

Kettle Foods Limited

Directors' report and financial statements

Year ended 31 March 2023

Registered number: 02238320

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Kettle Foods Limited

Directors' report and financial statements

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Kettle Foods Limited

Directors and other information

Directors

K R G Moore
L Moses-Roberts
L A Nicholls
T G Eissautier

Secretary

K S Atkinson

Registered office

38 Barnard Road
Bowthorpe Employment Area
Norwich
Norfolk
NR5 9JP
England

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Bankers

NatWest
21 Gentleman's Walk
Norwich
Norfolk
NR2 1NA

Registered number

02238320

Kettle Foods Limited

Strategic report

Introduction

The directors present their strategic report of the Company for the year ended 31 March 2023.

Principal activities

The principal activities of the Company are the manufacture and distribution of snack foods in the UK and Europe. The Company's best-known product is the KETTLE® brand hand cooked potato chip which has been manufactured in the UK for over 30 years. The brand enjoys an iconic status with its consumers and is a market leader in the UK premium/hand cooked snacks category. Distribution is through the grocery and impulse channels, and international distributors.

Review of the business

The Company's turnover for the year was £123,893,000 (2022: £100,979,000), representing an increase of 23%. Despite the increase in turnover, the Company generated an operating loss of £14,344,000 (2022: operating profit of £3,073,000), reflecting significant challenges in the sector and economic environment, which saw an increase in cost of sales of £29,045,000. Key factors impacting this increase included the economic impact of the Russian / Ukrainian conflict, particularly in respect of inflation and the significant increase in the cost of energy, utilities and consumables, along with increased pressure on the supply chain and availability of certain raw material inputs.

Streamlined Energy and Carbon Reporting ("SECR"): UK Energy Use

The UK Energy usage was:

Energy	2023 kWh	2022 kWh
Gas	70,177,240	**
Electricity	12,115,467	**
Business Travel	507,325	**

**disclosed in aggregate as 72,857,700

The equivalent emissions from each energy source are presented below:

GHG Emissions	2023 Tonnes CO ₂ e	2022 Tonnes CO ₂ e
Combustion of Gas (Scope 1)	12,810	11,880
Purchase of Electricity (Scope 2)	2,190	1,854
Electricity T&D Losses (Scope 3)	214	-
Business Travel* (Scope 3)	122	56
Total CO₂ emitted	15,336	13,790

*travel in company owned vehicles, where the Company is responsible for purchasing the fuel

¹ Using Market Based Calculation methodology, accounting for renewable electrical contracts.

² Using Location Based Calculation methodology.

The total emissions per tonne of product sold are presented below:

Intensity Ratio	2023 Tonnes CO ₂ e	2022 Tonnes CO ₂ e
Total Tonnes Produced – tonne	29,191	25,954
Total Emissions – tCO ₂ e	15,336	13,790
Intensity Ratio – tCO ₂ e/tonne	0.525	0.531

Kettle Foods Limited

Strategic report *(continued)*

Streamlined Energy and Carbon Reporting ("SECR"): UK Energy Use *(continued)*

Energy Efficiency Actions

The directors are committed to improving energy efficiency, where practical and cost effective, with several initiatives under evaluation. Energy usage is regularly monitored against targets.

Methodology

As an energy intensive organisation, with most of the energy used during production, the intensity ratio has been calculated using production output. Electricity and gas consumption is monitored via supplier invoices and half hourly electricity data. Business fuel usage is taken from fuel card reports as well as internal systems.

Government conversion factors have been used to state the GHG emissions resulting from energy use from gas and transport for both years above, as well as energy use from electricity for the year ended 31 March 2022. Market based calculations were used to quantify the GHG emissions resulting from energy use from electricity, using contract specific emissions factors for the year ended 31 March 2023. These figures have been presented in 'tonnes of carbon dioxide equivalent' (tCO₂e), which is the universal unit of measurement to indicate the global warming potential ("GWP") of GHGs, expressed in terms of the GWP of one unit of carbon dioxide.

