

Company Registration Number 233851

apetito Limited
Annual Report and Financial Statements
Year Ended 31 December 2022

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apetito Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Joerg Baumgart	Non-Executive
Paul Freeston	Chief Executive and Chair
Christian Kessy	Non-Executive
Richard Ring	Chief Financial Officer
Ian Stone	Chief Commercial Officer, MD Wiltshire Farm Foods
Richard Worrall	Manufacturing and Supply Chain Director

SECRETARY

Richard Ring

REGISTERED OFFICE

Canal Road
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Wiltshire
BA14 8RJ
England

BANKERS

HSBC
46 Fore Street
Trowbridge
Wiltshire
BA14 8EL

SOLICITORS

Burges Salmon
One Glass Wharf
Bristol
BS2 0ZX

Forrester Sylvester & Mackett
Castle House
Castle Street
Trowbridge
Wiltshire
BA14 8AX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accounts and Statutory auditors
2 Glass Wharf
Bristol
BS2 0FR

STRATEGIC REPORT

The Directors, in preparing this strategic report, have complied with S414C (11) of the Companies Act 2006.

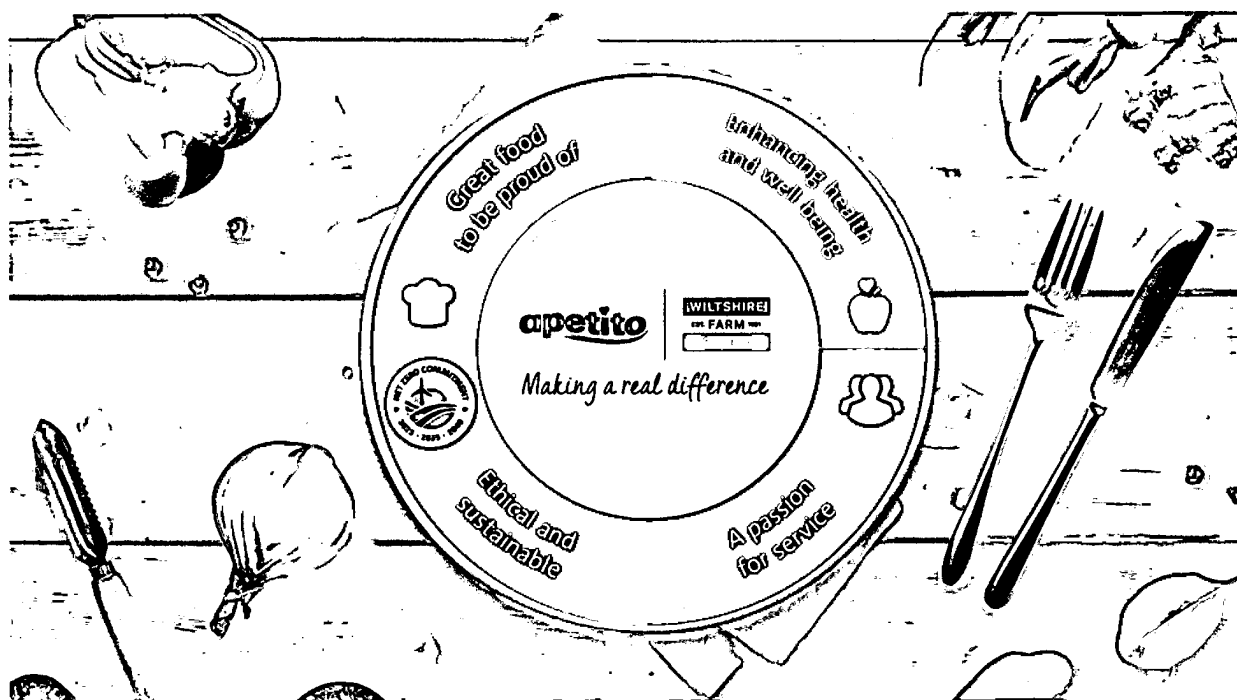
STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The Directors believe they have acted in a way that would most likely promote the success of the company for the benefit of its members as whole for the year ended 31 December 2022, in accordance with the general duties stated in S172 (1) of the Companies Act 2006. This is detailed in the report set out below.

REVIEW OF BUSINESS

apetito Limited ("apetito") is proud to serve some of the most vulnerable people in society. Our aim is to produce delicious, nutritious and highly sustainable food that enables people to eat healthily whatever their circumstances – be they nutritionally well or nutritionally vulnerable. We supply into both the Health and Social Care sector and the Education sector, and also provide nutritious meals directly to end consumers through our Wiltshire Farm Foods national network, supporting people to maintain independence and dignity within their own homes. apetito is organised into six profit responsible Business Units (Wiltshire Farm Foods, Healthcare, Care Homes, Meals on Wheels, Education and Food Service), supported by operational teams. This structure facilitates our objective of focusing management and our broader team on the key market sectors in which apetito operates. This structure also ensures that we focus on customer service and development in the separate market sectors. With this insight, we seek to continually innovate and maintain our position as the UK's leading food producer for the Health & Social care sector.

Our values are demonstrated through the apetito "plate," a representation of how we seek to make a real difference to the lives of those we serve.



apetito Limited

STRATEGIC REPORT (continued)

Great Food to Be Proud Of

Our delicious meals are made with carefully selected ingredients. Our supplier partners share our values; working with us to deliver our commitments to champion sustainable farming, fishing and animal welfare.

We remain proud supporters for the British Food and Farming industry, with 100% of our beef being sourced from Farm Assured British and Irish farms, as just one example. We continue to commit to our fish being 100% sustainable according to the Marine Conservation Society's "Good Fish Guide" and 100% of our wild fish continues to meet the requirements of the Marine Stewardship Council, an achievement that puts us as clear leaders in fish sustainability across any sector. We work with a range of suppliers and work hard to support smaller suppliers in our sector, sourcing nearly 50% of our food from SMEs.

We continue to ensure that all our food is developed to the highest standards of quality, nutrition and sustainability and work closely with DEFRA to report against the Government Buying Standards (GBS) for Food and Catering and the Plan for Public Procurement, as a means of demonstrating higher food standards. During 2022 we consulted heavily with DEFRA and other stakeholders during the consultation for proposed future changes to Government Buying Standards (GBS) Food and Catering, focusing on delivering the best outcomes across quality, health outcomes and sustainability across public sector catering

Enhancing Health & Well-Being

As a business we continue to invest heavily in innovation and seek to identify trends and opportunities that will help improve our customers' lives. We have already seen the benefit of working with industry leading experts and 2022 saw more newly developed specialist products and ranges launched into the market.

We continue to advise, support and challenge Government policy through our policy engagement, particularly with the Department of Health and Social Care and with DEFRA. 2022 saw the publication of the new enhanced National Standards for Healthcare Food and Drink – we are proud to have chaired the "Sustainable procurement and food waste" group. We continue to work with the NHS Expert Groups across both Net Zero and Food Supply.

We remain committed to supporting the aims of the Malnutrition Task Force ('MTF') as one of the founder members and ongoing funders and Board members. The Malnutrition Task Force aims to combat preventable and avoidable malnutrition and dehydration among older people in the UK. It believes that good nutrition and hydration are fundamental to delivering dignified care and enabling older people to live fulfilling and independent lives. The MTF works with partners across sectors to raise awareness of undernutrition in later life and its causes, provide information and guidance, and spread best practice and innovation to improve the lives of older people in the UK.

Ethical & Sustainable

Ethics and Sustainability represent one the four key values of apetito – our purpose is to make a real difference to the health and well-being of our colleagues, customers and communities that we are part of and the planet we depend upon.

Our ethical and sustainable strategy is framed around the United Nations Sustainable Development Goals and has a clear focus on:

- Our People – being a "Great Place to work" and an employer of choice
- Our Food and Packaging – sustainable sourcing
- Our Planet – being a responsible manufacturer and distributor
- Our Customers & Communities – creating value

We have been an accredited Living Wage Foundation employer since 2016. This voluntary wage rate, in excess of statutory requirements, reflects that team members deserve a wage which meets everyday needs. This is not only the right thing to do, but also makes sound business sense. Investment in our team supports staff recruitment and retention which in turn delivers great service to our customers.

