

Foodpack Limited

Annual Report

Registered number 09674147

For the Year Ended 31 December 2020

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Company Information

Directors	A Dawson T Van Mourik N S Jury C L Price
Company number	09674147
Registered office	Tern Valley Business Park Shrewsbury Road Market Drayton Shropshire TF9 3SQ
Independent Auditors	BDO LLP 2 Snowhill Birmingham B4 6GA

Strategic Report

The directors present the Strategic Report for the year ended 31 December 2020.

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 remained stable during the year and is expected to grow once the Covid 19 impact on new product development has reduced, during the year to 31 December 2021.

Financial Review

The result for the year to 31 December 2020 as detailed in the statement of comprehensive income on page 12 was a profit after taxation of £52,000 (*year ended 31 December 2019: profit of £740,000*). Profit in 2020 was affected by the COVID-19 pandemic and the effect on the Food to Go market. The net assets at 31 December 2020 were £2,4712,000 (2019:£2,420,000).

Revenues and gains

Revenue comprises amounts recognised by the company in respect of goods and services supplied. Revenue for the year ended 31 December 2020 was £14,140,000 (*twelve months ended 31 December 2019: £14,896,000*), which is expected to recover and increase further in the trading year to 31 December 2021. Covid 19 has had a detrimental impact on our core "Food On The Go" market and as such 2020 revenue and operating profit were lower than those recorded in 2019. The Food On The Go market is expected to be negatively impacted for the first half of 2021. The second half recovery and new business secured for 2021 is expected to yield recovery of profits in excess of the 2019 result. Operating profit was £200,000 for the current year (*year ended 31 December 2019: profit of £1,039,000*).

Principal risks and uncertainties

Covid-19

The pandemic has had a detrimental effect on the Food to Go market in 2020. Recovery is expected in 2021 with the UK vaccination programme and the company has secured new business for 2021 in other retail sectors.

Brexit

Brexit impact carries a degree of uncertainty, but the company has made significant steps to reduce any risk to supply of materials.

Operational

The company's operational risks include environmental, health and safety, and IT/power failures. Environmental and social effects are always considered. Documented procedures and risk assessments manage the health and safety risks. Disaster recovery procedures exist which would be implemented in the event of power and IT outages.

Commercial

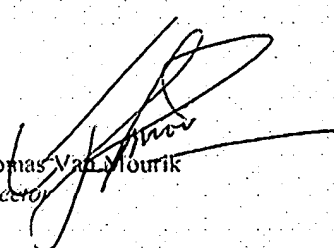
The company's commercial risks include reduced margins as a result of pressure from market influences and a risk of claims from customers as a result of failure to meet specified quality criteria

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, debtor & creditor ageing
Headcount: Permanent and agency


Thomas Van Mourik
Director

Shrewsbury Road
Market Drayton
Shropshire
TF9 3SQ
29 September 2021

Directors' Report

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

Future developments

As noted in the Strategic Report, plans beyond 2020 include continued growth by increasing revenues from existing customers and through generating business with new customers, including existing Culina Group customers. It is noted that these plans have suffered a setback in 2020 due to Covid 19 but the directors of the business remain confident of the future growth of the business.

Dividends

A dividend of £nil was declared and £nil paid during the year (*period ended 31 December 2019: £nil declared and £nil paid*).

Political and charitable contributions

No political donations were made during the year (*year ended 31 December 2019: £nil*).

No charitable donations were made during the year (*year ended 31 December 2019: £nil*).

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.

Ultimate responsibility for liquidity risk management rests with the Board of Directors of the company. Company funding comes from a parent company loan. The parent company ensures the company has access to sufficient funds in order to continue operations and fund planned expansions.

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. Before accepting any new customer, the company uses an external credit agency to assess the potential customer's credit quality and with reference to these findings and the management's judgement and experience defines each customer a credit limit. The company is in constant contact with its markets, and ensures all new opportunities are explored. Business diversity will continue.

Price risk

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

Foreign currency risk

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.

Directors' Report *(continued)*

Directors

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

T Van Mourik
C L Price
N S Jury
A Dawson

COVID-19 and going concern

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

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

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

The Net Current Liabilities of the company are £1,767,000 (2019: £1,394,000). This is as a result of the company being funded via an informal parent company loan, repayable on demand. The security of this has been confirmed by the parent company as being available for a period of at least 12 months following the approval of these financial statements. As such, the directors are satisfied that the Company is able to operate as a going concern and to settle its liabilities as they fall due for a period of at least 12 months from the approval of these financial statements.

