

**FOLD HILL FOODS LIMITED**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

Dexter & Sharpe Audit Services Ltd  
(Statutory Auditor)  
Rollestone House  
Bridge Street  
Horncastle  
Lincolnshire  
LN9 5HZ



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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**FOLD HILL FOODS LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**DIRECTORS:** J E Grant  
A J Grant  
P G Wynn

**SECRETARY:** J E Grant

**REGISTERED OFFICE:** Fold Hill  
Old Leake  
Boston  
Lincolnshire  
PE22 9PJ

**REGISTERED NUMBER:** 01426126 (England and Wales)

**AUDITORS:** Dexter & Sharpe Audit Services Ltd  
(Statutory Auditor)  
Rollestone House  
Bridge Street  
Horncastle  
Lincolnshire  
LN9 5HZ

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

The principal activity of the company in the year under review was the manufacture of pet food and the marketing thereof to the retail trade.

**REVIEW OF BUSINESS**

There was a decrease in turnover of 6.7% during the year with gross profit margin decreasing by 8%.

The company continues to develop its product base with the objective of generating additional turnover.

In June 2021, the company were made aware of an increase in the cases of feline pancytopenia which unfortunately resulted in the deaths of a number of cats. Government bodies and some customers brought pressure to stop certain lines of goods being produced and also implemented a product recall. Extensive testing and reports were undertaken and no direct link to the company or its food was established. However, the reduction in activity, the product recalled, and the packaging stocks written off have had a significant financial impact on the 2021 results of the company. The process to recover these amounts continues and will take many months to reach its final conclusion.

The financial strength of the company prior to the pancytopenia incident has enabled it to continue to trade without interruption, to strengthen alternative markets and concentrate on the core customer base. The fact that the company is part of the J W Grant Co group and has been and will be supported by the other trading members of the group adds considerable comfort to the future plans of the Pet Food sector of the organisation.

Other than the provisions already made in the attached financial statements, it is impossible at this stage to quantify the financial impact of the issue or the final amount or proportion of costs incurred that will be recovered.

Having reviewed the forecasts showing the company concentrating on its strengths the group is satisfied that the company can look forward to a positive future after this unexpected event.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company operates in a challenging economic climate in which the price expectations of our customers have to be balanced against the volatility of the key raw material prices. The management of the company's business and the execution of the company's strategies are subject to a number of risks:

- The volatility of raw material prices;
- The pressures on labour costs;
- The requirement to constantly upgrade equipment and invest in new equipment as new products are developed;
- The reliance on a few key customers to generate the current level of turnover.

These risks user being addressed by :

- Working closely with our customers to ensure that we understand their needs and continue to offer competitive products and prices;
- Continued development of and further diversification of the product range so that the products remain attractive to both current and prospective customers;
- Investment in plant and equipment and engineers, so that production remains efficient and forecast volumes are achievable. Further investment in production planning and scheduling software and processes.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company uses various financial instruments including cash, hire purchase agreements and items such as trade debtors and trade creditors that arise directly from its operations, the main purpose of which is to ensure liquidity for the company's activities. Certain overseas suppliers are paid in foreign currency. Forward currency contract derivatives may be taken out from time to time to hedge against the cash flow risk, following an assessment of the cash flows. These financial instruments expose the company to a number of financial risks, as set out below along with the means in which the company manages its exposures in these areas.

**Interest rate risk**

The company has no bank overdrafts or bank borrowings.

**Liquidity risks**

The company manages its financial risk by ensuring it has enough liquidity available to meet its operating commitments through operating cash inflows and hire purchase facilities.

**Credit risk**

The company's main financial assets are cash and trade debtors. The main credit risk is linked to trade debtors, albeit, this is mitigated as the customers tend to be "blue chip". The company's aim is to minimise the risk of doubtful debts through the use of credit agencies, trade references and general experience of the industry. A proactive approach to debt collection is adopted with accounts processed regularly for obtaining payments, with collection history, and credit limits being reviewed on an ongoing basis.

**KEY PERFORMANCE INDICATORS**

We consider our key performance indicators to be measured by both turnover and operating profit. Both turnover and operating profit have decreased as discussed in the Business Review above.