We continue to be Full members of the Ethical Trading initiative (ETI). We believe we are the only significant food business in the health and social care sector to be so and are committed to supporting workers' rights across our entire supply chain.

We remain heavily committed to driving forward on our Net Zero Commitment, a 3-part commitment to delivering Net Zero Emissions that is consistent with our ambition to be regarded as one of the UK's leaders in sustainability.

apetito Limited
STRATEGIC REPORT (continued)

Ethical & Sustainable (continued)

In addition to delivering Net Zero by 2040, our commitments are supported by a target independently validated and approved by the Science Based Targets initiative, which ensures that our focus is on removing carbon from our supply chain, rather than simply focusing on our own operations and offsetting. Furthermore, our 2025 commitment ensures that we act now.

The Competition and Markets Authority have reported that some 40% of green claims made by businesses could be misleading customers, which is completely contrary to our approach. We are focused on immediate action with 7 active working pathways across our business, all seeking to remove carbon across ingredients, recipes, packaging, manufacturing, storage and distribution, people and purchasing. By 2025 we aim to have reduced our Scope 1, 2 and 3 emissions in line with the 1.5-degree pathway to reach net zero.

Our world first industrial scale closed loop recycling system for ready meal trays, "Project Boomerang", continues to support our packaging commitments under the UK Plastics Pact. We are delivering better results than achieved by traditional household kerbside recycling. We collect more trays – our collection rate is 40% and increasing (whereas Recoup state in their most recent publicly available report that UK Household collection is just 36%) and we guarantee that 100% of trays collected will be reformed into new trays (compared to UK recycling that sees 59% of UK recycling exported for processing, with concerns as to how much of this is actually then recycled). In our Wiltshire Farm Foods home delivery business, we are proud that we leave 97% less packaging (by weight) for the consumer to deal with relative to other ready meal suppliers. This initiative won the Food and Drink Federations Sustainable Packaging Award in 2022.

We have since introduced a tray recycling trial into the NHS, again the first of its kind, supporting their Net Zero ambitions. If successful, we hope to offer this service across all Healthcare sites that we serve.

Recognising that 2/3 of our carbon footprint is derived from the ingredients we buy, our customer meal choices are fundamental to reducing our footprint. In 2022 we carbon footprinted all of our meals and desserts in order to help customers make better choices. We have continued our award-winning Reduced Carbon Menu initiative in the NHS, with trials showing that this initiative reduces carbon, reduces cost, and meets all dietary requirements with no compromise to patient satisfaction. These reduced carbon menus are now available across our other B2B business units.

We are working actively with our supply chain partners and industry groups to identify new and innovative ways to remove carbon across our supply chain. Sustainability challenges cannot be addressed in isolation, and we continue to deliver against our commitments as members and signatories of Courtauld 2030, the Ethical Trading Initiative, the Roundtable on Sustainable Palm Oil, the UK Plastics Pact, as well as having strong engagement and representation across working groups within the Food and Drink Federation, the British Frozen Food Federation and the Food Standards Agency.

Social value continues to form an important part of our sustainability model. We support our local communities and continue to make donations through our Staff Foundation, whose mission is to support the charitable and voluntary activities of our staff and their children. We have donated over £250,000 since the inception of this scheme in 2006. We have further strengthened our charitable partnerships with our local charity partner, Alzheimer's Support local Alzheimer's charities, having raised over £150,000 for them in recent years. Our Sunday Lunch Club, which provides an afternoon of food and entertainment for our local Trowbridge community, continues to be hugely popular having been resurrected after the pandemic.

Our Chairman and CEO, Paul Freeston, sits as President of the Food and Drink Federation and Ian Stone, our Chief Commercial Officer, is President and Chair of the British Frozen Food Federation. The support and influence we provide across the wider food industry are reflective of our ambition to make a real difference beyond the realms of our own operation.

We continue to drive improvements on our environmental impact. During 2022 we maintained our registration to the ISO 14001:2015 standard recognising our continuous improvement in environmental management.

Since 2010 our site has operated within the scope of the Environmental Permitting Regulations. Working to our environmental permit we have collaborated closely with the Environment Agency through 2022 to actively manage environmental impacts.

In our own operations we strive for continuous improvement and have further developed our approach to responsible production and resource efficiency throughout 2022.

apetito Limited
STRATEGIC REPORT (continued)

Ethical & Sustainable (continued)

Through 2022, as part of our environmental management system, we have planned and delivered key progress on:

- The programme for science-based greenhouse gas reduction toward our net zero carbon targets.
- Enhancing waste and factory recycling streams working with our waste partner we have reduced general waste and improved recycling rates.
- Improved leadership of waste with food and general waste working group.
- Significantly improved control on trade effluent through optimization of the operation of the Mill Site Dissolved Air Flotation plant.

apetito UK Greenhouse gas emissions and energy use data

Reporting as required by Streamlined Energy and Carbon Reporting (SECR) Regulations 2018. The following statistics have been compiled independently by Smart Greentech Solutions on behalf of apetito.

Energy Consumption (kWh)	2022	2021
Gas	11,823,775	10,534,812
Electricity	15,106,727	13,994,420
Transport Fuel	25,992,149	23,443,626
Electricity Generation (solar panel arrays)	155,840	136,467
Electric Vehicles	121,567	40,673
Scope 1 - Direct Emission (TCO_{2e})		
Gas	2,170	2,320
Company-Owned Vehicles	6,271	5,162
Scope 2 - Indirect Emission (TCO_{2e})		
Emissions as locality-based electricity	2,921	2,971
Emissions as market-based electricity	0	7
Emissions from company EV's	23	8

The increase in Transport Fuel reflects incremental WFF vehicles previously operated by Franchise Partners and distribution inefficiencies caused by the cyber-attack.

We are currently on track to achieve the target of a 33.5% reduction in scope 1 and 2 carbon emissions by 2025.

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines and adopted approaches set out in the Greenhouse Gas Protocol. We have used the 2022 UK Government's Conversion Factors for Company Reporting.

We show carbon performance as both market (based upon 'green' electricity tariff for manufacturing sites) and locality calculations.

Intensity measurement

We show intensity measurement as tonnes CO_{2e} emissions per unit of weight.

Measures taken to improve energy efficiency

In addition to our closed loop recycling scheme for individual meal trays, we have never used cardboard sleeves on our meals as these generate unnecessary waste and the cardboard boxes the meals are delivered in are re-used before finally being recycled.

apetito Limited
STRATEGIC REPORT (continued)
Measures taken to improve energy efficiency (continued)

Other measures addressed in 2022 include: business wide energy review sessions, an on-going programme of LED light replacement, efficient motor replacement, route planning, use of double deck trailers, use of seven fully electric delivery vans and significantly increased use of teleconferencing meetings.

Tax Policy

As a company, apetito is fully committed to acting ethically and being fully transparent in all its tax affairs. This includes paying all tax liabilities due fully and on time. Furthermore, the Company does not engage in any form of tax avoidance as a deliberate attempt to artificially reduce these liabilities. Further details of our approach to tax please see our Tax Strategy Statement which is published on www.apetito.co.uk

We continue to invest in Research and Development initiatives. Over the last 2 years, the company has invested c£5m of qualifying expenditure in projects including Dementia Finger-Food product development, AI in manufacturing, manufacturing line design and quality improvements.

Passion for Service – our customers

Customers are at the heart of our organisation. We serve thousands of private and professional customers, 365 days a year via our hospital food, care home meals, education meals, meals on wheels and private home delivery service.

We offer food, nutrition & health training and e-learning for customer teams. This passion for service ethos extends to our customer experience management, creating great customer experiences and loyalty, and using customer feedback to constantly review and improve our service.

The role of Digital at apetito is key and continues to grow. Our 2022 investment in Digital was c.£1.8m and will rise to c.£2.0m in 2023. We have developed a Digital Board which meets monthly to provide visibility, focus and resources to support the pipeline of digital developments for the coming years. The Wiltshire Farm Foods website www.wiltshirefarmfoods.com is mobile and tablet enabled and, crucially, allows for simple and easy navigation for our older customers, including specific developments for visually impaired customers.

