

## **Snack Creations Ltd**

Annual Report and Financial Statements

Year Ended

31 October 2022

Company Number 11724356

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# Snack Creations Ltd

## Company Information

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<b>Directors</b>	S M Webber G J Chetwood A J Gunton
<b>Registered number</b>	11724356
<b>Registered office</b>	Pasteur Road Great Yarmouth NR31 0DW
<b>Independent auditor</b>	BDO LLP 16 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ

# **Snack Creations Ltd**

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# **Snack Creations Ltd**

## **Strategic Report For the Year Ended 31 October 2022**

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The directors presents their Strategic Report together with the audited financial statements for the year ended 31 October 2022.

### **Business review**

The company is a market leader in the development and manufacture of healthy snacks using extruded pellet technology to make snacks from lentil, chickpea, split pea, potato and other ingredients. Snack Creations is a new product development (NPD) led business.

I am delighted to welcome Gordon Chetwood, managing director and Andrew Gunton, finance director to the Board.

We achieved sales of £22.3m (up 17% on 2021 - £19.0m), as the logistical challenges of the previous year subsided. This led to a creditable increase in operating profits to £1.95m (2021 - £1.72m), which bears the burden of increased depreciation on the investment of £5.5m made in the previous year. EBITDAE improved from £1.98m to £2.65m.

We continued to win new business from both existing and new customers during the year. Our very clear focus on NPD continues to be validated as customers, new and old, sample our new products. Besides winning new business, we also have the most exciting pipeline we have ever had. The products themselves are superb and the number of new opportunities is exceptional.

We had highlighted last year that we expected the inflationary pressures to continue. We obviously did not foresee the war in Ukraine, which has led to significant, energy cost increases. In addition to those cost pressures, raw material prices have also risen significantly, although not directly due to the war. As is our practice, we have passed on and continue to pass on the appropriate cost increases to our customers. We see little signs of raw material prices easing in the foreseeable future.

The financial results of the business in the year under review are beginning to reflect the efforts of all those that work in the business. As our new capacity becomes utilised more fully, the results will improve.

The government decided to implement only part of the HFSS regulations I referred to last year. Given the planning that businesses had already undertaken for HFSS, it is no surprise that, in the most part, the food industry has adopted the full HFSS plan.

The most significant development of the year is our acquisition of a new factory. It will increase both our capacity and efficiency as it is commissioned in 2024.

### **Future developments**

As we develop new products and win new customers, we will be able to improve our financial results as we utilise our new capacity. Our new facility will allow this focus on growth to continue and accelerate.

### **Principal risks and uncertainties**

The principal risks faced by the company are focused on raw material price movements, energy cost volatility and exchange rate fluctuations.

The business seeks to pass on underlying raw material price increases to customers as appropriate.

The business protects itself with long term agreements, insurance policies and forward contracts where possible.

# **Snack Creations Ltd**

## **Strategic Report (continued) For the Year Ended 31 October 2022**

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### **Analysis of key performance indicators**

The business operates using a range of KPIs which are cascaded through the business.

The business reviews health and safety metrics at board level and acts accordingly upon that information.

H.R metrics regarding employee performance and wellbeing are measured and reviewed.

The business focuses on various financial KPIs culminating in the operating profit KPI which showed a healthy underlying result of £1,948,141 (2021 - £1,722,672) in the year under review. Over the same year underlying EBITDAE, which is the KPI used as an approximation of gross cash profits was £2,645,482 (2021 - £1,978,273).

Net assets stand at £5,836,607 (2021 - £4,239,786) and cash at year end stood at £1,704,403 (2021 - £1,667,005).

The non-financial KPIs that are reviewed involve production volumes, waste volumes and manufacturing metrics.

Sales volumes are measured against manufacturing volumes. In turn, KPIs regarding customer service levels and efficiency are monitored very closely.

This report was approved by the board on 17 March 2023

and signed on its behalf.



**S M Webber**  
Director

# **Snack Creations Ltd**

## **Directors' Report For the Year Ended 31 October 2022**

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The directors present their report together with the audited financial statements for the year ended 31 October 2022.