The intensity ratio presented expresses tonnes of CO₂e emissions per tonnes of product sold in the year.

Principal risks and uncertainties

The management of the business and execution of its strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them.

Key business risks

Given the Company's insistence on the use of all-natural ingredients, effective supplier selection and procurement practices are essential. Local suppliers are used, where appropriate, especially for potatoes, but widespread crop failure would have an effect on both prices and the availability of basic ingredients of the Company's products. As such, the Company works closely with all of its major suppliers to ensure continuity of supplies of sufficient quality.

The Company operates in an aggressive market sector. It aims to remain competitive by recruiting and retaining skilled and experienced management and staff and through product innovation.

Financial risks

Price risk

The Company monitors changes in market conditions on an ongoing basis and tailors its pricing accordingly. The Company is also exposed to commodity price risk as a result of its operations and this is mitigated through the contracting of key commodities when market conditions are considered favourable.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Reports are reviewed on an on-going basis detailing customers who have invoices which are overdue.

Kettle Foods Limited

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Financial risks *(continued)*

Liquidity risk

The Company regularly monitors the level of working capital to ensure the Company has sufficient available funds for operations.

Interest rate cash flow risk

The Company receives interest on its cash deposits at a variable rate. The level of cash deposits is not considered significant enough to warrant entering into fixed interest or other hedging agreements. The Company pays interest on leases at fixed rates.

Section 172 statement

The Company complies with section 172(1) of the Companies Act 2006 through engagement with its various stakeholders. The Company's strategy, and the implementation of this strategy, has been informed by interaction with stakeholders. It is the Company's intention to act responsibly towards its stakeholders.

The Company's principal stakeholders and how it engages with each of them are as follows:

Shareholder

The Company regularly gives updates to its shareholder via business updates at various committees throughout the year.

Customers

The Company strives to make a positive contribution to the economy by supporting its customers and seeks to behave responsibly, treating them fairly and equally. The board consistently reviews its customer strategy, receives updates on implementation and reviews progress.

Communities

The Company seeks to enable communities to thrive, through a tangible and visible commitment that brings its purpose to life.

People

The Company's people are fundamental to the delivery of its strategy. The Company aims to be a responsible employer and is committed to enabling its people to thrive, ensuring that they are engaged and have the skills and capabilities to serve customers.

The Company has regular employee committee meetings throughout the year, where key business updates are provided to employees, and the committee is used as a platform for employees to put forward comments for change.

Suppliers

Kettle Foods Limited assesses its suppliers across a number of key risk areas, at the on-boarding stage for all suppliers and annually thereafter for suppliers providing product and services of high criticality and dependency to the Company.

Kettle Foods Limited

Strategic report *(continued)*

Section 172 statement *(continued)*

Environment

The Company is conscious of its impact on the environment and has taken steps to reduce energy consumption at high usage locations that provide services to the Company.

Employee, social and environmental matters

The Company recognises the importance of good communication and endeavours at meetings convened from time to time, to keep its employees informed of the Company's progress and about other matters which may concern them.

The Company maintains its policy of training and career development giving due consideration to all employees, including those with disabilities, for their advancement and promotion.

The Company has a policy of encouraging the employment of people with disabilities wherever this is practicable and provides equal opportunities to all its employees. The Company endeavours to ensure that employees with disabilities benefit from training and career development programmes, in common with all members of staff. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues, and that appropriate training is arranged.

The Company also seeks to improve female participation in the Company's workforce and management as part of its diversity policy.

The Company is proactively addressing a socially responsible agenda with respect to the reduction in sugar consumption. In order to achieve these aims the Company continues to work closely with customers and consumers to develop new products, packs and reformulations that will achieve the guidelines of Public Health England.

Results, dividends and future developments

The statement of comprehensive income for the year ended 31 March 2023 is set out on page 15.

During the year, no dividends were paid by the Company (2022: £11.7m).