In addition, apetito provides detailed and searchable nutritional data for all our recipes at www.apetito.co.uk and via the apetito Nutridata app, enabling healthcare professionals and care home managers to identify products that meet the specific needs of individual consumers.

We have developed a driver app to remove paper from our B2C deliveries, providing environmental and data protection benefits.

Whilst continuing to pursue our commercial aims, the above demonstrates our clear commitment to becoming a force for good across the Health and Social Care sector, where our mission is 'making a real difference'. We aim to create products and services that enhance the lives of the many vulnerable customers that we serve. This has been and remains key to our success.

Around 20% of the apetito's business is secured by contracts, which vary in initial duration from two to five years. This gives some degree of certainty to future sales and cash flows. The Healthcare, Care Homes and Education business units have shown, and are expected to show, continuing positive developments. The meals on wheels business has been, and will continue to be, a difficult environment due to the challenges of public sector cuts and policy changes.

Throughout 2022, we continued to enact the strategy set out in 2021, to exit franchising and move to a fully integrated direct to consumer business model. This is key to our long-term strategy and will enable us to deal with increased competition in the market, maintain the highest possible customer service standards, drive cost efficiencies and provide us with the agility to respond to a rapidly changing market.

To this end, during 2022 we acquired an additional 18 Wiltshire Farm Foods territories and we are now serving approximately 71% of customers directly from an apetito owned Wiltshire Farm Foods depot, with that figure expected to increase to 76% by the end of 2023.

Passion for Service – our employees

We are delighted that the wider business is responsible for around 2,600 jobs. These numbers include those directly employed by apetito (1,915 as at 31 December 2022) as well as those employed by our Wiltshire Farm Foods Franchise network, which solely distributes apetito's products. We aim to make a real difference to the lives of our customers, many of whom are elderly or amongst the most vulnerable in society and we aim to be an Employer of Choice, enabling us to attract and retain the very best talent

apetito Limited
STRATEGIC REPORT (continued)
Passion for Service – our employees (continued)

We continue to invest heavily in staff training and development. We recognise the vital role that our leaders play in engaging and motivating our team to deliver the best quality service to our customers and are clear that the recruitment and development of great talent is fundamental to sustaining the success of the business. A key part of ensuring we bring great talent into the business is our graduate programme which provides challenging opportunities for both recent graduates, as well as those seeking placements as part of their undergraduate studies. We welcomed 13 graduates onto our Scheme in 2022 plus 9 one-year placement students.

During 2023, we will provide opportunities for a further 21 new graduates and undergraduates across both placements (9) and permanent roles (12).

As an apprenticeship levy paying employer, we offer a number of new apprenticeship roles in a variety of areas across the business including Finance, Business Analytics, IT and Engineering, as well as upskilling existing staff in apprenticeships such as Data Science, Management, Team Leading, ACA, CIMA, and AAT. We also support a number of degree apprenticeships.

We continue to develop our leaders and emerging leaders through a comprehensive range of courses designed to develop their skills and improve performance. This includes programmes such as our flagship leadership course, 'Managing Self and Others', Inclusive Leadership, Emerging Leaders and Quality Leadership. These have had an outstanding impact on our people and their engagement levels, as well as enabling us to deliver the best outcome for all stakeholders (shareholders, employees & customers).

In addition to leadership training, we invest significantly in compliance and technical training in areas such as cyber security, data protection, food safety, IT and health and safety and training to enhance diversity and inclusion at appetite.

Passion for Service – health & safety

Achievement of world class standards of health and safety provision is central to our business programme.

Total work-related accidents for 2022 were 142 which contrasts with 103 accidents recorded in 2021. Our reportable accident numbers (7 days or more of work-related injury absence) for 2022 were 19, representing a deterioration on the position of 11 recorded in the previous year.

We are actively monitoring and taking actions to minimise accidents and improve health and safety and we have a detailed plan for 2023. This includes safety focus days, improved visible leadership, fresh approaches to risk assessment and enhanced involvement of safety champions - allied with continuing substantial investment in facilities and equipment.

We also look to promote and develop a positive health and safety culture alongside the formal safety management system. Our Health and Safety Policy and safety culture programme is centred around the concept of "everyone home safe every day". At the core of our Home Safe programme is "safety event" reporting (a safety event being anything that is not right in the workplace that could be a causative factor in an accident). All staff are encouraged to log safety events; this is much facilitated by having a safety event 'reporting tool' on all company electronic devices. This has proved highly successful in recent years with us achieving excellent standards of safety issue reporting and follow up response - which we believe continues to the holding down of levels of total accidents and injury.

Safety event reports made by colleagues across the business in 2022 were 2,162 compared with 1,782 recorded in the previous year (our target for 2022 was >2,000). The reporting of safety events is seen as a strong positive indicating involvement by staff, a measurable representation of improving safety culture as well as creating the opportunity for control of an accident risk before anyone is hurt.

Breaking the chain of causation of accidents through ever stronger safety event reporting/response allied with an increased attention to detail on safety management system we believe will improve accident numbers performance in 2023.

In 2022 we maintained our registration of our Health and Safety Management System to the ISO 45001 standard and were again awarded, for the thirteenth consecutive year, the RoSPA Gold Award for Occupational Health and Safety and also receiving the "RoSPA President's Award" for the third consecutive year.

We have taken robust steps in 2022 to manage and reduce fire risk within the business. Focusing on close integration of our responses with those of the fire brigade, enhancing fire safety training arrangements and careful management and improvements to fire alarm systems, fire stopping and smoke control in main buildings.

apetito Limited

STRATEGIC REPORT (continued)

Performance

The results prepared on page 17 show a profit of £11.1m before taxation for the year ended 31 December 2022 (2021: £31.9m). During 2022 the business was significantly impacted by a combination of severe inflation in raw material, energy and other costs and the impact of a targeted criminal cyber-attack. These combined effects impacted both sales and earnings before interest and tax (EBIT).

The key metrics used to measure performance in the business are 1) sales growth in the year of 4.4% (2021: 4.7%) and 2) EBIT as a percentage of sales reduced to 5.8% (2021: 17.1%). Net assets at the year-end were £86.2m (2021: £87.1m)

apetito has also continued to invest in its production and distribution facilities with a total investment, including software intangibles, but excluding goodwill, of £6.5m in 2022 (2021: £4.7m). Increased investment levels are expected over the coming years to increase factory and distribution capacity.

Risk Management remains at the heart of everything we do at apetito. We take our responsibility to protect all our stakeholders seriously, and whilst the cyber-attack was a serious event, the team, controls and practices ensured the impact to our stakeholders was minimised.

Risk Governance is owned by the Directors and shared by the business. The Risk Management Group consists of senior managers from across the business who meet regularly to monitor, evaluate, support and challenge the development of risk management.

Covid-19

Our teams and the company have provided a vital service feeding some of the most vulnerable in society throughout the pandemic. We would like to record our thanks to our teams for their continued efforts in these challenging times.

The company made a conscious decision not to accept or apply for any Covid-19 related grants from HMRC or any other source.

The company continues to closely monitor the situation and has taken a proactive approach, working closely with DEFRA and the Department of Health and Social Care.

There have been no material interruption of operations as a result of the pandemic and the Directors consider the revenues and cash flow of the company to be secure.

PRINCIPAL RISKS AND UNCERTAINTIES

Our risk management framework consists of multiple strands including:

- Regularly reviewed corporate and local risk registers
- A comprehensive Risk Management policy and supporting documentation
- Risk Mitigation Plans for key unacceptable risks
- Devolved & shared local ownership
- A focus on communication including internal awareness and external networks
- Business Continuity testing, and
- Formal reporting into the Group Board

Through our horizon planning we endeavour to ensure the business is suitably prepared for new and emerging risks including cyber risk, changes to data protection requirements and pandemic disruption for example. However, no business can be immune to threats and during 2022 apetito was the subject of a sophisticated cyber-attack perpetrated by international criminals. Successful risk management is demonstrated by the minimal disruption to our customers, our staff and our suppliers during the initial period of the cyber-attack and the recovery period afterwards.

apetito employs recognised practises including principles like the three lines of defence (operational controls & reporting; formal policies and procedures and a programme of assurance including internal and external audit).

