored. Business diversity will continue.

Liquidity risk

The company mitigates liquidity risk by managing the cash generation and working capital movements of its operation.

Price risk

The company did not enter into swap options contracts during the period. No trading in derivative financial instruments has been undertaken in the price.

Brexit risk

There is on-going uncertainty about the outcome of the withdrawal negotiations for the exit of the UK from the European Union (Brexit). The directors are closely monitoring developments in order to assess the likely impact on trading in both our domestic and export markets. There is a general risk of slowdown in demand resulting from uncertainty and adjustment of the economy to being outside of the EU, and we continue to assess the possible impacts of this as part of our ongoing business review process. Other risks being considered include the potential for adverse movements in sterling against the Euro/US dollar/ other currencies, and the possibility of increased costs and delays arising from any introduction of tariffs or other cross-border regulatory changes. The directors have tried to mitigate these risks by way of working with customers to agree an increase in raw material stock levels to ensure there is adequate cover in the business.

Strategic Report *(continued)*

Key Performance Indicators

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

Financial: Sales, operating profit
Headcount: Permanent and agency

On behalf of the board

Thomas Van Mourik
Director

Shrewsbury Road
Market Drayton
Shropshire
TF9 3SQ
16 September 2019

Directors' Report

The directors present their report and the audited financial statements of the company for the nine months ended 31 December 2018.

Future developments

As noted in the Strategic Report, plans for 2019 include continued growth by increasing revenues from existing customers and through generating business with new customers, alongside expanding into other Culina Group depots.

Dividends

A dividend of £nil was declared and £nil paid during the period *(year ended 31 March 2018: £nil declared and £nil paid)*.

Political and charitable contributions

No political donations were made during the period *(year ended 31 March 2018: £nil)*.

No charitable donations *(year ended 31 March* 2018: *£nil)* were made during the period.

Financial risk management

The company's operations expose it to a variety of financial risks that include credit and liquidity risks. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company.

Credit risk

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.

The company closely reviews the credit worthiness of new and existing customers and closely monitors the ageing of all receivables in order to minimise this risk.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

Prior to the sale of the business on 30th November 2019 Ultimate responsibility for liquidity risk management rests with the Board of Directors of the company. Company funding came from the use of an invoice discounting facility in order to meet its working capital requirements.

Post-sale of the business on 30th November 2019 Ultimate responsibility for liquidity risk management rests with the Board of Directors of the company. Company funding comes from a loan from a Group undertaking and the use of an invoice discounting facility in order to meet its working capital requirements. The parent company ensures the company has access to sufficient funds in order to continue operations and fund planned expansions.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:
Thomas Van Mourik – appointed 1 December 2018
Christian Lee Price – appointed 1 December 2018
Nigel Stephen Jury – appointed 1 December 2018
Andrew David Dawson – appointed 1 December 2018
A Hitchen – resigned 30 November 2018
T D Murphy – resigned 30 November 2018

Employees

Under the new ownership of Integrated Packing Services Ltd 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.

Directors' Report *(continued)*

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.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The independent auditors, Mazars LLP, have indicated their willingness to continue in office and a resolution that they be appointed will be proposed at the Annual General Meeting.

On behalf of the board

Thomas Van Mourik
Director

Shrewsbury Road
Market Drayton
Shropshire
TF9 3SQ

16 September 2019

Statement of Directors' Responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

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.

Independent auditor's report to the members of Foodpack Limited

Opinion

We have audited the financial statements of Foodpack Limited (the 'company') for the period ended 31 December 2018 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Financial Position, 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 December 2018 and of its loss for the period 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The directors' view on the impact of Brexit is disclosed on page 2. The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy. We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

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 the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period 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.

