

Summit Foods Limited

Annual Report and Financial Statements

for the Year Ended 29 February 2020



Forrester Boyd
Chartered Accountants
26 South Saint Mary's Gate
Grimsby
North East Lincolnshire
DN31 1LW



Summit Foods Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 7
Statement of Income and Retained Earnings	8
Balance Sheet	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 to 19



Summit Foods Limited

Company Information

Directors

A Hayes

J Beach

C Wright

R Firth

Registered office

Unit 170

Walton Summit Road

Bamber Bridge

Preston

PR5 8AH

Auditors

Forrester Boyd

Chartered Accountants

26 South Saint Mary's Gate

Grimsby

North East Lincolnshire

DN31 1LW



Summit Foods Limited

Strategic Report for the Year Ended 29 February 2020

The directors present their strategic report for the year ended 29 February 2020.

Principal activity

The principal activity of the company is the manufacturing and distribution of extended life food products and frozen meat and snack products.

Fair review of the business

The current period shows turnover of £18.0m which is 13.8% up compared to the 2019 results.

The increase in turnover has been achieved whilst maintaining the Company's excellent relationships with its core customer base consisting of many large blue chip Companies.

A gross profit of £5.3m has been achieved at a rate of 29.72% which is 1.9% up from the previous period, highlighting the strong processes and controls in place.

When dividends received from a subsidiary in the prior year are excluded, profit before tax has increased from £442k to £1m, achieving a rate of 5.6% which is up 2.8% from the previous period.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Turnover	£	17,962,819	15,791,343
Gross profit	£	5,338,733	4,398,598
Gross margin	%	30	28
Profit/(loss) before tax	£	1,010,651	3,697,100

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are the continued turbulent retail environment and maintaining margins against increases in raw material prices and associated costs influenced by the uncertainty caused by Brexit.

There is an ongoing uncertainty at the time of the approval of the financial statements over the impact of Brexit on the Company and the industry as a whole. It is still difficult to predict the impact to the Company of the UK leaving the European Union due to the number of potential scenarios still possible at the time of sign off but the directors are confident that the business will continue to trade profitably regardless of the outcome.

The directors continue to use their expertise and knowledge of the industry in order to minimise risks and develop new sales opportunities as well as maximise existing product areas and avenues of revenue.

Uncertainties relating to the emergence of Covid-19

During the COVID pandemic the Directors have focused on three main priorities:

- keeping our people safe
- feeding the UK
- protecting our business

The directors have assessed the financial and operational implications of the Covid-19 pandemic on the company, following an assessment of the potential impact on its operations by the directors no such entry has been deemed to be required in the accounts. The directors have concluded that although it is not possible at this stage to quantify the impact within a reasonable range, the impact short-term has been low and limited to operational challenges such as staff absences and delays in supply resulting from the outbreak. With a low exposure in the company to the Foodservice channel and some good gains seen in our key Food To Go markets, the company has not financially been negatively affected by Covid-19.

The duration of the pandemic and the speed of the economic recovery will ultimately be significant drivers of the longer-term impact of the current crisis.



Summit Foods Limited

Strategic Report for the Year Ended 29 February 2020

Approved by the Board on 1 September 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'J Beach', written over a dotted line.

J Beach
Director



Summit Foods Limited

Directors' Report for the Year Ended 29 February 2020

The directors present their report and the financial statements for the year ended 29 February 2020.

Directors of the company

The directors who held office during the year were as follows:

A Hayes

J Beach

C Wright

R Firth

Financial instruments

Objectives and policies

The Company's main financial instruments comprise cash and bank deposits as well as an invoice discounting facility. These sit alongside trade debtors and creditors that arise directly from Company operations.

The objectives of the directors are to meet ongoing working capital requirements using such instruments whilst ensuring the financial terms associated are as advantageous as possible to the Company.

Price risk, credit risk, liquidity risk and cash flow risk

In respect of bank facilities the Company receives 'up front' funding on debts through the invoice discounting facility however all debts are subject to scrutiny internally through credit checks and limits imposed as well as external reviews by the funding provider.