Employees

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

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

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.

Directors' Report *(continued)*

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

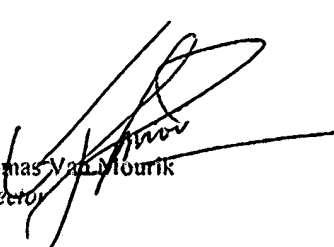
- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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 auditors

The current auditors for this year's financial statements are BDO LLP. The auditors have indicated their willingness to remain in place for the audit of the 2021 financial statements.

On behalf of the board



Thomas Van Mourik
Director

Shrewsbury Road
Market Drayton
Shropshire
TF9 3SQ

29 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOODPACK LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended; .
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Foodpack Limited ("the Company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. These procedures, together with details of the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations. We corroborated our enquiries through our review of board minutes.

We tested the appropriateness of accounting journals, both during the year and those processed as part of the year-end preparation process, and other adjustments made in the preparation of the financial statements. We used data assurance techniques to identify and analyse the complete population of all journals in the year to identify and substantively test those which we considered were indicative of management override.

We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.

We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies.

We also communicated the identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, *forgery, misrepresentations or through collusion*. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 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.

DocuSigned by:



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Andrew Mair (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
Birmingham, UK

Date: 29 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
for the year ended 31 December 2020

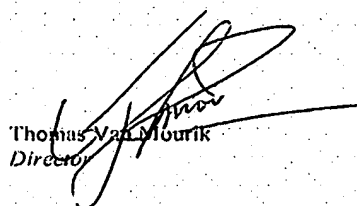
		2020	2019
	<i>Note</i>	£000	£000
Revenue	4	13,926	14,896
Cost of sales		(10,725)	(11,035)
Gross profit		3,201	3,861
Administrative expenses		(3,215)	(2,821)
Other Operating Income	5	214	-
Operating profit	6	200	1,040
Net Finance expense	9	(130)	(114)
Profit before taxation		70	926
Tax on profit	10	(18)	(186)
Profit for the financial year		52	740
Other comprehensive income		-	-
Total comprehensive income for the year		52	740

The notes on pages 15 to 25 form part of the financial statements.

Statement of Financial Position
as at 31 December 2020

	<i>Note</i>	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Property, plant and equipment	11		4,312		3,877
Current assets					
Inventories	12	2,062		2,494	
Trade and other receivables	13	2,118		3,103	
Cash and cash equivalents		441		734	
			<u>4,621</u>		<u>6,331</u>
Total Assets			<u>8,933</u>		<u>10,208</u>
Current liabilities					
Trade and other payables	15	(6,383)		(7,720)	
Other interest-bearing loans and borrowings	16	(5)		(5)	
			<u>(6,388)</u>		<u>(7,725)</u>
Total assets less current liabilities			<u>2545</u>		<u>2483</u>
Non-current liabilities					
Other interest-bearing loans and borrowings	16		-		(2)
			<u>2545</u>		<u>2481</u>
Provisions for liabilities					
Deferred tax liability	14		(73)		(61)
			<u>(6,461)</u>		<u>(7,788)</u>
Total Liabilities			<u>(6,461)</u>		<u>(7,788)</u>
Net assets			<u>2,472</u>		<u>2,420</u>
Equity					
Called up share capital	18		1,845		1,845
Retained earnings			627		575
			<u>2,472</u>		<u>2,420</u>
Total equity			<u>2,472</u>		<u>2,420</u>

The notes on pages 15 to 25 form part of the financial statements. These financial statements were approved by the board of directors on 29 September 2021 and were signed on its behalf by:


Thomas Van Mourik
Director

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

	Share capital £000	Profit and loss reserve £000	Total shareholders' funds £000
Balance at 1 January 2019	1,845	(165)	1,680
Year ended 31 December 2019:			
Profit for the year	-	740	740
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	1,845	575	2,420
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2020	1,845	575	2,420
Year ended 31 December 2020:			
Profit for the year	-	52	52
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	1,845	627	2,472
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

1 Compliance with Accounting Standards

These financial statements are the second 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 publicly 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 and in accordance with the Companies Act 2006.

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.

COVID-19 and Going concern

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

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

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

The Net Current Liabilities of the company are £1,767,000 (2019: £1,394,000). This is as a result of the company being funded via an informal parent company loan, repayable on demand. The security of this has been confirmed by the parent company as being available for a period of at least 12 months following the approval of these financial statements. As such, the directors are satisfied that the Company is able to operate as a going concern and to settle its liabilities as they fall due for a period of at least 12 months from the approval of these financial statements.

