

Strategic Report
Report of the Directors and
Financial Statements
for the Year Ended 31 January 2021
for
GB INGREDIENTS LIMITED

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GB INGREDIENTS LIMITED

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for the year ended 31 January 2021

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GB INGREDIENTS LIMITED

Company Information
for the year ended 31 January 2021

Directors:

J F Chagnon
A Chagnon
F LeBlanc
V M Martins de Melo
J G Steenkamp

Secretary:

A Buck

Registered office:

Dock Road
Felixstowe
Suffolk
IP11 3QW

Registered number:

00269810 (England and Wales)

Auditors:

Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

GB INGREDIENTS LIMITED

Strategic Report for the year ended 31 January 2021

The directors present their strategic report for the year ended 31 January 2021.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

Review of business

Notwithstanding the uncertain environment created by Brexit and the Covid-19 pandemic the business was able to pre-empt some of the impacts and grew revenues for the 2020/21 period by 12% on the prior period to GBP 30.2 million. The higher sales activity coupled with efficiency improvements resulted in operating profits also improving significantly, from a GBP 0.19 million loss in the prior year to a GBP 1.21 million profit in the current period. Profit after interest and tax for the period was GBP 0.78 million.

Financial key performance indicators

We consider that our key performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, profitability, net assets and liquidity.

Development and performance

Turnover increased by some 12.0% on the previous year to £30.2m (2020: £26.9m). Direct production costs increased proportionally less than sales meaning the gross profit margin achieved for the year improved to 18.2% (2020: 17.3%). Savings were achieved in both distribution and administrative costs enabling a return to operating profit for the year of £1.2m (2020: operating loss of £0.2m). After interest and tax, the net profit for the year was £0.78m which has been retained and added to reserves brought forward. Net assets therefore stood at £4.8m as at 31 January 2021. The company continues to report a position of net current liabilities owing to the £12m loan from the parent company (see note 11) which, though technically repayable on demand and therefore included in creditors falling due less than one year, is not planned to be called for repayment in the foreseeable future (see note 2). Inclusive of the group loan facility, net current liabilities improved to £4.7m at 31 January 2021 (2020: £6.3m). Excluding the group loan, the company has net current assets of £7.3m (2020: £5.7m).

2021/22 outlook

Despite the structural changes caused by Covid-19 bread consumption is expected to remain static therefore limiting growth of yeast consumption in the domestic market. The directors expect another challenging year as the opening of the economy post Covid-19 results in the move of bread sales back to the high street and small bakers and the corresponding reversal of liquid yeast to plant bakeries. This reversal will be slow but create some volatility in yeast demand and increase competitive pressures.

Dry yeast sales were significantly higher during the last year due to increased demand both locally and internationally, the business was able to capitalize on this trend with available production capacity.

Principal risks and uncertainties

The business remains exposed to a competitive tender market, and in addition faces increasing costs because of substrate price increases.

The impact of the Covid-19 will continue to be felt on product mix as lock-down measure ease and foot traffic returns to town centers.

Although we avoided a "hard" Brexit, in its current form it will continue to add cost to imports originating from the EU, as well as add uncertainty to exports to the EU because of increasing supply chain costs arising from additional documentation and border checks.

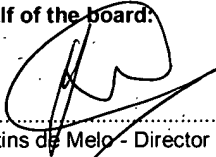
GB INGREDIENTS LIMITED

Strategic Report
for the year ended 31 January 2021

Research and development

The company has a continuing commitment to research and development. These activities are targeted to improve existing processes and to identify and exploit new product opportunities. The Company remains committed to identifying and developing, through an ongoing research and development programme, alternative products that will form a platform for the future long term sustainable growth of the Company.

On behalf of the board:



.....
V M Martins de Melo - Director

Date: 05 MAY 2021

GB INGREDIENTS LIMITED

Report of the Directors for the year ended 31 January 2021

The directors present their report with the financial statements of the company for the year ended 31 January 2021.

Principal activity

The principal activity of the company in the year under review was that of the production and distribution of yeast.

Dividends

No dividends will be distributed for the year ended 31 January 2021.

Directors

The directors shown below have held office during the whole of the period from 1 February 2020 to the date of this report.

J F Chagnon
A Chagnon
F LeBlanc
V M Martins de Melo
J G Steenkamp

Other changes in directors holding office are as follows:

Dr R M Chell - resigned 16 December 2020

Financial instruments

The company uses financial instruments including cash and borrowings, the main purpose of which are to raise finance for the Company's activities. It is the Company's policy not to enter into trading of a speculative nature in respect of financial instruments.