2022 saw apetito impacted by multiple financial risks including raw material price, credit and cash flow risks. In addition, apetito successfully managed the technical and operational risks resulting from the cyber-attack.

apetito Limited

STRATEGIC REPORT (continued)

We continue to monitor and manage risks including material process failure, business interruption and IT systems risks.

Financial Risks

Raw material & input cost price risk

Since the Russian invasion of Ukraine we have experienced significant inflation, driving up costs across the business but especially in ingredients, packaging, electricity, gas and diesel fuel. In addition, record high temperatures recorded across the UK and Europe during the summer of 2022 have resulted in reductions to crop yields due to lack of water supply, with availability and price being affected.

We continue to work with suppliers and customers to mitigate cost price increases as much as possible.

apetito has approximately 1,800 raw material and packaging stock-keeping units. 12.3% (by value) of raw material and packaging items are contracted in non-sterling currencies, predominantly Euro. A further 30.6% of materials are directly purchased from overseas suppliers including the Republic of Ireland. Along with ethical, sustainability and commodity price volatility, currency plays an important part in our sourcing decisions. We manage these risks through financial tools such as hedging of non-sterling currency requirements and through a strategic sourcing process which is comprehensive, transparent, and tailored to each specific category.

apetito does not use derivative financial instruments for speculative purposes.

Credit and cash risk

apetito's primary financial assets are trade receivables and bank balances.

apetito's primary credit risk is attributable to its trade receivables. Amounts presented in the balance sheet are net of allowances for doubtful debts. apetito had 1,131 active customers in 2022 which helps diversify the credit risk. During 2022 £64k (2021: £31k, 2020: £0k) was written off as unrecoverable debt.

The value of overdue debt > 11 days old increased from 3.5% in 2021 to 22.4% in 2022 as a direct result of the cyber-attack but is expected to improve post year-end.

apetito is confident that the overdue balance will continue to be controlled during 2023.

Business Risk

Raw material supply chain

apetito continues to review its range of packaging and food materials on a risk basis including volume purchased, finished goods impact and supplier source volatility to ensure adequate stock cover is in place to mitigate any supply risk. This includes use of external third-party warehousing for packaging, dry goods and for frozen goods. Further work is being conducted to ensure future stock cover meets business needs for planning and customer service.

We have reviewed all our suppliers to ensure we are not trading with any sanctioned or undesirable suppliers, including confirming no payments are made to Russian owned banks.

We do not source any raw materials directly from Russia or Ukraine or from Russian or Ukrainian suppliers. A review of seafood sourcing, previously a significant Russian supply to the EU, resulted in changes to alternative sources, excluding 80% of our range from Russian supply.

We are prepared for some supply chain disruption whilst the conflict continues. Any disruption of supply will be managed on a case-by-case basis.

To ensure compliance we have continued our risk assessment of suppliers to target those at high and medium risk, with a high level of desktop research to ensure all documentation is up to date, e.g. BRC certification, species traceability, HACCP etc.

New product samples are approved by our technical team prior to any order being placed for production.

Our Ethical auditing is guided by our membership of the Ethical Trading Initiative (ETI), a collaborative cross business body which highlights labour risk within the supply chain and supports our compliance with the

apetito Limited

STRATEGIC REPORT (continued)

modern slavery act. Suppliers are risk assessed for ethical standards via SEDEX. Our team of experienced purchasing managers monitors trends and risks in global markets, including extreme weather, disease, economic changes and consumption patterns.

Departure from the European Union

As a result of our Brexit planning there have been no material impacts to the business, either in terms of exporting products to the EU, or importing products from the EU, save that the introduction of EU import regulations has imposed additional costs on the business.

Cyber-Security Risk

apetito continues to review, update, and enhance Business Continuity and Crisis Management Plans. The criminal cyber-attack in June 2022 affected our IT systems and severely hampered our operation in the short term. Our ability to produce food and make deliveries was severely affected in the short term whilst our Crisis Management and IT teams (assisted by specialist external partners) worked efficiently to bring critical systems back into operation.

This incident had a severe impact on our financial results for the year, resulting in a considerable reduction in EBIT but also a significant increase in debtors whilst our ability to recover debt was hindered. At the year end, our cash levels were severely depleted from the levels at the beginning of the year partly due to the recovery process and associated costs.

We continue to invest in updated technology and undergo regular audits of our security procedures and systems. One of the benefits of having been through a cyber-attack is that we have focused on ensuring we have the best security, protection and employee awareness possible. Another attack is always possible, so we continue to prepare for the worst.

Operational risk

apetito recognises the significant risk of disruption from a range of adverse incidents.

The Risk Management team meets to review, challenge and improve risk management of the key operational risks.

Labour shortages in the UK are impacting most businesses and apetito saw periods during 2022 when it was hard to attract people to join our growing business. We have reviewed our recruitment process and increased our focus on marketing ourselves to new colleagues, which has seen an upturn in new starter numbers.

There is also the continuing threat from Covid-19 which could add further pressure from increased sickness and increased customer demand.

Market risk

apetito recognises the risk of competition eroding the company's strong market position within our sector. apetito strives to maintain its competitive advantage by continual investment into product & systems development, training and improvements in production methods.

apetito will continue to broaden the range of products and services offered, facilitated in part by investment into additional manufacturing facilities.

FUTURE PROSPECTS

Over the next few years, apetito anticipates very substantial investment in its Trowbridge production and Portbury distribution facilities to ensure that apetito remains fit for future growth. In addition to this, apetito will continue to increase its investment in business development into new market opportunities, product quality improvement and in its people through an ongoing programme of staff training and development.

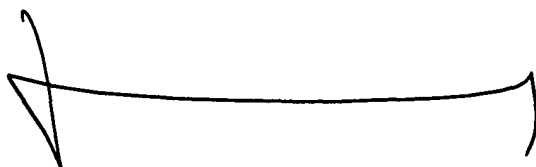
With the continuous investment in manufacturing and support facilities and its innovative approach to service provision in the care sector market, the directors believe that the company has the platform to maintain strong levels of sales and profit growth.

apetito Limited
STRATEGIC REPORT (continued)

GOING CONCERN

apetito's activities, together with the factors likely to affect its future development and performance, as well as the company's approach to raw material price risk, credit risk and cash flow, are set out above. apetito has cash balances and no borrowings, together with contracts over a long period with a number of customers across different sectors. As a consequence, and as supported by the company's forecasts and projections, the directors believe that apetito is exceptionally well placed to manage its business risks despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that apetito has more than adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, consisting of a stylized 'R' followed by a long horizontal line that curves slightly upwards at the end.

Richard Ring

Director

30 March 2023

apetito Limited

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2022. The financial statements have been prepared in accordance with the requirements of FRS 101.

Details of future developments and financial risk management objectives and policies can be found in the strategic report on the basis they are considered to be of strategic importance to the company as per s414C(11) of the Companies Act 2006. Details of how the company has engaged both with employees and other stakeholders during the year and future developments in the business are detailed in the strategic report.

DIVIDENDS

A dividend of £10m was paid to ordinary shareholders (2021: £nil). No further dividends are recommended for the period covered by these financial statements.

DIRECTORS

The membership of the Board, who were in office during the year and up to the date of signing the financial statements is set out on page 1. There were no qualifying third-party indemnity provisions in force for the benefit of any director at any point during the year or up to the point when this report was approved.

DISABLED EMPLOYEES

apetito Limited ("apetito") ensures that it complies with its obligations under the Equalities Act 2010 in respect of disabled persons. Applications for employment by disabled persons are always fully considered and assessed against defined criteria, dealing only with an applicant's suitability for the job. Wherever possible reasonable adjustments will be made. In the event of members of staff becoming disabled, we will continue their employment with apetito wherever possible, including arranging appropriate training as required. apetito acts fairly and does not discriminate against disabled persons in any part of their employment including recruitment, training, career development and promotion.