The company operates within its funding limits and manages liquidity risk through the flexibility of the instruments held which allow the Company to draw down funds as required and meet all working capital requirements.

Credit risk associated with debtors is managed by ongoing monitoring with customers offered credit terms based on their risk profile. The amounts presented in the Statement of Financial Position reflect debtors net of allowances for doubtful debts estimated by the management based on prior experience of the customers and their assessment of the current economic climate.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 1 September 2020 and signed on its behalf by:

.....
J Beach
Director



Summit Foods Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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



Summit Foods Limited

Independent Auditor's Report to the Members of Summit Foods Limited

Opinion

We have audited the financial statements of Summit Foods Limited (the 'company') for the year ended 29 February 2020, which comprise the Statement of Income and Retained Earnings, Balance Sheet, Statement of Cash Flows, 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 29 February 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 there is a material misstatement in the financial statements or a material 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 in this regard.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.



Summit Foods Limited

Independent Auditor's Report to the Members of Summit Foods Limited

Matters on which we are required to report by exception

In the light of our 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 and the Directors' Report.

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 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Use of our report

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

Kevin Hopper BFP FCA (Senior Statutory Auditor)
For and on behalf of Forrester Boyd, Statutory Auditor

26 South Saint Mary's Gate
Grimsby
North East Lincolnshire
DN31 1LW

1 September 2020



Summit Foods Limited

Statement of Income and Retained Earnings for the Year Ended 29 February 2020

	Note	2020 £	2019 £
Turnover	3	17,962,819	15,791,343
Cost of sales		<u>(12,624,086)</u>	<u>(11,392,745)</u>
Gross profit		5,338,733	4,398,598
Administrative expenses		(3,345,316)	(3,109,064)
Other operating income/(expenditure)		<u>(927,327)</u>	<u>(772,429)</u>
Operating profit	4	<u>1,066,090</u>	<u>517,105</u>
Income from shares in group undertakings		-	3,254,869
Interest payable and similar charges	5	<u>(55,439)</u>	<u>(74,874)</u>
		<u>(55,439)</u>	<u>3,179,995</u>
Profit before tax		1,010,651	3,697,100
Taxation	8	<u>(169,766)</u>	<u>(96,835)</u>
Profit for the financial year		840,885	3,600,265
Retained earnings brought forward		1,961,847	3,616,451
Dividends paid		<u>(800,000)</u>	<u>(5,254,869)</u>
Retained earnings carried forward		<u><u>2,002,732</u></u>	<u><u>1,961,847</u></u>



Summit Foods Limited

(Registration number: 01431247)

Balance Sheet as at 29 February 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	9	500	500
Tangible assets	10	545,733	453,139
		<u>546,233</u>	<u>453,639</u>
Current assets			
Stocks	11	985,335	1,054,898
Debtors	12	4,679,164	8,426,422
Cash at bank and in hand		161,574	72,764
		<u>5,826,073</u>	<u>9,554,084</u>
Creditors: Amounts falling due within one year	14	<u>(3,736,478)</u>	<u>(7,406,490)</u>
Net current assets		<u>2,089,595</u>	<u>2,147,594</u>
Total assets less current liabilities		<u>2,635,828</u>	<u>2,601,233</u>
Creditors: Amounts falling due after more than one year	14	(551,857)	(580,160)
Provisions for liabilities	15	<u>(79,239)</u>	<u>(57,226)</u>
Net assets		<u>2,004,732</u>	<u>1,963,847</u>
Capital and reserves			
Called up share capital		2,000	2,000
Profit and loss account	18	<u>2,002,732</u>	<u>1,961,847</u>
Total equity		<u>2,004,732</u>	<u>1,963,847</u>

Approved and authorised by the Board on 1 September 2020 and signed on its behalf by:

J Beach
Director



Summit Foods Limited

Statement of Cash Flows for the Year Ended 29 February 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		840,885	3,600,265
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	263,030	382,323
Profit on disposal of tangible assets		(1,271)	(150)
Finance income		-	(3,254,869)
Finance costs	5	55,439	74,874
Income tax expense	8	169,766	96,835
		<u>1,327,849</u>	<u>899,278</u>
Working capital adjustments			
Decrease/(increase) in stocks	11	69,563	(475,855)
Decrease/(increase) in trade debtors	12	3,747,258	(3,475,691)
(Decrease)/increase in trade creditors	14	<u>(3,364,354)</u>	<u>4,523,427</u>
Cash generated from operations		1,780,316	1,471,159
Income taxes paid	8	<u>(113,732)</u>	<u>(348)</u>
Net cash flow from operating activities		<u>1,666,584</u>	<u>1,470,811</u>
Cash flows from investing activities			
Dividend income		-	3,254,869
Acquisitions of tangible assets		(356,793)	(374,964)
Proceeds from sale of tangible assets		2,440	9,400
Acquisition of intangible assets	9	<u>-</u>	<u>(500)</u>
Net cash flows from investing activities		<u>(354,353)</u>	<u>2,888,805</u>
Cash flows from financing activities			
Interest paid	5	(55,439)	(74,874)
Proceeds from bank borrowing draw downs		-	802,301
Repayment of bank borrowing		(240,635)	-
Receipts from finance leases		305,371	20,753
Payments to finance lease creditors		(16,693)	(854)
Dividends paid		<u>(800,000)</u>	<u>(5,254,869)</u>
Net cash flows from financing activities		<u>(807,396)</u>	<u>(4,507,543)</u>
Net increase/(decrease) in cash and cash equivalents		504,835	(147,927)
Cash and cash equivalents at 1 March		<u>(1,123,789)</u>	<u>(975,862)</u>
Cash and cash equivalents at 29 February		<u><u>(618,954)</u></u>	<u><u>(1,123,789)</u></u>



Summit Foods Limited

Notes to the Financial Statements for the Year Ended 29 February 2020

1 General information

The company is a private company limited by share capital, incorporated in England and the company registration number is 01431247.

The address of its registered office is:

Unit 170
Walton Summit Road
Bamber Bridge
Preston
PR5 8AH

These financial statements were authorised for issue by the Board on 1 September 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The financial statements cover an individual entity and not that of a Group.

The financial statements are prepared in pound sterling which is the functional currency of the company and are rounded to the nearest pound.

Going concern

The financial statements have been prepared on the going concern basis. The directors have reviewed the company's future in light of the impact of the emergence and spread of Covid-19 and potential implications of this on future company operations. Whilst there are significant wider market uncertainties which may impact the company, the directors do not believe these will significantly impact the overall going concern status of the company over the next 12 months and that the company has sufficient resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. Further information on this is set out in the Strategic Report on page 2. For this reason the directors have adopted the going concern basis in preparing the financial statements.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current tax. Tax is recognised in the statement of income and retained earnings, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.



Summit Foods Limited

Notes to the Financial Statements for the Year Ended 29 February 2020

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

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. 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.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using rates and allowances that apply to the sale of the asset.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant & machinery	20% Straight line basis
Fixtures & fittings	20 to 33% Straight line basis
Motor vehicles	25% Straight line basis

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10% Straight line basis

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the statement of income and retained earnings.



Summit Foods Limited

Notes to the Financial Statements for the Year Ended 29 February 2020

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the statement of income and retained earnings over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the statement of income and retained earnings and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2020 £	2019 £
Sale of goods	<u>17,962,819</u>	<u>15,791,343</u>

4 Operating profit

Arrived at after charging/(crediting)

	2020 £	2019 £
Depreciation expense	263,030	382,323
Profit on disposal of property, plant and equipment	(1,271)	(150)
Hire of plant and machinery (Operating leases)	<u>21,895</u>	<u>17,911</u>



Summit Foods Limited

Notes to the Financial Statements for the Year Ended 29 February 2020

5 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and borrowings	<u>55,439</u>	<u>74,874</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £	2019 £
Wages and salaries	4,559,345	4,003,917
Social security costs	217,553	162,325
Pension costs, defined contribution scheme	<u>13,919</u>	<u>23,584</u>
	<u>4,790,817</u>	<u>4,189,826</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Management staff	20	20
Production and distribution staff	<u>161</u>	<u>153</u>
	<u>181</u>	<u>173</u>