**ON BEHALF OF THE BOARD:**



J E Grant - Director

28 September 2022

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**DIVIDENDS**

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

**RESEARCH AND DEVELOPMENT**

The company continues to research new recipes as part of its development into the dried pet food sector. A research laboratory and research team have been established specifically for this purpose.

**DIRECTORS**

The directors set out in the table below have held office during the whole of the period from 1 January 2021 to the date of this report.

The beneficial interests of the directors holding office at 31 December 2021 in the shares of the company, according to the register of directors' interests, were as follows:

	31.12.21	1.1.21
<b>"B" ordinary shares of £1 each</b>		
J E Grant	1	1
A J Grant	1	1
P G Wynn	-	-

These directors did not hold any beneficial interests in the "A" ordinary shares of £1 each.

These directors did not hold any non-beneficial interests in any of the shares of the company.

**DISCLOSURE IN THE STRATEGIC REPORT**

The Financial Risk Management Objectives and Policies, Principal Risks and Uncertainties and The Review of the Business and Future Development are covered in the Strategic Report.

**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.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**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, Dexter & Sharpe Audit Services Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



J E Grant - Director

28 September 2022

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FOLD HILL FOODS LIMITED**

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### **Opinion**

We have audited the financial statements of Fold Hill Foods Limited (the 'company') for the year ended 31 December 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 December 2021 and of its loss 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.

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 FOLD HILL FOODS LIMITED**

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### **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 four, 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.

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

We have enquired of those charged with governance around actual and potential litigation and claims.

We have reviewed financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Enquired of staff engaged in the completion of VAT, tax and compliance work to identify any instances of non compliance with laws and regulations.

Audited the risk of management override of controls including review of journal entries and large or unusual transaction, evaluating the business rationale of any significant transactions outside the course of business.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
FOLD HILL FOODS LIMITED**

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Mrs Nicola Michelle Lenton F.C.C.A. (Senior Statutory Auditor)  
for and on behalf of Dexter & Sharpe Audit Services Ltd  
(Statutory Auditor)  
Rollestone House  
Bridge Street  
Horncastle  
Lincolnshire  
LN9 5HZ

Date: .....28.9.22.....

**STATEMENT OF COMPREHENSIVE  
INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>		<b>22,921,988</b>	<b>24,579,081</b>
Cost of sales		<u>21,889,110</u>	<u>21,515,133</u>
<b>GROSS PROFIT</b>		<b>1,032,878</b>	<b>3,063,948</b>
Distribution costs		1,836,209	1,598,037
Administrative expenses		<u>2,763,670</u>	<u>1,398,595</u>
		<b>4,599,879</b>	<b>2,996,632</b>
		<b>(3,567,001)</b>	<b>67,316</b>
Other operating income		<u>-</u>	<u>18,796</u>
<b>OPERATING (LOSS)/PROFIT</b>	<b>3</b>	<b>(3,567,001)</b>	<b>86,112</b>
Interest receivable and similar income		<u>165</u>	<u>2,342</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(3,566,836)</b>	<b>88,454</b>
Tax on (loss)/profit	<b>4</b>	<u>(452,123)</u>	<u>189,977</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(3,114,713)</b>	<b>(101,523)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>(3,114,713)</u></b>	<b><u>(101,523)</u></b>

The notes form part of these financial statements

**FOLD HILL FOODS LIMITED (REGISTERED NUMBER: 01426126)**

**BALANCE SHEET  
31 DECEMBER 2021**

		<b>2021</b>		<b>2020</b>	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	5		12,189		19,469
Tangible assets	6		4,322,109		4,759,504
Investments	7		605,052		605,052
			<u>4,939,350</u>		<u>5,384,025</u>
<b>CURRENT ASSETS</b>					
Stocks	8	3,741,692		3,745,850	
Debtors	9	8,344,477		7,728,432	
Cash at bank and in hand		27,884		2,186,672	
		<u>12,114,053</u>		<u>13,660,954</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	10	5,661,312		4,189,889	
<b>NET CURRENT ASSETS</b>			<u>6,452,741</u>		<u>9,471,065</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>11,392,091</u>		<u>14,855,090</u>
<b>PROVISIONS FOR LIABILITIES</b>	13		-		(438,133)
<b>ACCRUALS AND DEFERRED INCOME</b>	14		(394,551)		(304,704)
<b>NET ASSETS</b>			<u><u>10,997,540</u></u>		<u><u>14,112,253</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		10		10
Retained earnings	16		10,997,530		14,112,243
<b>SHAREHOLDERS' FUNDS</b>			<u><u>10,997,540</u></u>		<u><u>14,112,253</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2022 and were signed on its behalf by:



J E Grant - Director

The notes form part of these financial statements

**FOLD HILL FOODS LIMITED (REGISTERED NUMBER: 01426126)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2020</b>	10	14,213,766	14,213,776
<b>Changes in equity</b>			
Total comprehensive income	-	(101,523)	(101,523)
<b>Balance at 31 December 2020</b>	10	14,112,243	14,112,253
<b>Changes in equity</b>			
Total comprehensive income	-	(3,114,713)	(3,114,713)
<b>Balance at 31 December 2021</b>	10	10,997,530	10,997,540

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. 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 financial statements have been prepared on a going concern basis in accordance with applicable accounting policies.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemption 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.

**Preparation of consolidated financial statements**

The financial statements contain information about Fold Hill Foods Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, J W Grant, Fold Hill, Old Leake, Boston. Lincolnshire PE22 9PJ.

**Significant judgements and estimates**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the judgement of the directors a key estimate relates to stock provisioning, where it is possible that the outcome may differ to the estimates made.

The company manufactures and packs dog biscuits for sale. Certain of the raw materials used and products manufactured have a shelf life. Packaging stocks have to be managed to suit current product ranges. These risks are managed to reduce obsolete stock to a minimum and provision is made for slow and obsolete stocks.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Analysis of turnover by market is not disclosed as the directors consider that such disclosure would be seriously prejudicial to the business.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2003, is being amortised evenly over its estimated useful life of twenty years.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Knowhow is being amortised evenly over its estimated useful life of nil years.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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1. ACCOUNTING POLICIES - continued

**Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the separable net assets. It is amortised to profit and loss account over 20 years.

Know-how represents the purchase of established methods of production. It is amortised to profit and loss over 4 years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Buildings	- 2% on cost
Plant and machinery	- 15% on cost and 10% on cost
Motor vehicles	- 25% on reducing balance

The directors have reviewed the depreciation estimate for land and buildings and feel that 2% is a more reasonable rate of depreciation considering the age and condition of the building.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Stocks**

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

Costs include all direct costs and an appropriate proportion of fixed and variable overheads.

**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.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. ACCOUNTING POLICIES - continued****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.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

**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.

**Government grants**

Grants received to fund the purchase of fixed tangible assets are included within provisions as deferred assets, and are credited to the profit and loss account over the expected lives of the related assets.

**Operating leases**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to profit and loss account as incurred.

**2. EMPLOYEES AND DIRECTORS**

	2021 £	2020 £
Wages and salaries	3,859,847	4,136,309
Social security costs	351,900	376,606
Other pension costs	183,062	167,156
	<u>4,394,809</u>	<u>4,680,071</u>

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

	2021	2020
Directors	2	2
Managers	10	10
Administration	15	16
Operatives	106	120
	<u>133</u>	<u>148</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. EMPLOYEES AND DIRECTORS - continued**

	2021	2020
	£	£
Directors' remuneration	65,000	65,000
Directors' pension contributions to money purchase schemes	461	-
	<u>65,461</u>	<u>65,000</u>

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

Money purchase schemes	2	2
	<u>2</u>	<u>2</u>

**3. OPERATING (LOSS)/PROFIT**

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

	2021	2020
	£	£
Depreciation - owned assets	716,226	723,297
Depreciation - assets on hire purchase contracts or finance leases	-	2,545
Profit on disposal of fixed assets	-	(2,030)
Goodwill amortisation	7,280	7,428
Auditors' remuneration	13,000	12,000
Auditors' remuneration for non audit work	7,059	13,270
Foreign exchange differences	(1,396)	2,304
Amortisation of grants	-	(78,611)
	<u>731,869</u>	<u>879,193</u>