EMPLOYEE CONSULTATION

apetito places considerable value on the meaningful involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the financial and economic factors affecting the performance of the company. This is achieved through Works Councils, formal and informal consultation meetings as well as employee newsletters and attendance by Works Council Representatives at the company's annual conference. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, one member of staff, elected by the workforce, is a member of the apetito Group Supervisory Board.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

INDEPENDENT AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors, and signed on behalf of the Board



Richard Ring
Director
30 March 2023

apetito Limited

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Approved by the Board of Directors, and signed on behalf of the Board

A handwritten signature in black ink, consisting of a stylized 'R' followed by a long horizontal line that ends in a small loop.

Richard Ring
Director
30 March 2023

Independent auditors' report to the members of apetito Limited

Report on the audit of the financial statements

Opinion

In our opinion, apetito Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of Financial Position as at 31 December 2022; Statement of Changes in Equity, Statement of Comprehensive Income for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material

apetito Limited

misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to food safety regulations, health and safety and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the overstatement of revenue and profit due to inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- Identifying and testing journal entries with unexpected account combinations impacting revenue, profit or cash
- Challenging assumptions and judgements made by management in determining their significant accounting estimates, in particular around the valuation of goodwill recognised in respect of the territories the company has re-acquired from external franchisees
- Performed additional risk assessment procedures, journal entry testing and substantive testing to respond to the increased risk of material misstatement as a result of the June 2022 cyber-attack.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

apetito Limited

Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

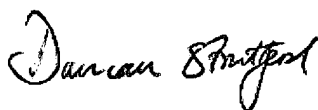
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
30 March 2023

apetito Limited**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2022

	Note(s)	2022 £'000	2021 £'000
TURNOVER	3	195,774	187,582
Change in stocks of finished goods and work in progress		3,172	(2,158)
Other operating income		1,880	191
Raw materials and consumables		(68,945)	(58,206)
Staff costs	6	(57,254)	(48,541)
Depreciation and other amounts written off tangible and intangible fixed assets	10, 11, 19	(7,879)	(7,275)
Other operating expenses		(55,354)	(39,465)
		(184,380)	(155,454)
OPERATING PROFIT		11,394	32,128
Interest receivable and similar income	4	19	29
Interest payable and similar expenses	4	(254)	(260)
PROFIT BEFORE TAXATION	5	11,159	31,897
Tax on profit	8	(2,040)	(6,258)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,119	25,639

apetito Limited
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	10	34,855	18,646
Tangible assets	11	28,795	20,116
Right of use assets	19	9,061	8,664
Investments in subsidiaries	12	453	3,495
		<u>73,164</u>	<u>50,921</u>
CURRENT ASSETS			
Stocks	14	20,761	14,456
Debtors (amounts falling due after more than one year: £235,000 (2021: £228,709))	16	30,923	20,166
Finance Lease Receivables (amounts falling due after more than one year: £173,712 (2021: £nil))	15	279	236
Cash and cash equivalents		<u>3,051</u>	<u>33,431</u>
		<u>55,014</u>	<u>68,289</u>
CREDITORS: Amounts falling due within one year	17	(34,629)	(26,217)
NET CURRENT ASSETS		<u>20,385</u>	<u>42,072</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>93,549</u>	<u>92,993</u>
CREDITORS: Amounts falling due after more than one year	18	(5,431)	(5,239)
PROVISIONS FOR LIABILITIES	20	(1,928)	(683)
NET ASSETS		<u>86,190</u>	<u>87,071</u>
CAPITAL AND RESERVES			
Called up share capital	21	285	285
Total comprehensive income		<u>85,905</u>	<u>86,786</u>
TOTAL SHAREHOLDERS' FUNDS		<u>86,190</u>	<u>87,071</u>

The financial statements of apetito Limited (registered number 233851) on pages 17 to 41 were approved by the Board of Directors and authorised for issue on 30 March 2023. They were signed on its behalf by:



Richard Ring
Director

apetito Limited**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2022

	Called up share capital (note 21)	Total comprehensive income	Total Shareholders' funds
	£'000	£'000	£'000
Balance at 1 January 2021	285	61,147	61,432
Profit for the financial year	-	25,639	25,639
Balance at 31 December 2021	<u>285</u>	<u>86,786</u>	<u>87,071</u>
Profit for the financial year	-	9,119	9,119
Dividends (note 9)	-	(10,000)	(10,000)
Balance at 31 December 2022	<u>285</u>	<u>85,905</u>	<u>86,190</u>

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year other than where noted below. All results are from continuing operations.

Basis of Accounting

apetito Limited ("apetito") is a private limited company (limited by shares) incorporated in the United Kingdom under the Companies Act 2006. The company is domiciled in the UK. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the review of business on page 2.

apetito meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2014 apetito changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The financial statements were also prepared in accordance with the Companies Act 2006 as applicable to companies using FRS101.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are, where appropriate, measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of apetito AG as per Companies Act 2006 S400. Details of the parent in which consolidated financial statements the company is included are shown in note 25 to the financial statements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements': – 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B–D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

Where required, equivalent disclosures are given in the group financial statements of apetito AG. The group financial statements of apetito AG are available to the public and can be obtained as set out in note 25.

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Going concern

apetito's activities, together with the factors likely to affect its future development and performance, as well as the company's approach to raw material price risk, credit risk and cash flow, are set out in the Strategic Report. apetito has cash balances and no borrowings, together with contracts over a long period with a number of customers across different sectors. As a consequence, and as supported by the company's forecasts and projections, the directors believe that apetito is exceptionally well placed to manage its business risks despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that apetito has more than adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Impact of new accounting standards

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the company's financial statements.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, leasing transactions that are within the scope of IFRS16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives down to estimated residual value at acquisition. The estimated useful life, amortisation method and residual value are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Software intangible assets internally developed

Costs associated with the internal development of intangible assets are capitalised if: technological feasibility, probable future benefits, intent and ability to use the software and resources to complete the software are established, and there is the ability to accurately measure cost. Such assets are amortised on a straight-line basis over the useful life of the asset.

Amortisation is provided as follows and is included within depreciation and other amounts written off tangible and intangible fixed assets in the Statement of Comprehensive Income.

Software	20-50% per annum
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apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Goodwill

Goodwill comprises goodwill arising on Wiltshire Farm Food territories the company has re-purchased from external franchisees in order to run these territories 'in-house'. In line with *IFRS 3 Business Combinations*, goodwill is recognised as the difference between the aggregated value of the consideration transferred and the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Goodwill is reviewed for impairment either annually or if any event occurs that the company believes may result in an impairment. The impairment review is undertaken by comparing the carrying value of assets (including goodwill) for the Income Generating Unit against the projected future cashflows.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Tangible assets

Land and buildings held for use in the production or supply of goods or services, for administrative purposes or investment properties are stated in the balance sheet at their cost. Depreciation on buildings is charged to income.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Where appropriate, internal hours spent on capital projects are capitalised as part of the value of the asset and depreciated in line with the underlying asset. Internal hours are only capitalised on projects that are expected to deliver future economic benefits and where the hours and thus associated cost spent on those projects can be accurately measured.

Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Investment Property	0% per annum
Freehold land & buildings	2-4% per annum
Plant and machinery	15% per annum
Fixtures, fittings and equipment	20-50% per annum
Motor vehicles	11-20% per annum
Right of use assets	in accordance with lease term
Assets in construction	nil per annum

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets

The method for reviewing goodwill for impairment is described in the accounting policy note above. For all other tangible and intangible fixed assets, at each balance sheet date, the company reviews the carrying amounts of those assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Turnover

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods have transferred to the customer and the customer has control of these. The company bases its estimate of returns and rebates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Pension costs

For defined contribution schemes the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Leases

The company as lessee

The Company leases various assets, including cars and other commercial vehicles and property.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable. Note that where the Company has leases that straddle the transition date of 1 January, it is the remaining lease payments that are used in the calculation;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantee

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Leases (continued)

The company as lessee (continued)

- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. A rate of 2.3% was determined to be appropriate.