Matters on which we are required to report by exception

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

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

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

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Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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

G. Hitchmough

Gareth Hitchmough (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

14th Floor
The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

25 September 2019

Statement of Comprehensive Income
for the nine months ended 31 December 2018

	Note	**9 mths ended 31 December 2018**	As restated Year ended 31.03.18
		£000	£000
Revenue	4	**7,850**	12,868
Cost of sales		**(5,663)**	(9,784)
Gross profit		**2,187**	3,085
Administrative expenses		**(2,024)**	(2,642)
Exceptional expenses	5	**(454)**	-
Operating (loss)/profit	*6*	**(291)**	443
Finance expenses	*9*	**(88)**	(129)
Net finance expense		**(88)**	(129)
(Loss)/Profit before taxation		**(379)**	314
Tax on (loss)/profit	*10*	**89**	(28)
(Loss)/Profit for the financial period/year		**(290)**	286

Other comprehensive income – as previously stated		**9 mths ended 31 December 2018**	As restated Year ended 31.03.18
Revaluation of tangible fixed assets			
Revaluation of tangible fixed assets		-	1,661
Tax relating to other comprehensive income		-	(284)
Other comprehensive income for the period / year – as previously stated		-	1,377
Prior year adjustment	*11*	-	(1,377)
Other comprehensive income for the period / year – as restated		-	-
Total comprehensive income for the period / year – as restated		**(290)**	286

The notes on pages 13 to 23 form part of the financial statements.

Statement of Financial Position
as at 31 December 2018

	Note	**31 Dec 2018**	**31 Dec 2018**	As restated 31 Mar 18	As restated 31 Mar 18
		£000	**£000**	£000	£000
Fixed assets					
Property, plant and equipment	*12*		**3,561**		3,533
Current assets					
Inventories	*13*	**1,366**		820	
Trade and other receivables	*14*	**2,436**		3,022	
Cash and cash equivalents		**278**		61	
Deferred tax asset	*15*	**6**		-	
			4,086		3,903
Total Assets			**7,646**		7,436
Current liabilities					
Trade and other payables	*16*	**(4,162)**		(3,415)	
Other interest-bearing loans and borrowings	*17*	**(1,799)**		(261)	
Deferred tax liability	*15*	**-**		(51)	
		(5,961)		(3,727)	
Non-current liabilities					
Other interest-bearing loans and borrowings	*17*	**(5)**		(1,739)	
Total liabilities			**(5,966)**		(5,466)
Net assets			**1,680**		1,970
Equity					
Called up share capital	*18*		**1,845**		1,845
Retained earnings			**(165)**		125
Total equity			**1,680**		1,970

The notes on pages 13 to 23 form part of the financial statements. These financial statements were approved by the board of directors on 16 September 2019 and were signed on its behalf by:

Thomas Van Mourik
Director

Company Registered Number: 09674147

Statement of Changes in Equity
for the nine months ended 31 December 2018

	Note	Share capital	Revaluation reserve	Profit and loss reserve	Total shareholders' funds
		£000	£000	£000	£000
Balance at 1 April 2017		1,845	-	(162)	1,683
Profit for the financial year and total comprehensive income		-	1,377	286	1,664
Prior year adjustment	11	-	(1,377)	-	(1,377)
Balance at 31 March 2018 – as restated		1,845	-	125	1,970
Balance at 1 April 2018 – as previously stated		1,845	1,377	125	3,347
Prior year adjustment	11	-	(1,377)	-	(1,377)
Balance at 1 April 2018 – as restated		1,845	-	125	1,970
Period ended 31 December 2018:					
Loss for the period		-	-	(290)	(290)
Balance at 31 December 2018		1,845	-	(165)	1,680

Notes to the financial statements

1 Compliance with Accounting Standards

These financial statements are the first financial statements in which the company has adopted Financial Reporting Standard 102 'Reduced Disclosure Framework' (FRS 102). 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 102, 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 publically available and can be obtained as set out in note 21.

2 Accounting policies

General information

Foodpack Limited ("the company") is a co-pack / co-manufacture and manufacture of various food products for the UK market.

The company is a private limited company limited by shares and is incorporated and domiciled in the UK and registered in England. The address of its registered office is Shrewsbury Road, Market Drayton, Shropshire, TF9 3SQ.

Basis of preparation

Foodpack Limited is a company incorporated in the United Kingdom under the Companies Act 2006. These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland under the historical cost convention.

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

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.

Going concern

The directors have considered the future profitability of the company and its ability to continue as a going concern and have prepared profit and cash flow forecasts into the future for a period of three years. Based on these projections and taking into account available resources the directors are satisfied that, for the foreseeable future, the company can meet its projected working capital requirements. Consequently the financial statements have been prepared on a going concern basis.