The Company is expected to continue its principal activities.

Key Performance Indicators ("KPIs")

The directors monitor the Company's progress using periodic KPIs which include but not limited to gross profitability, EBITDA (i.e. operating profit after adding back depreciation and amortisation charges), net working capital metrics, cash generation and production data.

On behalf of the board



L Moses-Roberts
Director

22/12/ 2023

Kettle Foods Limited

Directors' report

The directors present their directors' report and the audited financial statements of the Company for the year ended 31 March 2023. Various statutory disclosures are set out in the Company's strategic report. The Company's registered number is 02238320.

Directors and secretary

The directors and secretary of the Company during the year and up to the date of approval of these financial statements (including dates of appointment and resignation where relevant) were:

Directors

K R G Moore (Appointed 15 June 2023)
L Moses-Roberts (Appointed 1 April 2023)
L A Nicholls (Appointed 1 April 2023)
T G Eissautier (Appointed 3 January 2023)
A J Hicks (Resigned 1 April 2023)
I C Ainsworth (Resigned 5 May 2023)
A D Driscoll (Resigned 31 December 2023)

Secretary

K Atkinson

Post balance sheet events

There are no significant post balance sheet events that would require disclosure in the financial statements.

Going concern

The financial statements have been prepared on a going concern basis as a group company has agreed to provide financial support so that the Company are able to settle their debts as and when they fall due for a period of not less than 12 months from the date of approval of the financial statements.

Disclosure of information to auditor

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 auditor is aware of that information.

Kettle Foods Limited

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG, Chartered Accountants, will therefore continue in office.

On behalf of the board



L Moses-Roberts
Director

22/12/2023

38 Barnard Road
Bowthorpe Employment Area
Norwich
Norfolk
NR5 9JP
England

Kettle Foods Limited

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

On behalf of the board



L Moses-Roberts
Director

22/12/ 2023



KPMG

Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent Auditor's Report to the Members of Kettle Foods Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kettle Foods Ltd. ('the Company') for the year ended 31 March 2023 set out on pages 13 to 29, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 5.

The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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.



Independent Auditor's Report to the Members of Kettle Foods Ltd (Continued)

Report on the audit of the financial statements (continued)

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 the date 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.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation e.g. taxation legislation, distributable profits legislation etc. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition.



Independent Auditor's Report to the Members of Kettle Foods Ltd (Continued)

Report on the audit of the financial statements (continued)

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.



Independent Auditor's Report to the Members of Kettle Foods Ltd (Continued)

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

22 December 2023

Niall Savage (Senior Statutory Auditor)

for and on behalf of

KPMG, Statutory Auditor

1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03

Kettle Foods Limited

Statement of comprehensive income for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	6	123,893	100,979
Cost of sales		(92,206)	(63,161)
		<hr/>	<hr/>
Gross profit		31,687	37,818
Operating expenses		(46,080)	(34,829)
Other operating income	10	49	84
		<hr/>	<hr/>
Operating (loss)/profit	8	(14,344)	3,073
Interest receivable and similar income	11	21	-
Interest payable and similar expenses	12	(777)	(206)
		<hr/>	<hr/>
(Loss)/profit before taxation		(15,100)	2,867
Tax on (loss)/profit on ordinary activities	13	(1,600)	(859)
		<hr/>	<hr/>
(loss)/profit for the financial year		(16,700)	2,008
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive (loss)/income for the year		(16,700)	2,008
		<hr/>	<hr/>