**4. TAXATION****Analysis of the tax (credit)/charge**

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

	2021	2020
	£	£
Current tax:		
Under / (Overprovision) in previous year	(13,990)	-
Deferred tax	(438,133)	189,977
Tax on (loss)/profit	<u>(452,123)</u>	<u>189,977</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. TAXATION - continued****Reconciliation of total tax (credit)/charge 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 £
(Loss)/profit before tax	<u>(3,566,836)</u>	<u>88,454</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(677,699)	16,806
Effects of:		
Expenses not deductible for tax purposes	-	(386)
Income not taxable for tax purposes	-	(445)
Capital allowances in excess of depreciation	-	(18,143)
Depreciation in excess of capital allowances	27,524	-
Utilisation of tax losses	-	445
Adjustments to tax charge in respect of previous periods	(13,990)	-
Deferred tax movement	(438,133)	10,432
Adjustment to tax charge in respect of prior years	-	179,545
Losses carried forward	<u>650,175</u>	<u>1,723</u>
Total tax (credit)/charge	<u>(452,123)</u>	<u>189,977</u>

**5. INTANGIBLE FIXED ASSETS**

	Goodwill £	Knowhow £	Totals £
<b>COST</b>			
At 1 January 2021			
and 31 December 2021	<u>148,563</u>	<u>173,686</u>	<u>322,249</u>
<b>AMORTISATION</b>			
At 1 January 2021	129,094	173,686	302,780
Amortisation for year	<u>7,280</u>	<u>-</u>	<u>7,280</u>
At 31 December 2021	<u>136,374</u>	<u>173,686</u>	<u>310,060</u>
<b>NET BOOK VALUE</b>			
At 31 December 2021	<u>12,189</u>	<u>-</u>	<u>12,189</u>
At 31 December 2020	<u>19,469</u>	<u>-</u>	<u>19,469</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. TANGIBLE FIXED ASSETS**

	Buildings £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 January 2021	4,189,605	16,874,593	144,403
Additions	52,865	200,866	-
Reclassification/transfer	-	-	(21,840)
At 31 December 2021	4,242,470	17,075,459	122,563
<b>DEPRECIATION</b>			
At 1 January 2021	2,902,258	13,440,416	136,767
Charge for year	27,933	668,828	-
Reclassification/transfer	(12,796)	24,307	(14,204)
At 31 December 2021	2,917,395	14,133,551	122,563
<b>NET BOOK VALUE</b>			
At 31 December 2021	1,325,075	2,941,908	-
At 31 December 2020	1,287,347	3,434,177	7,636
	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 January 2021	19,938	50,750	21,279,289
Additions	-	25,100	278,831
Reclassification/transfer	-	21,840	-
At 31 December 2021	19,938	97,690	21,558,120
<b>DEPRECIATION</b>			
At 1 January 2021	19,502	20,842	16,519,785
Charge for year	8	19,457	716,226
Reclassification/transfer	404	2,289	-
At 31 December 2021	19,914	42,588	17,236,011
<b>NET BOOK VALUE</b>			
At 31 December 2021	24	55,102	4,322,109
At 31 December 2020	436	29,908	4,759,504

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	<b>Plant and machinery £</b>
<b>COST</b>	
At 1 January 2021	
and 31 December 2021	<u>25,452</u>
<b>DEPRECIATION</b>	
At 1 January 2021	
and 31 December 2021	<u>4,371</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u><u>21,081</u></u>
At 31 December 2020	<u><u>21,081</u></u>

**7. FIXED ASSET INVESTMENTS**

	<b>Shares in group undertakings £</b>
<b>COST</b>	
At 1 January 2021	
and 31 December 2021	<u>605,052</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u><u>605,052</u></u>
At 31 December 2020	<u><u>605,052</u></u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Superior Pet Products Limited**  
Registered office: United Kingdom  
Nature of business: Dormant

	%		
Class of shares:	holding	2021	2020
Ordinary	100.00	<u><u>£ 1</u></u>	<u><u>£ 1</u></u>
Aggregate capital and reserves			

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**7. FIXED ASSET INVESTMENTS - continued****Pointer Pet Products Limited**

Registered office: United Kingdom

Nature of business: Manufacture of pet food

	%	2021	2020
Class of shares:	holding	£	£
'A' ordinary	100.00	1,621,160	1,422,630
'B' ordinary	100.00	198,530	211,489
Aggregate capital and reserves		<u>1,819,690</u>	<u>1,634,119</u>
Profit for the year		<u>198,530</u>	<u>211,489</u>