Exemptions for qualifying entities under FRS 102

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following exemptions available under paragraph 1.12 of FRS 102:

(a) the requirement to prepare a statement of cash flows

(b) certain financial instrument disclosures

(c) the non-disclosure of key management personnel compensation in total

Notes to the financial statements *(continued)*

Cash flow statement

The company is a wholly owned subsidiary of Integrated Packing Services Limited and is included in the consolidated financial statement of Unternehmensgruppe Theo Muller S.e.c.s, which are publicly available. The company has therefore taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 paragraph 1.12(b).

Revenue recognition policy

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of value added taxes. Revenue is recognised in the accounting period in which the services are rendered.

Property, plant and equipment

Such assets are stated at cost less depreciation and impairment. Depreciation is calculated on a straight line basis to write the assets down to their residual value at the following annual rates:

Land and Buildings	2%
Plant and machinery	10%
Furniture and equipment	33%
Computers	33%

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.

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.

Raw materials and consumables recognised as an expense in the 9 months ended 31 December 2018 amounted to £3,541,000 *(year ended 31 March 2018: £7,055,000)*.

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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.

Notes to the financial statements *(continued)*

2 Accounting policies (continued)

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 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.

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.

Leases

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

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

Foreign exchange

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

Invoice discounting

The company discounts its trade debts. The policy is to include trade debts within current assets as trade debtors and to record cash advances within creditors due within one year. Discounting fees and interest are charged to the profit and loss account when incurred. Bad debts are borne by the company and are charged to the profit and loss account when incurred.

Government grants

Grants are accounted for under the accruals model. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in other income within profit or loss in the same period as the related expenditure.

Notes to the financial statements *(continued)*

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.

a. Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and reviewed for impairment. See note 12 for the carrying amount of property, plant and equipment and note 2 for the depreciation profile of each class.

b. Impairment of trade receivables

The company makes an estimate of the recoverable values of trade and other debtors. As part of the impairment review, factors such as the ageing profile, historical experience and credit rating are considered. See note 14 for the net carrying amount of receivables.

4 Revenue

The total revenue of the company for the period/year has been derived from its principal activity of providing co-packing facilities for customers.

All revenue arose within the United Kingdom.

5 Exceptional expenses

	9 months ended 31 December 2018 £000	Year ended 31 March 2018 £000
Business sale costs	**454**	-

6 Operating profit

The operating profit is stated after charging:

	9 months ended 31 December 2018 £000	Year ended 31 March 2018 £000
Exchange (gain) / losses	**(1)**	1
Auditors' remuneration: audit of these financial statements	**16**	12
Depreciation and amounts written off property, plant and equipment	**185**	239
Depreciation of tangible fixed assets held under finance lease	**4**	6
Profit on disposal of property, plant and equipment	**-**	(1)
Cost of stocks recognised as an expense	**3,541**	7,055

Notes to the financial statements *(continued)*

7 Staff costs

	9 months ended 31 December 2018 £000	Year ended 31 March 2018 £000
Wages and salaries	**2,000**	2,921
Social security costs	**169**	260
Other pension costs	**40**	57
	2,209	3,238

The monthly average number of persons employed during the period was 132 (*year ended 31 March 2018: 134*) with an average of 109 in direct operations, 21 in administration and 2 Management (*year ended 31 March 2018: 106 in direct operations, 25 in administration and 3 Management*).

8 Directors' remuneration

	9 months ended 31 December 2018 £000	Year ended 31 March 2018 £000
Emoluments	**21**	30

9 Finance expenses

	9 months ended 31 December 2018 £000	Year ended 31 March 2018 £000
Interest payable on bank loans and overdrafts	**63**	100
Interest payable on finance leases	**2**	2
Interest payable on invoice finance arrangements	**23**	27
	88	129

Notes to the financial statements *(continued)*

10 Tax on profit

	9 months ended 31 December 2018 £000	Year ended 31 March 2018 £000
Analysis of tax charge in the period/year		
Corporation tax		
United Kingdom corporation tax on profits for the period/year	(8)	-
Adjustments in respect of prior years	(24)	-
Total current tax charge	(32)	-
Deferred tax		
Origination and reversal of timing differences	(57)	27
Total tax charge	(89)	28