Notes to the financial statements (continued)

2 Accounting policies (continued)

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

Revenue recognition policy

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

Buildings	2%
Plant and machinery	10%-33%
Furniture and equipment	33%
Computers	33%
Assets under construction	Not depreciated

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.

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. The majority of payables are short term and recognised at cost. 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 round £000, which is also the company's functional currency.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

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:

Buildings	2%
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Trade and other payables

Trade and other payables are recognised initially at fair value. The majority of payables are short term and recognised at cost. 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 round £000, which is also the company's functional currency.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The 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.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Employee benefits

Defined contribution plan

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

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.

Other Income

Income received from the UK Government "Coronavirus Job Retention Scheme", is recognised as Other Income.

Share Capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Retained earnings represents the cumulative net gains and losses and transactions with owners (e.g. dividends).

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 11 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 13 for the net carrying amount of receivables.

c. Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account recent sales experience, the ageing of inventories, damaged, obsolete, slow moving inventories and other factors that affect inventory obsolescence.

Notes to the financial statements *(continued)*

4 Revenue

The total revenue of the company for the year has been derived from its principal activities of providing contract packing services of £2,033,000 (2019: £2,800,000) and contract manufactured products £11,893,000 (2019: £12,096,000) of various food products for the UK market - business to business and direct to retail customers.

All revenue arose within the United Kingdom.

5 Other operating income

	2020 £000	2019 £000
Furlough income - HMRC	182	-
Research & Development	32	-
	<u>214</u>	<u>-</u>

6 Operating profit

The operating profit is stated after charging / (crediting):

	31 December 2020 £000	31 December 2019 £000
Foreign currency exchange loss/(gain)	1	(7)
Auditors' remuneration: audit of these financial statements	19	18
Depreciation of property, plant and equipment – owned assets	329	260
Depreciation of property, plant and equipment held under finance lease	3	5
Operating lease charges	25	17
Stock Provision	(20)	(20)
Cost of stocks recognised as an expense	<u>7,444</u>	<u>7,730</u>

7 Staff costs

	31 December 2020 £000	31 December 2019 £000
Wages and salaries	3,405	3,405
Social security costs	282	293
Other pension costs	133	113
	<u>3,820</u>	<u>3,811</u>

Notes to the financial statements *(continued)*

The monthly average number of persons employed during the period was 141 (*year ended 31 December 2019: 141*) with an average of 117 in direct operations, 20 in administration and 4 Management (*year ended 31 December 2019: 118 in direct operations, 19 in administration and 4 Management*).

8 Directors' remuneration

	31 December 2020 £000	31 December 2019 £000
Emoluments	-	-

The emoluments of Mr A Dawson, Mr N Jury, Mr C Price and Mr T van Mourik are paid by the parent company, Culina Group Limited. The directors were remunerated for their services to the Culina Group as a whole, including Foodpack Limited, and it is not possible to allocate their emoluments to the Company. Accordingly, the above details include no emoluments in respect of these directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Culina Group

9 Net Finance expense

	31 December 2020 £000	December 2019 £000
Interest payable on loans from Parent company	130	100
Exchange rate (gain)/loss	(2)	7
Interest payable on finance leases	2	5
Interest payable on invoice finance arrangements	-	2
	<u>130</u>	<u>114</u>

Notes to the financial statements (continued)

10 Tax on profit

	31 December 2020 £000	31 December 2019 £000
Analysis of tax charge in the year		
Corporation tax		
United Kingdom corporation tax on profit for the year	17	114
Adjustments in respect of prior years	(11)	5
	<hr/>	<hr/>
Total current tax charge	6	119
Deferred tax		
Origination and reversal of timing differences	(2)	72
Adjustments in respect of prior years	6	3
Impact of changes in tax rates	8	(8)
	<hr/>	<hr/>
Total deferred tax charge	12	67
	<hr/>	<hr/>
Total tax charge	18	186
	<hr/>	<hr/>

Reconciliation of tax expense/ income

The tax charge assessed for the year is higher (2019: *higher*) than that arising from applying the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	31 December 2020 £000	31 December 2019 £000
Profit before taxation	70	926
	<hr/>	<hr/>
Profit multiplied by standard rate of Corporation tax in the UK of 19% (December 2019: 19%)	13	176
Effects of:		
Non-taxable income	(6)	-
Expenses not deductible for tax purposes	8	10
Impact of changes in tax rate	8	(8)
Adjustment to current tax for prior periods	(11)	5
Adjustment to timing differences for prior periods	6	3
	<hr/>	<hr/>
Total tax charge for the year	18	186
	<hr/>	<hr/>

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £24,000 and to increase the deferred tax liability by £24,000.