### **Principal activity**

The company's principal activity during the year was the production of snack pellets typically made from potato, lentil, chickpea and yellow pea.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,596,821 (2021 - £1,236,759).

During the year no dividend was recommended or paid (2021 - £Nil).

EBITDAE in the year amounted to £2,645,482 (2021 - £1,978,273).

The directors have chosen to disclose the adjusted unaudited EBITDAE on page 11. This because, in the director's view, EBITDAE reflects the underlying operating cash generation, by eliminating exceptional administrative expenses and depreciation. The directors consider EBITDAE to be a useful measure of the company's operating performance. Since this is a non-UK GAAP measure, it may not be directly comparable to the EBITDAE of other companies, as they may define it differently.

### **Directors**

The directors who served during the year were:

S M Webber

G J Chetwood (appointed 16 September 2022)

A J Gunton (appointed 16 September 2022)

### **Matters covered in the Strategic Report**

Likely future developments in the business have been considered in the Strategic Report and form part of this report by cross reference in accordance with Section 414(c)(ii) of the Companies Act 2006.

### **Financial instruments**

The company's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is to finance working capital through retained earnings and where necessary through borrowings with third party banks.

The company's exposure to the price risk of financial instruments is therefore minimal. As the counter party to all financial instruments is its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments. Its cash flow risk in respect of forward currency purchases is also minimal as it aims to pay suppliers in accordance with their stated terms, matching the maturity of the currency purchases.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

### **Research and development activities**

The development and technical function is focused not only on improving efficiency and quality by use of technology, but also by further development of snack products offering a point of difference or meeting changed market needs. Resource is allocated to achieve this aim.

# **Snack Creations Ltd**

## **Directors' Report (continued) For the Year Ended 31 October 2022**

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

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

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

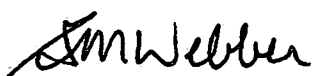
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 March 2023

and signed on its behalf.



**S M Webber**  
Director

# **Snack Creations Ltd**

## **Directors' Responsibilities Statement For the Year Ended 31 October 2022**

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The directors are responsible for preparing the Strategic Report, the 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; 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.



# **Snack Creations Ltd**

## **Independent Auditor's Report to the Members of Snack Creations Ltd**

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### **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 October 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Snack Creations Ltd ("the Company") for the year ended 31 October 2022 which comprise 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 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.

# **Snack Creations Ltd**

## **Independent Auditor's Report to the Members of Snack Creations Ltd (continued)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

# Snack Creations Ltd

## Independent Auditor's Report to the Members of Snack Creations Ltd (continued)

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

- Enquiring of those charged with governance and management, including obtaining and reviewing supporting documentation, concerning the company's internal policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - The internal controls established to mitigate the risks related to fraud or non-compliance with laws and regulations.
- Obtaining an understanding, as gathered from accumulated knowledge of the company and the industry, of the legal and regulatory (including reporting framework) environment that the company operates in, focusing on those laws and regulations that could reasonably be expected to have a direct effect on the financial statements or a fundamental effects on the operations of the company. For Snack Creations Ltd, we consider these to include Companies Act 2006, UK GAAP, Employment Law, Data Protection, Health and Safety Regulations, Food Hygiene Standards and standard UK tax legislation.
- Where available and provided, reviewing all correspondence with regulatory authorities.
- Undertaking analytical procedures to identify any unusual or unexpected relationships that may indicate risks or material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Additionally, we reviewed the revenue recognition policy for consistency with prior year and ensured the adopted policy was in line with UK GAAP requirements, we tested the application of this policy throughout our substantive audit procedures over revenue.

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.

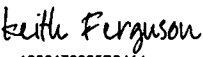
# Snack Creations Ltd

## Independent Auditor's Report to the Members of Snack Creations Ltd (continued)

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### 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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**Keith Ferguson** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Ipswich  
United Kingdom

Date:

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

# Snack Creations Ltd

## Statement of Comprehensive Income For the Year Ended 31 October 2022

	Note	2022 £	2021 £
Turnover	4	22,301,513	19,004,305
Cost of sales		(16,986,758)	(14,141,740)
<b>Gross profit</b>		<b>5,314,755</b>	<b>4,862,565</b>
Distribution costs		(1,690,417)	(1,532,893)
Administrative expenses		(1,628,652)	(1,607,000)
Exceptional administrative expenses		(47,545)	-
<b>Operating profit</b>	5	<b>1,948,141</b>	<b>1,722,672</b>
Interest receivable and similar income		-	208
Interest payable and similar charges	8	(330,365)	(96,869)
<b>Profit before tax</b>		<b>1,617,776</b>	<b>1,626,011</b>
Tax on profit	9	(20,955)	(389,252)
<b>Profit for the financial year</b>		<b>1,596,821</b>	<b>1,236,759</b>

The notes on pages 14 to 28 form part of these financial statements.