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

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

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

Right-of-use assets are depreciated over the lease term on a straight-line basis. Where the Company has leases that straddle the transition date of 1 January 2019, it is the remaining lease term that is used to calculate depreciation.

The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Finance costs

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

Finance costs which are directly attributable to the construction of tangible assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), amortised cost and fair value through other comprehensive income (FVOCI). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the Statement of Comprehensive Income.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Comprehensive Income.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Investments

Investments are held at cost less accumulated impairment losses. Fixed asset investments are reviewed for impairment when changes in circumstances indicate that the carrying amount of the investment may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates, and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

The directors consider the Goodwill values associated with the owned Wiltshire Farm Food territories to be the only critical accounting judgement. They deem that the key judgement is the valuation and subsequent estimate of carrying value for each of these territories.

During the year the carrying value (2022 £33,393k (2021 £17,377k)) of the externally purchased intangible assets was assessed for impairment.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. Note 13 provides information on the assumptions used in the value in use calculations and the amount by which the recoverable amount exceeds the respective carrying amount.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed next. None are noted.

3. TURNOVER

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

	2022 £'000	2021 £'000
UK	194,423	186,481
Republic of Ireland	1,351	1,101
Sale of Goods	<u>195,774</u>	<u>187,582</u>

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. INTEREST RECEIVABLE AND SIMILAR INCOME AND INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£'000	£'000
Interest payable and similar expenses	(254)	(260)
Interest receivable and similar income	19	29
	<u>(235)</u>	<u>(231)</u>

Interest receivable and similar income

	2022	2021
	£'000	£'000
Interest receivable:		
Bank deposits	13	1
Loan interest	6	28
	<u>19</u>	<u>29</u>

Interest payable and similar expenses

	2022	2021
	£'000	£'000
HMRC interest on corporation tax	12	-
Lease interest	242	260
	<u>254</u>	<u>260</u>

5. PROFIT BEFORE TAXATION

	2022	2021
	£'000	£'000
Profit before taxation is after charging/(crediting):		
Net foreign exchange losses/(gains)	8	1
Depreciation of tangible assets:		
Owned	3,210	2,963
Right of use assets	4,236	3,860
Impairment of tangible assets	1,930	130
Amortisation of intangible assets included in other operating expenses	424	452
Impairment of stocks	346	485
Staff costs (see note 6)	57,254	48,541
Audit fees payable to the company's auditors	96	65

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. STAFF COSTS

	2022	2021
	Number	Number
The average monthly number of employees (including executive directors) was:		
Production and distribution	1,165	1,135
Administration and management	669	521
	<u>1,834</u>	<u>1,656</u>
	2022	2021
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	50,629	43,102
Social security costs	4,961	3,970
Other pension costs	1,664	1,469
	<u>57,254</u>	<u>48,541</u>

7. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2022	2021
	£'000	£'000
Directors' remuneration		
Emoluments (excluding pension contributions)	1,806	1,748
Pension contributions in respect of defined contribution pension schemes	-	14
	<u>1,806</u>	<u>1,762</u>
	2022	2021
	Number	Number
The number of directors who:		
Are members of a defined contribution pension scheme	<u>1</u>	<u>2</u>
	2022	2021
	£'000	£'000
Remuneration of the highest paid director:		
Emoluments	779	741
Pension contributions	-	-

The remuneration of Paul Freeston, Richard Ring, Ian Stone and Richard Worrall included in the above incorporates services provided to apetito, apetito AG and apetito Canada Limited respectively. Joerg Baumgart and Christian Kessy are paid by, and their remuneration is dealt with in the financial statements of apetito AG. The remuneration of directors is not apportioned between the entities for which they provide their services. No director received any compensation for loss of office during the year (2021: £nil).

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

8. TAX ON PROFIT

The tax charge comprises:

	2022 £'000	2021 £'000
Current tax		
UK corporation tax	416	5,134
Adjustments in respect of prior years	379	262
Total current tax	<u>795</u>	<u>5,396</u>
Deferred tax (note 20)		
Origination and reversal of temporary differences	1,463	880
Adjustments in respect of prior periods	(218)	29
Effect of tax rate change on opening balance	-	(47)
Total deferred tax	<u>1,245</u>	<u>862</u>
Total tax charge for year	<u>2,040</u>	<u>6,258</u>

The charge for the year can be reconciled to the profit in the Statement of Comprehensive Income as follows:

	2022 £'000	2021 £'000
Profit before taxation	<u>11,159</u>	<u>31,897</u>
Profit before taxation at standard UK corporation tax rate of 19% (2021: 19%)	2,120	6,060
Effects of:		
Fixed asset difference	(808)	(196)
Expenses not deductible for tax purposes	243	55
R&D expenditure credit	(27)	(102)
Adjustments to tax charge in respect of previous periods	379	262
Adjustment to tax charge in respect of previous period - deferred tax	(218)	29
Remeasurement of deferred tax for changes in tax rates	351	164
Income not taxable for tax purposes	-	(14)
Total tax charge for year	<u>2,040</u>	<u>6,258</u>

The UK Government has announced that the corporation tax rate would increase to 25% (was 19%) from 1 April 2023. Adjustments to deferred taxes as at the balance sheet dates were recognised to reflect new tax rates.

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

9. DIVIDENDS ON EQUITY SHARES

Amounts recognised as distributions to equity holders in the year:

	2022 £'000	2021 £'000
Final dividend for the year ended 31 December 2022 of £35.14 (2021: £nil) per ordinary share	<u>10,000</u>	<u>-</u>

10. INTANGIBLE ASSETS

	Software £'000	Goodwill £'000	Assets Under Construction £'000	Total £'000
Cost				
At 1 January 2021	1,936	8,485	482	10,903
Additions	274	9,033	190	9,497
Transfers	318	-	(318)	-
Disposals	(128)	-	-	(128)
At 31 December 2021	2,400	17,518	354	20,272
Additions	205	16,016	458	16,679
Transfers	195	-	(195)	-
Disposals	(127)	-	-	(127)
At 31 December 2022	<u>2,673</u>	<u>33,534</u>	<u>617</u>	<u>36,824</u>
Accumulated Amortisation				
At 1 January 2021	1,084	141	-	1,225
Charge for the year	452	-	-	452
Impairment	-	-	-	-
Disposal	(51)	-	-	(51)
At 31 December 2021	1,485	141	-	1,626
Charge for the year	424	-	-	424
Impairment	-	-	-	-
Disposals	(81)	-	-	(81)
At 31 December 2022	<u>1,828</u>	<u>141</u>	<u>-</u>	<u>1,969</u>
Net book value				
At 31 December 2022	<u>845</u>	<u>33,393</u>	<u>617</u>	<u>34,855</u>
At 31 December 2021	<u>915</u>	<u>17,377</u>	<u>354</u>	<u>18,646</u>

Intangible assets comprise externally purchased Goodwill and internally generated software. Goodwill relates to the re-acquisition of Wiltshire Farm Foods franchise territories to run 'in-house' – see Note 13.

apetito Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
11. TANGIBLE ASSETS

	Investment Property	Freehold Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Motor Vehicles	Assets Under Construc- tion	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 January 2021	-	9,281	19,413	17,780	1,889	1,300	49,663
Additions	-	232	1,615	1,320	494	2,457	6,118
Transfers	-	35	848	152	77	(1,112)	-
Disposals	-	-	(314)	(104)	(118)	-	(536)
Impairment	-	-	-	-	-	(130)	(130)
At 31 December 2021	-	9,548	21,562	19,148	2,342	2,515	55,115
Additions	3,412	547	1,055	2,531	2,595	3,938	14,078
Transfers	-	50	1,138	148	36	(1,372)	-
Disposals	-	-	-	(245)	(755)	-	(1,000)
Impairment	-	(756)	(697)	(162)	-	(315)	(1,930)
At 31 December 2022	3,412	9,389	23,058	21,420	4,218	4,766	66,263
Accumulated Depreciation							
At 1 January 2021	-	2,732	14,442	14,117	1,153	-	32,444
Charge for the year	-	155	1,087	1,349	372	-	2,963
Disposals	-	-	(300)	(19)	(89)	-	(408)
At 31 December 2021	-	2,887	15,229	15,447	1,436	-	34,999
Charge for the year	-	170	1,226	1,259	555	-	3,210
Disposals	-	-	-	(79)	(662)	-	(741)
At 31 December 2022	-	3,057	16,455	16,627	1,329	-	37,468
Net book value							
At 31 December 2022	3,412	6,332	6,603	4,793	2,889	4,766	28,795
At 31 December 2021	-	6,661	6,333	3,701	906	2,515	20,116

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

11. TANGIBLE ASSETS (continued)

Land and buildings on the Ladydown site were valued on 26 July 1990 at open market value on the basis for existing use by Alder King, Chartered Surveyors. Land and buildings on our Canal Road site are included at acquisition cost in 1995, and construction cost thereafter. If land and buildings had not been revalued, they would be included at a cost of £10,127,000 (2021: £9,530,000) and accumulated depreciation of £3,047,000 (2021: £2,875,000).