Price risk

The company is exposed to price risk on its raw material purchases.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit, using information supplied by independent rating agencies where available. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Cash flow and liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. The Company ensures that there are sufficient levels of committed facilities, cash and cash equivalents to ensure that the Company is, at all times, able to meet its financial commitments. Liquidity risk is managed by continuous monitoring of forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. The Company has no significant interest bearing assets and consequently, its income and cash flows are largely independent of changes in market interest rates. The interest bearing intercompany loan has a variable interest rate based upon the bank base rate and is therefore subject to fluctuations in such rates. The Company does not use interest rate swaps or other instruments to manage its interest rate exposure.

Disclosure in the strategic report

Certain disclosures required in the Report of the Directors have been covered in the Strategic Report on page 2.

GB INGREDIENTS LIMITED

Report of the Directors
for the year ended 31 January 2021

Statement of directors' responsibilities

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

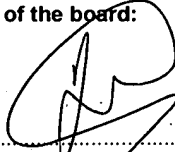
Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each 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.

Auditors

The auditors, Haines Watts Birmingham LLP, will be deemed to be re-appointed under section 487(2) of the Companies Act 2006.

On behalf of the board:



.....
V.M Martins de Melo - Director

Date: 05 MAY 2021

Report of the Independent Auditors to the Members of
GB Ingredients Limited

Opinion

We have audited the financial statements of GB Ingredients Limited (the 'company') for the year ended 31 January 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The directors' view on the ongoing impact of COVID-19 is disclosed in the accounting policies note.

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
GB Ingredients Limited

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 a Report of the Auditors 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:

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, UK GAAP (FRS102) and relevant tax legislation.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- making enquires of directors and management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

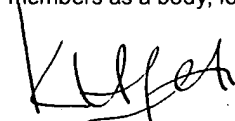
Whilst our audit did not identify any significant matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of
GB Ingredients Limited

Use of our report

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



Kevin Hodgetts (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

1 July 2021

GB INGREDIENTS LIMITED

Statement of Comprehensive Income
for the year ended 31 January 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	30,224	26,975
Cost of sales		(24,710)	(22,309)
Gross profit		5,514	4,666
Distribution costs		(2,836)	(3,134)
Administrative expenses		<u>(1,465)</u>	<u>(1,722)</u>
Operating profit/(loss)	5	1,213	(190)
Interest payable and similar expenses	6	<u>(192)</u>	<u>(192)</u>
Profit/(loss) before taxation		1,021	(382)
Tax on profit/(loss)	7	<u>(244)</u>	<u>99</u>
Profit/(loss) for the financial year		777	(283)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>777</u>	<u>(283)</u>

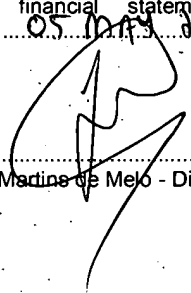
The notes form part of these financial statements

GB INGREDIENTS LIMITED (REGISTERED NUMBER: 00269810)

Balance Sheet
31 January 2021

	Notes	£'000	2021 £'000	2020 £'000
Fixed assets				
Tangible assets	8		9,931	10,728
Current assets				
Stocks	9	2,345		2,198
Debtors	10	5,072		5,689
Cash at bank		<u>2,487</u>		<u>408</u>
		9,904		8,295
Creditors				
Amounts falling due within one year	11	<u>14,578</u>		<u>14,641</u>
Net current liabilities			<u>(4,674)</u>	<u>(6,346)</u>
Total assets less current liabilities			5,257	4,382
Provisions for liabilities	13		<u>469</u>	<u>371</u>
Net assets			<u>4,788</u>	<u>4,011</u>
Capital and reserves				
Called up share capital	14		199	199
Share premium	15		1,600	1,600
Retained earnings	15		<u>2,989</u>	<u>2,212</u>
Shareholders' funds			<u>4,788</u>	<u>4,011</u>

The financial statements were approved by the Board of Directors and authorised for issue on 05 May 2021 and were signed on its behalf by:


V M Martins de Melo - Director

The notes form part of these financial statements

GB INGREDIENTS LIMITED

Statement of Changes in Equity
for the year ended 31 January 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 February 2019	199	2,495	1,600	4,294
Changes in equity				
Total comprehensive income	-	(283)	-	(283)
Balance at 31 January 2020	<u>199</u>	<u>2,212</u>	<u>1,600</u>	<u>4,011</u>
Changes in equity				
Total comprehensive income	-	777	-	777
Balance at 31 January 2021	<u>199</u>	<u>2,989</u>	<u>1,600</u>	<u>4,788</u>

The notes form part of these financial statements

GB INGREDIENTS LIMITED

Notes to the Financial Statements **for the year ended 31 January 2021**

1. Statutory information

GB Ingredients Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company's immediate parent Lallemand UK Limited includes the company in its consolidated financial statements prepared under FRS 102. The company's ultimate parent undertaking, Lallemand Inc., also includes the company in its ultimate group consolidated financial statements which are prepared in accordance with Canadian GAAP Reporting Standards.

Going concern

The company's business activities, with the factors likely to affect its future development, performance and position, are set out in the business review on page 2.

The directors have considered the financial resources, performance, and future development of the company in order to determine the appropriate basis of preparation of these financial statements.

The company is funded via a £12 million promissory note from its immediate parent company, Lallemand UK Limited. Whilst this is repayable on demand, Lallemand UK Limited has indicated that it will not call this for payment for at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors' acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors have assessed the cash needs of the company for the foreseeable future based on the company's expected revenue and cost base and consider that the company can operate within the available facilities for the foreseeable future.

Impact of COVID-19

In response to the ongoing impact of the pandemic, the directors have further considered their cash flow analysis to take into account the impact on the business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, and together with the current resources available, the directors have concluded that they can continue to adopt the going concern assumption as the basis of preparation of the financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

GB INGREDIENTS LIMITED

Notes to the Financial Statements - continued for the year ended 31 January 2021

2. **Accounting policies - continued**

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors' to exercise judgement in applying the Company's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Stock provisions

A provision is incorporated into the financial statements to reflect obsolete and slow moving stock. This is calculated on a line by line basis based on management's knowledge of the items and the results of quality testing.

Depreciation

Depreciation is calculated based on an estimate of the useful life of each category of tangible fixed assets. The directors review the period and method of depreciation when events and circumstances indicate that the useful economic life may have changed since the last reporting date.

Turnover

Turnover represents amounts invoiced to customers, net of value added tax and trade discounts, for products and services supplied.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. This is usually at the point that the customer or delivery company has signed for the delivery of the goods.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Land and buildings	-	40 years or over the lease term if this is less
Plant and machinery	-	3 to 15 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is based on the weighted average principle for all products except one which is based on the first in first out principle, and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

GB INGREDIENTS LIMITED

Notes to the Financial Statements - continued
for the year ended 31 January 2021

2. Accounting policies - continued

Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

GB INGREDIENTS LIMITED

Notes to the Financial Statements - continued
for the year ended 31 January 2021

3. Turnover

The turnover and profit (2020 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2021 £'000	2020 £'000
United Kingdom	20,878	19,743
Other	<u>9,346</u>	<u>7,232</u>
	<u>30,224</u>	<u>26,975</u>

4. Employees and directors

	2021 £'000	2020 £'000
Wages and salaries	2,726	2,422
Social security costs	301	272
Other pension costs	<u>228</u>	<u>214</u>
	<u>3,255</u>	<u>2,908</u>

The average number of employees during the year was as follows:

	2021	2020
Production, selling and administration	<u>57</u>	<u>56</u>

	2021 £'000	2020 £'000
Directors' remuneration	162	142
Directors' pension contributions to money purchase schemes	<u>12</u>	<u>12</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2021	2020
Money purchase schemes	<u>1</u>	<u>1</u>

All directors other than two were remunerated by Lallemand Group Companies during the current and previous years:

5. Operating profit/(loss)

The operating profit (2020 - operating loss) is stated after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation - owned assets	1,277	1,202
Auditors' remuneration	19	16
Foreign exchange differences	(134)	74
Operating lease payments - plant and machinery	350	351
Hire of plant and equipment	34	68
Operating lease payments - land and buildings	<u>3</u>	<u>-</u>