# Snack Creations Ltd

## Statement of Comprehensive Income (continued) For the Year Ended 31 October 2022

Unaudited non-statutory reconciliation of profit for the year to earnings before interest, tax, depreciation and exceptionals from operations for the year ended 31 October 2022.

	2022 £	2021 £
Profit for the financial year	1,596,821	1,236,759
Depreciation	649,796	255,601
Net interest paid	330,365	96,661
Taxation	20,955	389,252
Exceptionals	47,545	-
<b>EBITDAE</b>	<b>2,645,482</b>	<b>1,978,273</b>

**Snack Creations Ltd**  
Registered number: 11724356

**Statement of Financial Position**  
**As at 31 October 2022**

	Note	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Tangible assets	10		7,135,392		7,210,468
<b>Current assets</b>					
Stocks	11	3,079,473		3,350,907	
Debtors: amounts falling due within one year	12	9,150,773		4,732,887	
Cash at bank and in hand		1,704,403		1,667,005	
		<u>13,934,649</u>		<u>9,750,799</u>	
Creditors: amounts falling due within one year	13	(9,793,536)		(7,452,062)	
<b>Net current assets</b>			<u>4,141,113</u>		<u>2,298,737</u>
<b>Total assets less current liabilities</b>			<u>11,276,505</u>		<u>9,509,205</u>
Creditors: amounts falling due after more than one year	14		(4,718,809)		(4,316,300)
<b>Provisions for liabilities</b>					
Deferred tax	16		(721,089)		(953,119)
<b>Net assets</b>			<u><u>5,836,607</u></u>		<u><u>4,239,786</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		1,000		1,000
Share premium account	18		9,000		9,000
Profit and loss account	18		5,826,607		4,229,786
<b>Total equity</b>			<u><u>5,836,607</u></u>		<u><u>4,239,786</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 March 2023



**S.M Webber**  
Director

The notes on pages 14 to 28 form part of these financial statements.

# Snack Creations Ltd

## Statement of Changes in Equity For the Year Ended 31 October 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 November 2021	1,000	9,000	4,229,786	4,239,786
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,596,821	1,596,821
<b>Total comprehensive income for the year</b>	-	-	1,596,821	1,596,821
<b>At 31 October 2022</b>	<b>1,000</b>	<b>9,000</b>	<b>5,826,607</b>	<b>5,836,607</b>

## Statement of Changes in Equity For the Year Ended 31 October 2021

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 November 2020	1,000	9,000	2,993,027	3,003,027
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,236,759	1,236,759
<b>Total comprehensive income for the year</b>	-	-	1,236,759	1,236,759
<b>At 31 October 2021</b>	<b>1,000</b>	<b>9,000</b>	<b>4,229,786</b>	<b>4,239,786</b>

The notes on pages 14 to 28 form part of these financial statements.



# Snack Creations Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 1. General information

Snack Creations Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the company's operations and its principal activities are set out in the Director's Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Milton Webber Ltd as at 31 October 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

# **Snack Creations Ltd**

## **Notes to the Financial Statements For the Year Ended 31 October 2022**

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### **2. Accounting policies (continued)**

#### **2.3 Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, together with details of the principal risks and uncertainties.

At the time of writing, there is still a level of uncertainty about the full impact of the war in Ukraine and, to a lesser extent, the coronavirus pandemic on the UK and world economy. This has clearly impacted the majority of businesses in the UK and has had a significant impact on the UK economy.