7 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>4,000</u>	<u>4,000</u>

8 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	147,753	120,699
UK corporation tax adjustment to prior periods	<u>-</u>	<u>348</u>
	147,753	121,047
Deferred taxation		
Arising from origination and reversal of timing differences	<u>22,013</u>	<u>(24,212)</u>
Tax expense in the income statement	<u>169,766</u>	<u>96,835</u>



Summit Foods Limited

Notes to the Financial Statements for the Year Ended 29 February 2020

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>1,010,651</u>	<u>3,697,100</u>
Corporation tax at standard rate	192,024	702,449
Effect of expense not deductible in determining taxable profit (tax loss)	(639)	827
Increase in UK and foreign current tax from adjustment for prior periods	-	348
Tax increase from effect of capital allowances and depreciation	673	36,239
Tax decrease arising from group relief	-	(56)
Tax decrease from effect of dividends from UK companies	-	(618,425)
Tax decrease from effect of adjustment in research and development tax credit	<u>(22,292)</u>	<u>(24,547)</u>
Total tax charge	<u>169,766</u>	<u>96,835</u>

Deferred tax

Deferred tax assets and liabilities

	Liability £
2020	
Accelerated capital allowances	<u>79,239</u>
2019	
Accelerated capital allowances	<u>57,226</u>

9 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 March 2019	<u>500</u>	<u>500</u>
At 29 February 2020	<u>500</u>	<u>500</u>
Amortisation		
Carrying amount		
At 29 February 2020	<u>500</u>	<u>500</u>
At 28 February 2019	<u>500</u>	<u>500</u>



Summit Foods Limited

Notes to the Financial Statements for the Year Ended 29 February 2020

10 Tangible assets

	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 March 2019	134,901	3,771,624	51,680	3,958,205
Additions	12,465	336,788	7,540	356,793
Disposals	-	-	(16,002)	(16,002)
At 29 February 2020	147,366	4,108,412	43,218	4,298,996
Depreciation				
At 1 March 2019	111,626	3,349,045	44,395	3,505,066
Charge for the year	15,056	240,917	7,057	263,030
Eliminated on disposal	-	-	(14,833)	(14,833)
At 29 February 2020	126,682	3,589,962	36,619	3,753,263
Carrying amount				
At 29 February 2020	20,684	518,450	6,599	545,733
At 28 February 2019	23,275	422,579	7,285	453,139

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2020 £	2019 £
Fixtures and fittings	8,496	14,567
Plant and machinery	271,711	-
	<u>280,207</u>	<u>14,567</u>

11 Stocks

	2020 £	2019 £
Raw materials and consumables	656,993	770,804
Finished goods and goods for resale	<u>328,342</u>	<u>284,094</u>
	<u>985,335</u>	<u>1,054,898</u>

12 Debtors

	Note	2020 £	2019 £
Trade debtors		2,771,700	2,281,726
Amounts owed by group undertakings and undertakings in which the company has a participating interest	22	1,637,883	5,847,830
Other debtors		125,524	124,655
Prepayments		<u>144,057</u>	<u>172,211</u>
		<u>4,679,164</u>	<u>8,426,422</u>



Summit Foods Limited

Notes to the Financial Statements for the Year Ended 29 February 2020

13 Cash and cash equivalents

	2020 £	2019 £
Cash at bank	161,574	72,764
Bank overdrafts	<u>(780,528)</u>	<u>(1,196,553)</u>
Cash and cash equivalents in statement of cash flows	<u>(618,954)</u>	<u>(1,123,789)</u>

14 Creditors

	Note	2020 £	2019 £
Due within one year			
Loans and borrowings	19	1,098,916	1,438,595
Trade creditors		1,711,395	1,626,153
Amounts owed by group undertakings and undertakings in which the company has a participating interest	22	343,270	3,786,673
Social security and other taxes		51,826	49,611
Other payables		224,008	271,143
Accruals		152,343	113,616
Income tax liability	8	<u>154,720</u>	<u>120,699</u>
		<u>3,736,478</u>	<u>7,406,490</u>
Due after one year			
Loans and borrowings	19	<u>551,857</u>	<u>580,160</u>

15 Provisions for liabilities

	Deferred tax £	Total £
At 1 March 2019	57,226	57,226
Increase (decrease) in existing provisions	<u>22,013</u>	<u>22,013</u>
At 29 February 2020	<u>79,239</u>	<u>79,239</u>

16 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £13,919 (2019 - £23,584).