Kettle Foods Limited

Balance sheet as at 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	14	4,645	6,105
Tangible assets	15	32,517	34,416
Financial assets	16	-	-
		<hr/>	<hr/>
		37,162	40,521
		<hr/>	<hr/>
Current assets			
Stocks	17	11,580	11,755
Debtors	18	15,181	22,242
Cash at bank and in hand		5,290	4,693
		<hr/>	<hr/>
		32,051	38,690
		<hr/>	<hr/>
Creditors: amounts falling due within one year	19	(38,485)	(32,304)
		<hr/>	<hr/>
Net current (liabilities)/assets		(6,434)	6,386
		<hr/>	<hr/>
Total assets less current liabilities		30,728	46,907
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	19	(2,514)	(3,557)
		<hr/>	<hr/>
Provision for liabilities			
Deferred tax	20	(1,814)	(250)
		<hr/>	<hr/>
Net assets		26,400	43,100
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	21	20,885	20,885
Share premium		21,973	21,973
Profit and loss account		(16,458)	242
		<hr/>	<hr/>
Total shareholders' funds		26,400	43,100
		<hr/>	<hr/>

The financial statements were approved by the board of directors on 22/12/2023 and were signed on its behalf by:



L Moses-Roberts
Director

Company registration number: 02238320

Kettle Foods Limited

Statement of changes in equity for the year ended 31 March 2023

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 April 2021	9,052	20,673	9,950	39,675
Total comprehensive income for the year				
Profit for the year	-	-	2,008	2,008
Total comprehensive income for the year	-	-	2,008	2,008
Transactions with shareholders, recorded directly in equity				
Issue of share capital	11,833	1,300	-	13,133
Dividends	-	-	(11,716)	(11,716)
Balance at 31 March 2022	20,885	21,973	242	43,100
Balance at 1 April 2022	20,885	21,973	242	43,100
Total comprehensive loss for the year				
Loss for the year	-	-	(16,700)	(16,700)
Total comprehensive loss for the year	-	-	(16,700)	(16,700)
Balance at 31 March 2023	20,885	21,973	(16,458)	26,400

Kettle Foods Limited

Notes

to the financial statements

1 General information

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 38 Barnard Road, Bowthorpe Employment Area, Norwich, Norfolk, NR5 9JP, England, and the registered number is 02238320.

2 Measurement convention

The financial statements are prepared on the historical cost basis except financial instruments which are recognised at fair value through profit or loss.

3 Going concern

The financial statements have been prepared on a going concern basis as a group company has agreed to provide financial support so that the Company are able to settle their debts as and when they fall due for a period of not less than 12 months from the date of approval of the financial statements.

4 Statement of compliance

The financial statements of Kettle Foods Limited have been prepared in compliance with UK Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") and the Companies Act 2006. There have been no material departures from the standard. The functional currency of the Company and the presentation currency of these financial statements is Pounds Sterling.

5 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Consolidation exemption

The financial statements contain information about Kettle 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 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Valeo Foods Unlimited Company, a company registered in Ireland.

Kettle Foods Limited

Notes *(continued)*

5 Accounting policies *(continued)*

Financial Reporting Standard 102 – reduced disclosure exemptions

The Company is considered to be a qualifying entity (for the purposes of this FRS) and 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 requirement to disclose Key management personnel compensation.

Valeo Foods Unlimited Company is the smallest group in which the results of the Company are consolidated. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and are available to the public and may be obtained from the Companies Registration Office, Bloom House, Gloucester Place Lower, Dublin 1, Ireland.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Valeo Foods Unlimited Company include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share-based Payments*; and
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments*, and FRS 102.12 *Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1*.

Turnover

Turnover is measured at fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised on the delivery of goods to the customer.

Intangible assets

Intangible assets represent goodwill, trademarks and customer lists and are stated at cost less accumulated amortisation and accumulated impairment losses. Goodwill, trademarks and customer lists are amortised over their useful economic life of 10 years on a straight-line basis. The assets are reviewed for impairment where factors indicate that the carrying amount may be impaired.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Kettle Foods Limited

Notes *(continued)*

5 Accounting policies *(continued)*

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and any costs directly attributable to bringing the asset to a working condition for its intended use.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Assets under construction are not depreciated until they are commissioned and transferred to another category of tangible assets. The estimated useful lives are as follows:

- | | |
|-----------------------|-----------------------------|
| • Buildings | 30 years straight line |
| • Plant and machinery | 5 to 10 years straight line |
| • Office equipment | 3 to 5 years straight line |

Government grants

Grants related to the purchase of assets are treated as deferred income and allocated to the profit and loss account over the useful lives of the related assets.