Whilst the current economic conditions related to the fallout of the Coronavirus pandemic and war in Ukraine create general business uncertainty, in the post balance sheet period between 1 November 2022 up to the date of approval of these financial statements, the company has not encountered any significant adverse impacts as a result and has continued to trade profitably during that period with no loss of manufacturing capacity.

In assessing the appropriateness of the going concern assumption, the directors have produced sensitised profit and cash flow forecasts, considering reasonably foreseeable potential scenarios and uncertainties - including various potential direct and indirect impacts that could result from the current economic pressures.

Based on these forecasts, the directors have concluded that it is appropriate for the financial statements to be prepared on the going concern basis. Therefore, these financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

#### **2.4 Turnover**

Turnover comprises sales recognised by the company in respect of goods and services supplied during the year; exclusive of Value Added Tax and trade discounts.

Sales invoices are raised and turnover is recognised at the time the goods are dispatched. Sale of by-product's and related receipts are included within the cost of sales in accordance with normal industry practice.

#### **2.5 Foreign currency translation**

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

# **Snack Creations Ltd**

## **Notes to the Financial Statements For the Year Ended 31 October 2022**

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### **2. Accounting policies (continued)**

#### **2.6 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **2.7 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

#### **2.8 Pensions**

##### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

#### **2.9 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

#### **2.10 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

# Snack Creations Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Plant, machinery and computer equipment	- 10 - 20% straight line
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Included within plant, machinery and computer equipment are assets that were used in the course of construction which are not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### 2.12 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is determined on a FIFO basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposals. Work in progress is stated on the basis of direct costs plus attributable overheads based on a normal level of activity. Provision is made for any foreseeable losses where appropriate.

The company's regrind stocks (product which has been ground to powder for future use in selected lines) is carried at the equivalent cost of virgin raw materials and excludes factory overheads, which are written off to the Statement of Comprehensive Income at the point at which the stock is classified as regrind stock.

#### 2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs; and are measured subsequently at amortised cost using the effective interest method.

# Snack Creations Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

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### 2. Accounting policies (continued)

#### 2.16 Invoice financing

The company has an invoice discounting arrangement. The amount owed by customers to the company is included within trade debtors and the amount owed to the invoice discounting company is included within creditors. The amount owed to the invoice discounting company represents the difference between the amounts advanced by the discounting group and the invoices discounted. The interest element of the invoice discounting charges and other related costs are recognised as they accrue and included in the Statement of Comprehensive Income within 'interest payable and similar charges'.

#### 2.17 Financial instruments

##### *Basic financial instruments*

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

# **Snack Creations Ltd**

## **Notes to the Financial Statements For the Year Ended 31 October 2022**

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### **2. Accounting policies (continued)**

#### **2.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date,, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the directors have noted the following key sources of estimation uncertainty and areas or judgement:

- Tangible fixed assets (see note 10)

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Stocks (see note 11)

Stocks are valued at the lower of cost and net realisable value, after making due allowance for the stock provision. Provision is made for slow moving or obsolete stock that is written down to its original cost without absorbed overheads.

# Snack Creations Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 4. Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	14,846,324	11,573,964
Rest of Europe	3,589,967	3,941,329
Rest of the world	3,865,222	3,489,012
	<u>22,301,513</u>	<u>19,004,305</u>

### 5. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Research & development charged as an expense	43,267	49,457
Depreciation of tangible fixed assets	649,796	255,601
Fees payable to the company's auditor	20,790	16,960
Exchange differences	3,217	57,813
Property and other operating lease rentals	121,524	102,536
Defined contribution pension cost	147,191	144,511
Exceptional items	<u>47,545</u>	<u>-</u>

Exceptional items relate to refinancing costs and dual running costs.

# Snack Creations Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 6. Employees

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

	2022 £	2021 £
Wages and salaries	4,166,210	4,324,075
Social security costs	437,346	414,198
Cost of defined contribution scheme	147,191	144,511
	<u>4,750,747</u>	<u>4,882,784</u>

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

	2022 No.	2021 No.
Production	80	87
Sales and distribution	10	10
Administration	7	7
	<u>97</u>	<u>104</u>

### 7. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	157,809	146,849
Company contributions to defined contribution pension schemes	1,866	-
	<u>159,675</u>	<u>146,849</u>

There were 2 directors in the group's defined contribution pension scheme (2021 - Nil).