Contributions totalling £4,362 (2019 - £5,260) were payable to the scheme at the end of the year and are included in creditors.



Summit Foods Limited

Notes to the Financial Statements for the Year Ended 29 February 2020

17 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

Full voting and participation rights with no restriction on distribution of dividends or repayment of capital.

18 Reserves

Called up share capital

Share capital comprises the value of issued share capital at par in the Company.

Profit and loss account

The profit and loss account consists of cumulative profits made by the Company attributable to the shareholders.

19 Loans and borrowings

	2020 £	2019 £
Non-current loans and borrowings		
Bank borrowings	321,666	562,301
Finance lease liabilities	<u>230,191</u>	<u>17,859</u>
	<u>551,857</u>	<u>580,160</u>

	2020 £	2019 £
Current loans and borrowings		
Bank borrowings	240,000	240,000
Bank overdrafts	780,528	1,196,553
Finance lease liabilities	<u>78,388</u>	<u>2,042</u>
	<u>1,098,916</u>	<u>1,438,595</u>

Secured creditors

Included within creditors under loans and borrowings are secured amounts which are denominated in sterling. The carrying amount at the year end is £1,650,773 (2019 - £2,018,755).

Bank loans and invoice discounting arrangements are secured by fixed and floating charges against all assets of the Group, which includes a specific charge against all property held by the Group, by way of a cross guarantee arrangement.

Hire purchase and finance lease liabilities are secured against the assets to which they relate.



Summit Foods Limited

Notes to the Financial Statements for the Year Ended 29 February 2020

20 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	128,875	122,450

The amount of non-cancellable operating lease payments recognised as an expense during the year was £257,327 (2019 - £243,266).

21 Financial commitments, guarantees and contingencies

The company is part of an unlimited cross guarantee arrangement in respect of amounts owed to the bank by Abbeydale Food Group Limited, Cedar Foods Limited, Easy Eats (UK) Limited, Pie Tom's Limited, Saxon Quality Foods Limited and Summit Food Holdings Limited.

At the balance sheet date amounts totalling £1,377,269 (2019: £1,338,856) were owing to the relevant bank by the above companies.

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £nil (2019 - £205,637).

22 Related party transactions

The company has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures' from disclosing transactions with other members of the group in which any subsidiary which is a party to the transaction is wholly owned by the group.

The directors are remunerated for their management of the Group as a whole through the parent company, Abbeydale Food Group Limited.

23 Parent and ultimate parent undertaking

The company's immediate parent is Summit Food Holdings Limited, incorporated in the United Kingdom.

The most senior parent entity producing publicly available financial statements is Abbeydale Food Group Limited. These financial statements are available upon request from the registered office of the ultimate parent; 5 Atkinsons Way, Foxhills Industrial Estate, Scunthorpe, DN15 8QJ. These are the largest and smallest group into which the results of the Company are consolidated.

The ultimate controlling party is Abbeydale Food Group Limited.

24 Events after the reporting date

As described in the Strategic Report on page 2 the company is assessing the financial and operational implications of the Covid-19 pandemic on the company. The Covid-19 pandemic is considered to be a potentially adjusting post balance sheet event however following an assessment of the potential impact on its operations by the company no such entry has been deemed to be required in the accounts. The Directors have concluded that although it is not possible at this stage to quantify the impact within a reasonable range, the impact is likely to be low and linked to short-term operational challenges such as staff absences and delays in supply resulting from the outbreak. The duration of the pandemic and the speed of the economic recovery will ultimately be significant drivers of the longer-term impact of the current crisis.

There are no other significant events to disclose since the reporting period.