Investment property represents land and buildings held to earn rentals and/or capital appreciation. Investment property are included at acquisition. Fair value of investment property as at December 2022 is £3,250,000

12. INVESTMENTS

Subsidiary undertakings

	2022	2021
	£'000	£'000
Cost – Net Assets		
Wiltshire Farm Foods Limited	1	1
WFF (North London) Limited	117	822
Lyntony Foods Limited	-	532
WFF Chigwell Limited	113	853
Food@Home Limited	-	1,288
Mosch Limited	62	-
S & A Edwards Limited	266	-
Eden Foods Limited	10	-
EBM Foods Limited	15	-
Alison C Browne Limited	241	-
Viginti6 Ltd	1	-
	<u>826</u>	<u>3,496</u>
Cost – Net Liabilities		
R & M Distribution Scotland Limited	(26)	-
Wiltshire Farm Foods (Bournemouth) Ltd	(62)	-
D. and A. Rigby Ltd	(103)	-
WFF Eastbourne Limited	(7)	-
Fairfield Capital Partners Limited	(104)	-
Bakbro Limited	(70)	-
	<u>(372)</u>	<u>-</u>
Total Cost	<u>454</u>	<u>3,496</u>
	2022	2021
	£'000	£'000
Provisions for impairment		
Wiltshire Farm Foods Limited	(1)	(1)
	<u>(1)</u>	<u>(1)</u>
Net book value		
Investment in Subsidiaries	<u>453</u>	<u>3,495</u>

The subsidiary trade is the retail sale of prepared meals and dishes. Investments in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid.

All of the above have been treated as subsidiary undertakings because the Group exercises dominant influence over the investments, directing their financial and operating policies.

During 2022, trade and assets of all subsidiaries were transferred to apetito. Investments with negative values are outstanding liabilities recognised in subsidiary companies. apetito is committed to settling those liabilities.

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12. INVESTMENTS (continued)

Wiltshire Farm Foods Munster Limited, a subsidiary of the Company, was incorporated on 19 July 2019 in the Republic of Ireland with ordinary share capital of €1.

During the year the trade and assets of Tiem Ltd., Bakbro Ltd, WFF East Devon Limited, WFF Eastbourne Limited, Viginti6 Ltd, Alison C Browne Limited, R&M Distribution Scotland Limited, Fairfield Capital Partners Limited, Wiltshire Farm Foods (Bournemouth) Ltd, S & A Edwards Limited, D. and A. Rigby Ltd and Eden Foods Limited, Mosch Limited and Food@Home Limited were transferred to apetito Limited on a nil gain nil loss basis. The company intends to reduce share capital with the intention to liquidate the companies in due course. Therefore, the investment in these subsidiaries has been fully impaired.

The assets/(liabilities) acquired as part of the transfer are as follows:

	2022	2021
	£'000	£'000
Fixed Assets	2,559	-
Cash	2,995	1,017
Debtors	1,072	326
Creditors	(3,425)	(387)
Net Assets Acquired	3,201	966

Details of the company's subsidiaries as at 31 December 2022 and 31 December 2021 are as follows. All ownership interests are in the ordinary share capital of the investee.

Date Acquired	Subsidiary undertakings	Place of Incorporation (or registration) and operation	Proportion of Ownership Interest %	Proportion of Voting Power held %
As at 31 December 2021				
30/07/2021	T R Thornhill Limited	United Kingdom	100%	100%
01/07/2021	Bate O'Brien Partnership Limited	United Kingdom	100%	100%
01/09/2021	WFF (North London) Limited	United Kingdom	100%	100%
03/12/2021	Lyntony Foods Limited	United Kingdom	100%	100%
13/08/2021	WFF Chigwell Limited	United Kingdom	100%	100%
26/11/2021	Food@Home Limited	United Kingdom	100%	100%
	WFF Crieff Ltd.	United Kingdom	100%	100%
	Wiltshire Farm Foods Limited	United Kingdom	100%	100%
	Wiltshire Farm Foods Munster Limited	Ireland	100%	100%
As at 31 December 2022				
	Bate O'Brien Partnership Limited	United Kingdom	100%	100%
	WFF (North London) Limited	United Kingdom	100%	100%
	Lyntony Foods Limited	United Kingdom	100%	100%
	WFF Chigwell Limited	United Kingdom	100%	100%
	Food@Home Limited	United Kingdom	100%	100%
20/01/2022	Tiem Ltd.	United Kingdom	100%	100%
21/01/2022	Bakbro Ltd	United Kingdom	100%	100%
28/01/2022	WFF East Devon Limited	United Kingdom	100%	100%
18/02/2022	WFF Eastbourne Limited	United Kingdom	100%	100%
31/03/2022	EBM Foods Limited	United Kingdom	100%	100%
14/04/2022	Viginti6 Ltd	United Kingdom	100%	100%
27/07/2022	Alison C Browne Limited	United Kingdom	100%	100%
19/08/2022	Mosch Limited	United Kingdom	100%	100%
20/09/2022	R & M Distribution Scotland Limited	United Kingdom	100%	100%
07/10/2022	Fairfield Capital Partners Limited	United Kingdom	100%	100%

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12. INVESTMENTS (continued)

Date Acquired	Subsidiary undertakings	Place of Incorporation (or registration) and operation	Proportion of Ownership Interest %	Proportion of Voting Power held %
14/10/2022	Wiltshire Farm Foods (Bournemouth) Ltd	United Kingdom	100%	100%
28/10/2022	S & A Edwards Limited	United Kingdom	100%	100%
09/11/2022	D. and A. Rigby Ltd	United Kingdom	100%	100%
11/11/2022	Eden Foods Limited	United Kingdom	100%	100%
	Wiltshire Farm Foods Limited	United Kingdom	100%	100%
	Wiltshire Farm Foods Munster Limited	Ireland	100%	100%

The registered address for WFF Crieff Ltd. is Broich Road, Crieff, Perthshire, PH7 3SG.

The registered address for Wiltshire Farm Foods Munster Limited is Coliemore House, Coliemore Road, Dalkey, Co. Dublin.

The registered address for R & M Distribution Scotland Limited is Unit 14 Balmacassie Commercial Centre, Ellon, Scotland, AB41 8QR

The registered address for Tiem Ltd. is Uniy 4, Kingston Industrial Estate, Ardgowan Street, Port Glasgow, Scotland, PA14 5DG.

The registered address for Wiltshire Farm Foods Limited, Bate O'Brien Partnership Limited, WFF (North London) Limited, Lyntony Foods Limited, WFF Chigwell Limited, Food@Home Limited, Bakbro Ltd, WFF East Devon Limited, WFF Eastbourne Limited, EBM Foods Limited, Viginti6 Ltd, Alison C Browne Limited, Mosch Limited, Fairfield Capital Partners Limited, Wiltshire Farm Foods (Bournemouth) Ltd, S & A Edwards Limited, D. and A. Rigby Ltd and Eden Foods Limited is Canal Road, Trowbridge, England, BA14.8RJ.

WFF Crieff Limited was dissolved on 11th January 2022.

T R Thornhill Limited was dissolved on 13th December 2022.

WFF (North London) Limited was dissolved on 3rd January 2023.