### 8. Interest payable and similar charges

	2022 £	2021 £
Bank loans and overdrafts	<u>330,365</u>	<u>96,869</u>



# Snack Creations Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 9. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	(67,475)
Adjustments in respect of previous periods	252,985	(229,787)
<b>Total current tax</b>	<b>252,985</b>	<b>(297,262)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	175,914	602,323
Adjustments in respect of prior periods	(463,495)	84,191
Effect of changes in tax rates	55,551	-
<b>Total deferred tax</b>	<b>(232,030)</b>	<b>686,514</b>
<b>Taxation on profit on ordinary activities</b>	<b>20,955</b>	<b>389,252</b>
<b>Factors affecting tax charge for the year</b>		

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	1,617,776	1,626,011
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	307,377	308,942
<b>Effects of:</b>		
Fixed asset differences	(32,663)	(52,297)
Expenses not deductible for tax purposes	-	200
Additional deduction for R&D expenditure	(98,800)	(53,159)
Adjustments to tax charge in respect of previous periods	252,985	(229,787)
Adjustments to tax charge in respect of previous periods - deferred tax	(463,495)	-
Remeasurement of deferred tax for changes in tax rates	55,551	228,748
Losses carried back	-	186,605
<b>Total tax charge for the year</b>	<b>20,955</b>	<b>389,252</b>

# Snack Creations Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 9. Taxation (continued)

#### Factors that may affect future tax charges

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has been substantively enacted at the Statement of Financial Position date. With the exception of balances arising on fixed assets that are expected to unwind ahead of the rate change, deferred tax has been measured at 25%.

### 10. Tangible fixed assets

	Plant, machinery and computer equipment £
<b>Cost</b>	
At 1 November 2021	7,790,399
Additions	574,720
At 31 October 2022	8,365,119
<b>Depreciation</b>	
At 1 November 2021	579,931
Charge for the year	649,796
At 31 October 2022	1,229,727
<b>Net book value</b>	
At 31 October 2022	7,135,392
At 31 October 2021	7,210,468

### 11. Stocks

	2022 £	2021 £
Raw materials and consumables	1,381,477	1,136,686
Finished goods and goods for resale	1,697,996	2,214,221
	3,079,473	3,350,907

# Snack Creations Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 12. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	4,834,822	3,259,379
Amounts owed by group undertakings	3,657,224	884,559
Other debtors	582,565	168,106
Prepayments and accrued income	76,162	77,406
Tax recoverable	-	343,437
	<u>9,150,773</u>	<u>4,732,887</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

### 13. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans	862,857	-
Trade creditors	4,845,112	3,350,411
Financing creditor with a group company	-	1,365,026
Other taxation and social security	118,234	97,443
Other creditors	3,333,231	1,924,814
Accruals and deferred income	634,102	714,368
	<u>9,793,536</u>	<u>7,452,062</u>

Bank loans totalling £862,857 (2021 - £Nil) are secured by a fixed and floating charge by way of an unlimited multilateral guarantee over the assets of the following companies; Pretty Investments Limited, Pasta Foods Limited, Snack Creations Ltd, Milton Webber Ltd and Pretty Properties Limited.

Other creditors includes £3,302,952 secured on the trade debts of the company, and by way of a unlimited multilateral guarantee over the assets of fellow group undertakings, Pretty Investments Limited, Pasta Foods Limited, Milton Webber Ltd and Pretty Properties Limited.

In the prior year, other creditors included £1,897,929 secured on the trade debts of the company, and by way of a cross-guarantee over the assets of fellow group undertakings, Pretty Investments Limited, Pretty Properties Limited, Pasta Foods Limited and Milton Webber Ltd.

In the prior year, the financing creditor of £1,365,026 related to a bank loan and finance leases held by Pasta Foods Limited on behalf of the company. Interest was charged on this balance under the same terms of the original bank loan/lease agreements. The loan and lease agreements were secured on the assets to which they relate. This was repaid during the year.