In addition to the amount charged/(credited) to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	9 months ended 31 December 2018 £000	As restated Year ended 31 March 2018 £000
Deferred tax arising on:		
Revaluation of property	-	284
Prior year adjustment (see note 11)	-	(284)
Total current tax charge	-	-

The actual charge/(credit) for the period/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:

	9 months ended 31 December 2018 £000	Year ended 31 March 2018 £000
(Loss) / Profit before taxation	(379)	314
Profit multiplied by standard rate of Corporation tax in the UK of 19% *(March 2018: 19%)*	(72)	60
Effects of:		
Expenses not deductible for tax purposes	6	-
Impact of changes in tax rate	1	3
Adjustments in respect of prior year	(24)	-
Permanent capital allowances in excess of depreciation	-	3
Research and development tax credit	-	(38)
Total tax (credit)/charge for the period/year	(89)	28

Notes to the financial statements *(continued)*

11 Prior year adjustments

	9 months ended 31 December 2018 £000	Year ended 31 March 2018 £000
Revaluation of tangible fixed asset	-	(1,661)
Tax relating to the revaluation	-	284
	-	(1,377)

During the prior year to 31 March 2018 the directors arranged for the company's freehold land and buildings to be valued and were reflected in the financial statements at this revalued amount. During the current period, the directors have considered this accounting policy decision, and given that the property is used principally for trading purposes and not held for investment potential, the directors consider an accounting policy of amortised cost less impairment to be more appropriate. The reversal of the transactions reflected in the prior period is shown above.

12 Property, plant and equipment

	Land and Buildings £000	Plant and machinery £000	Furniture and equipment £000	Computers £000	Total £000
Cost					
At 1 April 2018 – as previously stated	4,000	1,512	195	82	5,789
Prior year adjustment	(1,661)	-	-	-	(1,661)
At 1 April 2018 - as restated	2,339	1,512	195	82	4,128
Additions	-	202	4	11	217
At 31 December 2018	**2,339**	**1,714**	**200**	**93**	**4,345**
Accumulated depreciation					
At 1 April 2018	95	331	119	50	595
Charge for the period	27	103	40	19	189
At 31 December 2018	**122**	**434**	**160**	**69**	**784**
Net book value					
At 31 December 2018	**2,217**	**1,280**	**40**	**24**	**3,561**
At 31 March 2018	2,244	1,181	76	32	3,533

Notes to the financial statements *(continued)*

12 Property, plant and equipment *(Continued)*

The net book value of assets held under finance leases or hire purchase contracts, included above, is as follows:

	31 December 2018 £000	31 March 2018 £000
Cost	65	65
Accumulated depreciation	(17)	(14)
Net book value	48	51

13 Inventories

	31 December 2018 £000	31 March 2018 £000
Raw materials and consumables	1,366	820

Stock provision of £88,000 (*31 March 2018*: £80,000) for aged stock within the above valuations.

14 Trade and other receivables

	31 December 2018 £000	31 March 2018 £000
Amounts falling due within one year		
Trade debtors	2,380	2,920
Amounts owed by group undertakings	7	-
Other debtors	49	102
	2,436	3,022

15 Deferred tax (asset) / liability

	31 December 2018 £000	31 March 2018 £000
At the beginning of the year – as previously stated	335	24
Prior year adjustment (See note 11)	(284)	-
At the beginning of the period / year – as restated/previously stated	51	24
(Credit)/charge to profit or loss	(57)	27
Charge to other comprehensive income	-	284
At end of year/period – as restated/previously stated	(6)	335
Prior year adjustment (See note 11)	-	(284)
At the end of the period / year (as restated)	(6)	51

Notes to the financial statements *(continued)*

15 Deferred tax (asset) / liability *(Continued)*

The elements of the deferred taxation assets are as follows:

	31 December 2018 £000	31 March 2018 £000
Accelerated capital allowances	**99**	109
Tax losses	**(104)**	(58)
Other	**(1)**	-
	(6)	51

The deferred tax asset reflected in the company's statement of financial position at 31 December 2018 has been calculated at the rate of 17% *(31 March 2018: 19%)* that being the enacted rate that is expected to apply at the timing of reversal.