Grants related to government assistance are credited to the profit and loss account in the period in which the costs are incurred. Amounts recognised in the profit and loss are presented as other operating income.

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Financial instruments

(a) Financial assets

Basic financial assets, including trade debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when either the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party or control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Kettle Foods Limited

Notes *(continued)*

5 Accounting policies *(continued)*

Financial instruments *(continued)*

(b) Financial liabilities

Basic financial liabilities, including trade creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Deferred and current taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been substantively enacted by the reporting date.

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 the 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

Research and development expenditure is written off as incurred.

Foreign exchange

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Kettle Foods Limited

Notes (continued)

5 Accounting policies (continued)

Leased assets

Assets obtained under finance leases are capitalised in the balance sheet and depreciated over the shorter of the lease term and their useful lives.

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. Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

Finance costs

Finance costs directly attributable to the acquisition or construction of qualifying assets are capitalised up until the date at which the asset is brought into use. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use. All other finance costs are recognised in the profit and loss account in the period to which they relate.

Provisions

In accordance with *Section 21 – Provisions and Contingencies*, a provision is recognised when the Company has a present obligation towards a third party resulting from a past event which more likely than not will require an outflow of resources embodying economic benefits which will be required to settle this obligation to this third party, and the third party is not expected to pay at least equivalent compensation. Provisions are determined based on the best estimate of the expenditure required to settle the obligation.

Critical accounting judgements and estimation uncertainty

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.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Useful economic lives of tangible and intangible assets

The annual depreciation/amortisation charge for tangible/intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Refer to the respective notes to the financial statements for the carrying value of the intangible and tangible assets, and within this accounting policies note for the useful economic lives for each class of assets.

Kettle Foods Limited

Notes (continued)

5 Accounting policies (continued)

Critical accounting judgements and estimation uncertainty (continued)

Critical accounting estimates and assumptions (continued)

ii) Inventory provisioning

As the Company is subject to changing consumer demands, it is necessary to consider the estimated recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 16 for the net carrying amount of the inventory and associated provision.

iii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 17 for the net carrying amount of the debtors and associated impairment provision.

6 Turnover

Turnover derives solely from the Company's principal activity, in the UK and Europe, in the current year and prior year. Turnover by geographical segment by destination has not been disclosed as the directors consider that such disclosure would be seriously prejudicial to the interests of the Company.

7 Staff costs	2023 £'000	2022 £'000
Wages and salaries	26,044	15,879
Social security costs	2,347	1,280
Other pension costs	988	715
	<hr/>	<hr/>
	29,379	17,874
	<hr/>	<hr/>

Staff costs of £14,161,000 (2022: £7,976,000) and £15,218,000 (2022: £9,890,000) are included within cost of sales and with administration expenses respectively.

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

	2023	2022
Production	638	328
Administration	122	79
	<hr/>	<hr/>
	760	407
	<hr/>	<hr/>

Kettle Foods Limited

Notes (continued)

7 Staff costs (continued)	2023	2022
	£	£
Directors' remuneration	458,013	567,970
Directors' pension contributions to money purchase schemes	54,554	38,217
Amounts receivable under long term incentives schemes	90,780	69,397
	603,347	675,584

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

	2023	2022
Money purchase schemes	2	2

Information regarding the highest paid director is as follows:

	2023	2022
	£	£
Emoluments	257,083	340,095
Long term incentive scheme	-	60,161
Pension contributions to money purchase schemes	25,708	24,784
	282,791	425,040

8 Operating (loss)/profit	2023	2022
	£'000	£'000

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

Operating lease charges – plant and machinery	211	873
Operating lease charges – other	1,452	76
Depreciation of owned tangible assets	4,122	3,005
Loss/(profit) on disposal of fixed assets	527	(717)
Amortisation of intangible assets	1,460	1,701

9 Auditor remuneration	2023	2022
	£'000	£'000
Audit of the financial statements	103	66

There were no other fees payable to the Company's auditor.