Notes to the financial statements *(continued)*

11 Property, plant and equipment

	Land and Buildings	Plant and machinery	Furniture and equipment	Computers	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 January 2020	2,422	2,116	211	98	80	4,927
Additions	0	678	8	2	88	776
Disposals	0	(131)	0	0	0	(131)
At 31 December 2020	2,422	2,663	219	100	168	5,572
Accumulated depreciation						
At 1 January 2020	160	614	190	86	-	1050
Charge for the year	39	270	16	7	-	332
Disposals	0	(122)	0	0	0	(122)
At 31 December 2020	199	762	206	93	-	1,260
Net book value						
At 31 December 2020	2,223	1,901	13	7	168	4,312
At 31 December 2019	2,262	1,502	21	12	80	3,877

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

	31 December 2020 £000	31 December 2019 £000
Cost	6	21
Accumulated depreciation	(3)	(6)
Net book value	3	15

Notes to the financial statements (continued)

12 Inventories

	31 December 2020 £000	31 December 2019 £000
Raw materials and consumables	1,242	1,387
Finished goods	820	1,107
	<u>2,062</u>	<u>2494</u>

Stock provision of £48,000 (31 December 2019: £99,000) for de-listed stock are included within the above valuations.

13 Trade and other receivables

	31 December 2020 £000	31 December 2019 £000
Amounts falling due within one year		
Trade debtors	2,076	2,721
Amounts owed by group undertakings	3	304
Other debtors	39	78
	<u>2,118</u>	<u>3,103</u>

14 Deferred tax liability / (asset)

	31 December 2020 £000	31 December 2019 £000
At the beginning of the year	61	(6)
Charge to profit or loss	12	67
	<u>73</u>	<u>61</u>

The elements of the deferred taxation liabilities/(assets) are as follows:

	31 December 2020 £000	31 December 2019 £000
Accelerated capital allowances	84	72
Other	(11)	(11)
	<u>73</u>	<u>61</u>

The deferred tax asset reflected in the company's statement of financial position at 31 December 2020 has been calculated at the rate of 19% (31 December 2019: 19%) being the enacted rate that prevailed at the date of the statement of financial position.

Notes to the financial statements *(continued)*

15 Trade and other payables

	31 December 2020 £000	31 December 2019 £000
Creditors: Amounts falling due within one years		
Trade creditors	787	1,023
Amounts owed to group undertakings	4,941	4,954
Other taxation and social security	133	253
Other creditors	53	61
Corporation tax	-	114
Accruals and deferred income	469	1,315
	<hr/> 6,383 <hr/>	<hr/> 7,720 <hr/>

16 Other interest-bearing loans and borrowings

	31 December 2020 £000	31 December 2019 £000
Amounts falling due within one year		
Bank loans and overdrafts	-	2
Obligations under finance lease	5	3
	<hr/> 5 <hr/>	<hr/> 5 <hr/>
Amounts falling due after more than one year		
Bank loans and overdrafts	-	-
Obligations under finance lease	-	2
	<hr/> - <hr/>	<hr/> 2 <hr/>

Hire purchase agreements are secured against the assets concerned.

Notes to the financial statements (continued)

17 Called up share capital

	31 December 2020 £000	31 December 2019 £000
<i>Allotted, called up and fully paid</i>		
470,000 Ordinary 'A' shares of £1 each	470	470
1,375,000 Ordinary 'C' shares of £1 each	1,375	1,375
	<hr/> 1,845	<hr/> 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.

18 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 £133,000 (*year ended 31 December 2019: £113,000*). Contributions totalling £18,000 (*31 December 2019: £10,000*) were payable to the fund at the Balance Sheet date.

19 Commitments under operating leases

At 31 December the company had future minimum lease payments under non-cancellable operating leases as follows:-

	31 December 2020 £000	31 December 2019 £000
<i>Operating leases</i>		
Not later than 1 year	42	17
Later than 1 year and not later than 5 years	130	38
	<hr/> 172	<hr/> 71

Notes to the financial statements *(continued)*

20 Related party transactions

The company is a wholly owned subsidiary of is Unternehmensgruppe Theo Muller S.e.c.s, the company and has taken advantage of the exemption available under FRS102 not to disclose transactions with other members of the group headed by Unternehmensgruppe Theo Muller S.e.c.s.

21 Immediate parent undertakings and controlling party

The immediate parent company is 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.