# Snack Creations Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 14. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Bank loans	4,718,809	4,000,000
Financing creditor with a group company	-	316,300
	<u>4,718,809</u>	<u>4,316,300</u>

Bank loans totalling £4,718,809 (2021 - £Nil) are secured by a fixed and floating charge by way of an unlimited multilateral guarantee over the assets of the following companies; Pretty Investments Limited, Pasta Foods Limited, Snack Creations Ltd, Milton Webber Ltd and Pretty Properties Limited.

In the prior year, bank loans represented a new loan entered into during the year for the amount of £4,000,000. The loan was secured by way of a fixed and floating charge over the assets of the company as well as a negative pledge. There was interest charged on this amount at a rate of 3.8% above base rate. The repayment term of the loan was 5 years with the first 24 months being interest only.

In the prior year, the financing creditor of £316,300 related to finance leases held by Pasta Foods Limited on behalf of the company. Interest was charged on this balance under the same terms of the original lease agreements. The lease agreements were secured on the assets to which they relate. This was repaid during the year.

### 15. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
<b>Amounts falling due within one year</b>		
Bank loans	862,857	-
<b>Amounts falling due 1-2 years</b>		
Bank loans	862,857	1,000,000
<b>Amounts falling due 2-5 years</b>		
Bank loans	2,570,238	3,000,000
<b>Amounts falling due after more than 5 years</b>		
Bank loans	1,285,714	-
	<u>5,581,666</u>	<u>4,000,000</u>

# Snack Creations Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 16. Deferred taxation

	2022 £	2021 £
At beginning of year	953,119	266,605
Charged to profit or loss	(232,030)	686,514
<b>At end of year</b>	<b>721,089</b>	<b>953,119</b>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	1,184,350	970,270
Short term timing differences	(12,926)	(17,151)
Losses	(450,335)	-
	<b>721,089</b>	<b>953,119</b>

### 17. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
10,000 (2021 - 10,000) ordinary shares of £0.10 each	1,000	1,000

The ordinary shares each carry one voting right.

### 18. Reserves

The company's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# Snack Creations Ltd

## Notes to the Financial Statements For the Year Ended 31 October 2022

### 19. Contingent liabilities

The company has guaranteed the bank debts of the group. The debts are secured by a fixed and floating charge by way of an Unlimited Multilateral Guarantee over the assets of the following companies: Pretty Investments Limited, Pretty Properties Limited, Pasta Foods Limited, Snack Creations Ltd and Milton Webber Ltd. The maximum amount payable under this guarantee at 31 October 2022 is £7,700,000 (2021 - £Nil).

In the prior year the company had guaranteed the bank debts of the group. The debts were secured by a fixed and floating charge by way of a cross-guarantee over the assets of the following companies: Pretty Investments Limited, Pasta Foods Limited, Pretty 1050 Limited, Pretty 210 Limited, Pasta Foods Investments Limited, Snack Creations Ltd and related company Pretty Properties Limited. The maximum amount payable under this guarantee at 31 October 2022 is £Nil (2021 - £3,320,000).

### 20. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £147,191 (2021 - £144,511). Contributions totalling £30,003 (2021 - £26,567) were payable to the fund at the reporting date and are included in creditors.

### 21. Commitments under operating leases

At 31 October 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
<b>Land &amp; buildings</b>		
Not later than 1 year	66,667	-
Later than 1 year and not later than 5 years	3,133,333	-
	<u>3,200,000</u>	<u>-</u>
	2022 £	2021 £
<b>Other</b>		
Not later than 1 year	1,379	1,379
Later than 1 year and not later than 5 years	4,023	5,402
	<u>5,402</u>	<u>6,781</u>

### 22. Related party transactions

The total compensation paid to key management personnel for services provided to the company was £340,609 (2021 - £360,770).

# **Snack Creations Ltd**

## **Notes to the Financial Statements For the Year Ended 31 October 2022**

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### **23. Controlling party**

The immediate parent company is Milton Webber Ltd, a company incorporated in England and Wales.

The ultimate controlling party is Simon Webber by way of a majority shareholding.

The smallest and largest group in which the results of the company are consolidated is that headed by Milton Webber Ltd. The address of Milton Webber Ltd's registered office is Pasta Foods Limited, Forest Way, New Costessey, Norwich, NR5 0JH. The consolidated financial statements can be obtained from Companies House, Cardiff, CF14 3UZ