Kettle Foods Limited

Notes *(continued)*

10 Other operating income	2023 £'000	2022 £'000
Government grant income	-	7
Research and development tax credit	49	77
	<hr/>	<hr/>
	49	84
	<hr/> <hr/>	<hr/> <hr/>
11 Interest receivable and similar income	2023 £'000	2022 £'000
Intercompany interest	21	-
	<hr/>	<hr/>
12 Interest payable and similar expenses	2023 £'000	2022 £'000
Lease interest	215	62
Other interest	562	-
Foreign exchange	-	144
	<hr/>	<hr/>
	777	206
	<hr/> <hr/>	<hr/> <hr/>

Kettle Foods Limited

Notes (continued)

13 Taxation	2023 £'000	2022 £'000
Analysis of tax charge		
<i>Current tax</i>		
Current tax for the year	-	-
Adjustments in respect of previous periods	36	-
Total current tax	36	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	867	859
Adjustments in respect of previous periods	697	-
Total deferred tax	1,564	859
Total tax charge	1,600	859

Reconciliation of total tax included in the statement of comprehensive income

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

	2023 £'000	2022 £'000
(Loss)/profit before tax	(15,100)	2,867
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	(2,869)	545
<i>Effects of</i>		
Income/expenses not taxable	(254)	125
Allowances on transferred in assets	-	113
Fixed asset timing differences	305	220
Other timing differences	(114)	-
R&D expenditure credits	(4)	7
Adjustments in respect of previous periods	733	(44)
Remeasurement of deferred tax for changes in tax rates	-	(126)
Deferred tax not recognised	1,324	-
Group relief surrendered	2,479	19
	1,600	859

Kettle Foods Limited

Notes (continued)

14 Intangible assets

	Goodwill £'000	Trademarks £'000	Customer lists £'000	Total £'000
Cost				
At 1 April 2022 and 31 March 2023	7,594	4,673	2,300	14,567
Accumulated depreciation				
At 1 April 2022	4,190	2,982	1,290	8,462
Amortisation	750	476	234	1,460
At 31 March 2023	4,940	3,458	1,524	9,922
Net book value				
At 31 March 2023	2,654	1,215	776	4,645
At 31 March 2022	3,404	1,691	1,010	6,105

15 Tangible assets

	Freehold land and buildings £'000	Assets under construction £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
Cost					
At 1 April 2022	10,471	6,107	56,414	6,425	79,417
Additions	-	3,808	-	-	3,808
Disposals	(1,584)	-	(22)	(284)	(1,890)
Transfers	1,583	(5,681)	2,702	1,396	-
At 31 March 2023	10,470	4,234	59,094	7,537	81,335
Accumulated depreciation					
At 1 April 2022	5,969	-	35,205	3,827	45,001
Charge	122	-	3,163	837	4,122
Disposals	-	-	(22)	(283)	(306)
At 31 March 2023	6,091	-	38,346	4,381	48,817
Net book value					
At 31 March 2023	4,379	4,234	20,748	3,156	32,517
At 31 March 2022	4,502	6,107	21,209	2,598	34,416

Included in the cost of freehold land and buildings is freehold land of £4,770,000 (2022: £4,770,000) which is not depreciated.

Kettle Foods Limited

Notes (continued)

16 Financial assets

The Company has an investment in Kettle Grower Services Limited and the carrying value of this investment at 31 March 2023 and 2022 is £nil. The registered office of Kettle Grower Services Limited is 38 Barnard Road, Bowthorpe Employment Area, Norwich, Norfolk, NR5 9JP, England.