**Fold Hill Foods (Liverpool) Limited**

Registered office: United Kingdom

Nature of business: Manufacture of pet food

	%	2021	2020
Class of shares:	holding	£	£
Ordinary	100.00	1,089,095	1,079,682
Aggregate capital and reserves		9,413	154,286
Profit for the year		<u>9,413</u>	<u>154,286</u>

**8. STOCKS**

	2021	2020
	£	£
Raw materials	2,545,636	2,378,345
Finished goods	1,196,056	1,367,505
	<u>3,741,692</u>	<u>3,745,850</u>

**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Trade debtors	5,361,548	5,119,174
Amounts owed by group undertakings	2,106,684	2,258,921
Other debtors	876,245	350,337
	<u>8,344,477</u>	<u>7,728,432</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Trade creditors	2,967,627	2,254,928
Amounts owed to group undertakings	1,381,389	879,387
Social security and other taxes	189,629	235,613
Other creditors	1,017,546	741,524
Directors' current accounts	105,121	78,437
	<u>5,661,312</u>	<u>4,189,889</u>

**11. LEASING AGREEMENTS**

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

	2021	2020
	£	£
Within one year	27,909	27,909
Between one and five years	76,677	104,586
	<u>104,586</u>	<u>132,495</u>

**12. SECURED DEBTS**

The following secured debts are included within creditors:

2021	2020
£	£
<u>          </u>	<u>          </u>

**13. PROVISIONS FOR LIABILITIES**

	2021	2020
	£	£
Deferred tax	<u>-</u>	<u>438,133</u>
		<b>Deferred tax</b>
		<b>£</b>
Balance at 1 January 2021		438,133
Provided during year		<u>(438,133)</u>
Balance at 31 December 2021		<u>-</u>

**14. ACCRUALS AND DEFERRED INCOME**

	2021	2020
	£	£
Deferred government grants	<u>394,551</u>	<u>304,704</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
8	"A" ordinary	£1	8	8
2	"B" ordinary	£1	2	2
			<u>10</u>	<u>10</u>

**16. RESERVES**

	Retained earnings £
At 1 January 2021	14,112,243
Deficit for the year	(3,114,713)
At 31 December 2021	<u>10,997,530</u>

**17. ULTIMATE PARENT COMPANY**

The ultimate holding company is J.W. Grant Co, a company incorporated in Great Britain and registered in England and Wales.

**18. CONTINGENT LIABILITIES**

The company's bankers hold an unlimited guarantee to secure the liabilities of J.W. Grant Co. - its parent company - and that company's other subsidiary companies. At 31 December 2021 J. W Grant Co had bank loans amounting to £90,349 (31 December 2020 £143,416). There is also a guarantee for £56,400 in favour of H M Revenue and Customs which would fall due only on default of payment of input tax on imported machinery.

**19. RELATED PARTY DISCLOSURES**

Goods and services to a value of £1,074,729 (2020 £1,147,730) were purchased from J W Grant Co, the ultimate parent company, during the year.

At 31 December 2021 £1,510,015 (2020 £1,407,863) was due by J W Grant Co .

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**20. POST BALANCE SHEET EVENTS**

As can be seen from the financial statements Fold Hill Foods Ltd has had a difficult trading year, Covid initially made it tough and complicated for all employers with this company's production being particularly affected by reduced staff numbers due to lock downs and other Covid issues.

In addition to the difficulties caused by Covid the company was then adversely affected by an incident with regards to an increase in cases of feline pancytopenia which resulted in the deaths of a number of cats. The reaction of the public and the media led to the FSA and some of our customers issuing product recalls without any link to our foods having been established. During the time whilst Fold Hill Foods Ltd products were being tested they had a downturn in turnover and suffered some one off exceptional costs, for example additional security costs because of threats being made to the factory, packaging and finished goods were written off, product analysis fees, consultancy fees, legal fees, large bad debts etc.

The result of the extensive testing has shown that there was no direct link to the company or its food in relation to the outbreak of feline pancytopenia. Unfortunately, despite this result being announced, the company has still suffered financial issues never experienced by the company before which still remain unresolved.

Since the year end the company has been working hard on these financial issues caused by the product recall and to help recover and correct the financial loss for something the company was not guilty of.

Fold Hill Foods Ltd can rely on the support of its parent company, J W Grant Co and this support, together with its previous years' trading success and positive forecasts for the current and future years means that the company can look forward to a positive future.