EBM Foods Limited was dissolved on 17th January 2023.

WFF East Devon Limited was dissolved on 24th January 2023.

Viginti6 Ltd was dissolved on 28th February 2023.

Tiem Ltd. was dissolved on 28th February 2023.

Lyntony Foods Limited was dissolved on 14th March 2023.

Bate O'Brien Partnership Limited was dissolved on 28th March 2023.

The investments in subsidiaries are all stated at cost less provision for impairment.

No dividends from the company's subsidiaries are recommended for the period covered by these financial statements (2021: £nil).

apetito Limited**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2022****13. BUSINESS COMBINATIONS**

During the year the company acquired the trade and assets of multiple companies that had been operating as Wiltshire Farm Food franchises. The total value of the purchase consideration and the assets acquired are detailed below:

	2022	2021
	£'000	£'000
Purchase Consideration	2,500	6,472
Assets/(Liabilities) Acquired		
Goodwill	2,756	6,712
Plant and Machinery	132	429
Motor Vehicles	174	407
Trade Debtors	42	25
Trade Creditors	(821)	(1,423)
Stock	151	281
Other	66	41
Total Assets/(Liabilities) Acquired	2,500	6,472

The goodwill acquired relates to the right to deliver to the territories purchased from the previous franchisees and is valued based on the standard pricing method the company uses to both buy and sell territories.

Impairment tests for goodwill

The carrying value for goodwill is tested for impairment on an annual basis or more frequently if there are indicators that suggest it may be impaired. Goodwill is allocated to the cash generating units (CGU) in line with the Company's reported operating business units. The calculations of cash flow projections are based on the financial budgets and forecasts approved by the Board for the forthcoming financial year and 36 months beyond. The financial budgets and forecasts have been set taking account of prior year results and expected developments in the market. Cash flows beyond those 12 month and further 36-month periods are extrapolated to perpetuity using the estimated long term growth rate of 2.0%, which does not exceed the long-term average growth in the specific geographical area where the CGU operates. The discount rate applied to future cashflows was 12.0%, resulting in a value in use surplus of £64.7m. The impairment review further considers the sensitivity of the surplus value to changes in the key assumptions related to the performance of the business, future growth and the discount rate. Management believe no reasonably possible change in the key assumptions would result in an impairment.

Acquisition-Related Cost

During the year, the company incurred £455k of costs related to business acquisitions. The whole amount is recognised as an expense under "Other Operating Costs" in the Statement of Comprehensive Income.

14. STOCKS

	2022	2021
	£'000	£'000
Raw materials and consumables	9,715	6,581
Work in progress	70	77
Finished goods and goods for resale	10,976	7,798
	20,761	14,456

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

15. FINANCE LEASE RECEIVABLES

	Present value of minimum lease payments	
	2022	2021
	£'000	£'000
Amounts receivable under finance leases:		
Within one year	105	236
In the second to fifth years inclusive	174	-
Present value of minimum lease payments receivable	279	236

The company enters into finance leasing arrangements for certain of its electronic equipment with franchisees. The average term of finance leases entered into is 4.5 years (2021: 4.5 years).

Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated at £nil (2021: £nil).

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates 9.5 per cent (2021: 9.5 per cent) per annum.

16. DEBTORS

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	19,041	13,796
Expected credit loss provision	(1,643)	(273)
Corporation tax	4,256	712
	21,654	14,235
Amounts owed by group undertakings	2,518	1,490
Franchisee loans	31	60
Other debtors	2,939	1,744
Prepayments and accrued income	3,546	2,408
	30,688	19,937
Amounts falling due after more than one year:		
Franchisee loans	146	193
Prepayments and accrued income	89	36
	30,923	20,166

Amounts owed by Group companies are due 30 days from date of invoice.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£'000	£'000
Trade creditors	9,735	6,959
Amounts owed to group undertakings	3,673	2,321
Other tax and social security	1,328	1,066
Other creditors	612	178
Accruals and deferred income	14,836	11,594
Defined contribution pension scheme accrual	308	251
Lease liabilities (note 19)	4,137	3,848
	<u>34,629</u>	<u>26,217</u>

Amounts owed to Group companies are due 30 days from date of invoice.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£'000	£'000
Lease liabilities (note 19)	5,169	5,239
Trade creditors	262	-
	<u>5,431</u>	<u>5,239</u>

19. LEASES

The Company leases various assets, including cars and other commercial vehicles and property.

(i) Amounts recognised in the statement of financial position

	2022	2021
	£'000	£'000
Right-of-use assets		
Property	4,110	4,094
Motor vehicles	4,770	4,175
Plant	178	354
Other	3	41
	<u>9,061</u>	<u>8,664</u>

	2022	2021
	£'000	£'000
Lease Liability: amounts falling due within one year		
Property	1,938	1,806
Motor vehicles	1,995	1,824
Plant	149	159
Other	55	59
	<u>4,137</u>	<u>3,848</u>

	2022	2021
	£'000	£'000
Lease Liability: amounts falling due after one year		
Property	2,295	2,543
Motor vehicles	2,856	2,470
Plant	16	204
Other	2	22
	<u>5,169</u>	<u>5,239</u>

apetito Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. LEASES (continued)

(ii) Amounts recognised in the statement of comprehensive income

	2022	2021
	£'000	£'000
Depreciation charge of right-of-use assets		
Property	1,837	1,767
Motor vehicles	2,194	1,917
Plant	176	138
Other	38	38
	<u>4,245</u>	<u>3,860</u>

	2022	2021
	£'000	£'000
Future minimum lease payments		
Not later than one year	4,313	4,007
Later than one year and not later than five years	5,137	5,611
Later than five years	<u>205</u>	<u>121</u>
Total gross payments	9,655	9,739
Impact of finance expenses	<u>(349)</u>	<u>(652)</u>
Carrying amount of liability	<u>9,306</u>	<u>9,087</u>

20. PROVISIONS FOR LIABILITIES

Deferred tax **£'000**

Deferred tax is provided as follows:

Deferred tax liability at 1 January 2021	179
Charge to profit or loss	(862)
Deferred tax liability at 31 December 2021 and 1 January 2022	<u>(683)</u>
Charge to profit or loss	<u>(1,245)</u>
Deferred tax liability at 31 December 2022	<u>(1,928)</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following analysis of the deferred tax balances (after offset) for financial reporting purposes, comprises fixed asset timing differences and other short-term timing differences. Deferred tax is fully recognised.

	2022	2021
	£'000	£'000
Deferred tax liability	<u>(1,928)</u>	<u>(683)</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21. CALLED UP SHARE CAPITAL

	2022	2021
	£'000	£'000
Authorised, allotted, called-up and fully paid		
2022: 284,559 (2021: 284,559) ordinary shares of £1 each	285	285

22. FINANCIAL COMMITMENTS

	2022	2021
	£'000	£'000
Capital commitments are as follows:		
Contracted for but not provided for		
-tangible assets	<u>5,695</u>	<u>3,217</u>

23. RETIREMENT BENEFIT SCHEMES

The company operates a defined contribution scheme operated under a contract-based Group Personal 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; this amounted to £1,663,584 (2021: £1,469,470). Contributions totalling £307,579 (2021: £251,225) were payable to the fund at the year-end and are included in creditors.

24. RELATED PARTY TRANSACTIONS

The company has taken advantage of the disclosure exemption permitted under FRS 101 from the requirement to disclose related party transactions within the group.

25. CONTROLLING PARTY

The ultimate parent company and controlling company is apetito AG, which is registered in Germany. The immediate parent company is apetito (U.K.) Holdings Limited, which is registered in England and Wales. Copies of the financial statements of apetito AG, which is the smallest and largest group apetito Limited is consolidated into, can be obtained from apetito AG, Postfach 1165, 48401, Rheine, Germany. Copies of the financial statements of apetito (U.K.) Holdings Limited can be obtained from its registered office at Canal Road, Trowbridge, Wiltshire, BA14 8RJ.

26. SUBSEQUENT EVENTS

Property Acquisition

On 9th March 2023 apetito acquired a property for £11.4m. This purchase has been financed by a loan provided by the ultimate parent company.