6. Interest payable and similar expenses

	2021 £'000	2020 £'000
Interest payable	<u>192</u>	<u>192</u>

GB INGREDIENTS LIMITED

Notes to the Financial Statements - continued
for the year ended 31 January 2021

7. Taxation

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2021	2020
	£'000	£'000
Current tax:		
UK corporation tax	157	
Group relief recoverable	-	(318)
Adjustment in respect of prior periods	<u>(11)</u>	<u>(47)</u>
Total current tax	<u>146</u>	<u>(365)</u>
Deferred tax:		
Deferred tax	88	224
Adjustment in respect of prior periods	<u>10</u>	<u>42</u>
Total deferred tax	<u>98</u>	<u>266</u>
Tax on profit/(loss)	<u><u>244</u></u>	<u><u>(99)</u></u>

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£'000	£'000
Profit/(loss) before tax	<u>1,021</u>	<u>(382)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	194	(73)
Effects of:		
Expenses not deductible for tax purposes	-	1
Adjustments to tax charge in respect of previous periods	44	(5)
Fixed asset differences	6	4
Other timing differences	<u>-</u>	<u>(26)</u>
Total tax charge/(credit)	<u><u>244</u></u>	<u><u>(99)</u></u>

GB INGREDIENTS LIMITED

Notes to the Financial Statements - continued
for the year ended 31 January 2021

8. Tangible fixed assets

	Freehold property £'000	Plant and machinery £'000	Totals £'000
Cost			
At 1 February 2020	2,896	35,054	37,950
Additions	-	480	480
At 31 January 2021	<u>2,896</u>	<u>35,534</u>	<u>38,430</u>
Depreciation			
At 1 February 2020	2,834	24,388	27,222
Charge for year	8	1,269	1,277
At 31 January 2021	<u>2,842</u>	<u>25,657</u>	<u>28,499</u>
Net book value			
At 31 January 2021	<u>54</u>	<u>9,877</u>	<u>9,931</u>
At 31 January 2020	<u>62</u>	<u>10,666</u>	<u>10,728</u>

9. Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	1,268	1,247
Finished goods and goods for resale	<u>1,077</u>	<u>951</u>
	<u>2,345</u>	<u>2,198</u>

10. Debtors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade debtors	4,282	4,341
Amounts owed by group undertakings	332	763
VAT	239	313
Prepayments and accrued income	<u>219</u>	<u>272</u>
	<u>5,072</u>	<u>5,689</u>

11. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	812	898
Amounts owed to group undertakings	12,300	12,421
Tax	157	-
Social security and other taxes	8	9
Accruals and deferred income	<u>1,301</u>	<u>1,313</u>
	<u>14,578</u>	<u>14,641</u>

Included within amounts owed to group undertakings is a £12,000,000 intercompany loan from Lallemand UK Limited repayable on demand. This loan accrues interest at LIBOR + 0.85%.

GB INGREDIENTS LIMITED

Notes to the Financial Statements - continued
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12. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£'000	£'000
Within one year	20	132
Between one and five years	27	20
In more than five years	<u>108</u>	<u>111</u>
	<u>155</u>	<u>263</u>

13. Provisions for liabilities

	2021	2020
	£'000	£'000
Deferred tax		
Accelerated capital allowances	503	392
Other timing differences	<u>(34)</u>	<u>(21)</u>
	<u>469</u>	<u>371</u>

	Deferred tax
	£'000
Balance at 1 February 2020	371
Charge to Statement of Comprehensive Income during year	88
Prior year adjustment	<u>10</u>
Balance at 31 January 2021	<u>469</u>

14. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£'000	£'000
199,001	Ordinary	1	<u>199</u>	<u>199</u>

15. Reserves

	Retained earnings	Share premium	Totals
	£'000	£'000	£'000
At 1 February 2020	2,212	1,600	3,812
Profit for the year	<u>777</u>		<u>777</u>
At 31 January 2021	<u>2,989</u>	<u>1,600</u>	<u>4,589</u>

16. Pension commitments

The company makes contributions to personal defined contribution pension schemes in respect of certain employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company to the fund and amounted to £228,000 during the year (2020: £214,000). There was no balance outstanding payable to the schemes as at 31 January 2021 or 31 January 2020.

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17. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

18. Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Lallemand UK Limited. The ultimate controlling party is Lallemand Incorporated, a company incorporated in Canada, which the directors regard as the ultimate holding company and controlling party. Lallemand Incorporated is the largest group to consolidate these financial statements and Lallemand UK Limited is the smallest group in which they are consolidated. The consolidated financial statements of Lallemand UK Limited are available to the public and may be obtained at Companies House.