16 Creditors: Amounts falling due within one year

	31 December 2018 £000	31 March 2018 £000
Current liabilities		
Trade creditors	**1,206**	577
Amounts owed to group undertakings	**620**	-
Other taxation and social security	**197**	177
Other creditors	**1,109**	1,267
Accruals and deferred income	**1,030**	1,394
	4,162	3,415

17 Other interest-bearing loans and borrowings

	31 December 2018 £000	31 March 2018 £000
Amounts falling due within one year		
Bank loans and overdrafts	**1,793**	245
Obligations under finance lease	**6**	16
	1,799	261
Amounts falling due after more than one year		
Bank loans and overdrafts	**-**	1,731
Obligations under finance lease	**5**	8
	5	1,739

Notes to the financial statements *(continued)*

17 Other interest-bearing loans and borrowings *(continued)*

Included within other creditors is an amount of £1,063,926 (*31 March 2018*: £1,218,768) owed to Secure Trust Bank Plc in respect of invoice discounting and is secured on trade debtors of £2,380,443 (*31 March 2018*: £2,919,836)

Included in bank loans is an amount of £1,725,613 (*31 March 2018*: £81,150) owed to Secure Trust Bank Plc which is secured on the freehold land and buildings. This loan was repaid on 29/01/2019.

Included in bank loans is an amount of £67,520 (*31 March 2018*: £163,894) owed to Lombard North Central Plc which is secured against the assets concerned.

Hire purchase agreements are secured against the assets concerned.

18 Called up share capital

	31 December 2018 £000	31 March 2018 £000
Allotted, called up and fully paid		
470,000 Ordinary 'A' shares of £1 each	**470**	470
1,375,000 Ordinary 'C' shares of £1 each	**1,375**	1,375
	1,845	1,845

The A and C ordinary shares rank pari passu for dividends and voting rights.

Upon the return of assets on liquidation, capital reduction, or otherwise the holders of the C ordinary shares receive 75% and the holders of the A ordinary shares receive 25% of the net assets up to £2m and then 70% and 30% respectively of proceeds in excess of £2m. In the event of share sale or listing the holders of the C ordinary shares receive 75% and the holders of the A ordinary shares receive 25% of the net assets up to £2m and then 60% and 40% respectively of proceeds in excess of £2m

19 Pension commitments

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. The pension cost charge represents contributions payable by the company to the fund and amounted to £39,804 (*year ended 31 March 2018*: £57,000). Contributions totalling £4,000 (*31 March 2018*: £5,000) were payable to the fund at the Balance Sheet date.

20 Related party transactions

With effect from 30 November 2018 when the company became a wholly owned subsidiary of is Unternehmensgruppe Theo Muller S.e.c.s, the company has taken advantage of the exemption available under FRS102 to disclose transactions with other members of the group headed by is Unternehmensgruppe Theo Muller S.e.c.s.

Seneca Partners Limited was a related party by virtue of common directorships and shareholdings for the period from 1 April 2018 to 30 November 2018. During that period, the company paid management charges of £41,000 (*year ended 31 March 2018*: £64,000) and consultancy charges of £nil (*year ended 31 March 2018*: £22,880) to Seneca Partners Limited.

By virtue of common directorships and shareholdings, Half-Baked Cake Company Limited was a related party.
The company paid consultancy charges totaling £23,000 (*year ended 31 March 2018*: £36,000) to Half-Baked Cake Company Limited.

21 Immediate parent undertakings and controlling party

With effect from 30 November 2018 the immediate parent company was Integrated Packing Services Limited, a company registered in England and Wales. The ultimate parent undertaking is Unternehmensgruppe Theo Muller S.e.c.s, a partnership registered in Luxembourg. This entity prepared group financial statements which are publically available and can be obtained from is Unternehmensgruppe Theo Muller S.e.c.s, 23 rue Aldringen, L-1118 Luxembourg. The ultimate controlling party is Herr Theo Muller.