17 Stocks	2023 £'000	2022 £'000
Raw materials	5,765	6,409
Work in progress	5	63
Finished goods	5,810	5,283
	<hr/>	<hr/>
	11,580	11,755
	<hr/>	<hr/>

Stocks recognised in cost of sales in the year amounted to £92,206,000 (2022: £63,161,000). The replacement cost of stocks does not differ materially from the values disclosed above. The carrying value of stocks is net of provisions of £1,743,000 (2022: £692,000), after write downs during the year of £2,606,000.

18 Debtors	2023 £'000	2022 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	3,421	16,559
Amounts owed by group undertakings	9,891	1,765
Other debtors	39	32
Prepayments	1,830	3,886
	<hr/>	<hr/>
	15,181	22,242
	<hr/>	<hr/>

Amounts owed by group undertakings are unsecured and receivable on demand, with interest bearing balances subject to annual interest of 6%. The carrying value of debtors is net of provisions of £137,000 (2022: £241,000).

Kettle Foods Limited

Notes (continued)

19 Creditors: amounts falling due within one year	2023 £'000	2022 £'000
Trade creditors	18,870	18,330
Amounts owed to group undertakings	5,243	1,492
Accruals	10,339	8,888
Finance lease obligation	1,462	1,672
Deferred income	763	844
Other creditors	1,052	1
Other taxation and social insurance are made up as follows:		
VAT	177	540
PAYE	579	537
	38,485	32,304

Amounts owed to group undertakings are unsecured and receivable on demand, with interest bearing balances subject to annual interest of 6%.

Creditors: amounts falling due after more than one year	2023 £'000	2022 £'000
Finance lease obligation	2,514	3,557

The Company's finance leases are subject to annual interest of approximately 6%. The finance lease obligation falling due after more than one year is payable within 5 years.

20	Deferred tax	£'000	
	Balance at 1 April 2022 – deferred tax liability	250	
	Charge recognised in the statement of comprehensive income	1,564	
		<hr/>	
	Balance at 31 March 2023 – deferred tax liability	1,814	
		<hr/>	
		<hr/>	
		2023	2022
		£'000	£'000
	Fixed asset timing differences – deferred tax liability	1,943	-
	Other timing differences – deferred tax (asset)/liability	(129)	250
		<hr/>	<hr/>
	Deferred tax liability	1,814	250

At 31 March 2023, potential deferred tax assets of £2,435,000 relating to tax losses are not recognised as their recovery is not certain.

Kettle Foods Limited

Notes (continued)

21 Share capital	2023 £'000	2022 £'000
Allotted and called up		
20,885,268 (2022: 20,885,268) ordinary shares of £1 each	20,885	20,885

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

During the year no dividends were declared or paid (2022: £11,716,213, being £0.561 per share).

22 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial instruments include:

	2023 £000	2022 £000
Assets/(liabilities) measured at fair value through profit or loss	12	37

The fair value of forward exchange contracts is based on their listed market price.

23 Pension commitments

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to the profit and loss account in the year ended 31 March 2023 was £988,000 (2022: £715,000). The amount outstanding as at 31 March 2023 was £148,000 (2022: £131,000).

24 Operating lease commitments	Non-cancellable operating leases 2023 £'000	2022 £'000
<i>Minimum lease payments fall due as follows:</i>		
Within one year	41	839
Between one and five years	927	1,899
In more than five years	583	-
	1,551	2,738

Kettle Foods Limited

Notes *(continued)*

25 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 of the Valeo Foods group.

26 Ultimate parent company

At 31 March 2023, the Company's ultimate parent undertaking is Bain Capital Europe Fund V SCSp. The largest group in which the Company is consolidated is that headed by Volcano (BC) Topco S.à r.l., a company incorporated in Luxembourg with a registered office at 4 Rue Lou Hemmer, L-1748 Senningerberg, Luxembourg, and whose consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and returned to the European Business Registry Association. The smallest group in which the Company is consolidated is that headed by Valeo Foods Unlimited Company, a company incorporated in the Republic of Ireland with a registered office at Commercial House, Millbank Business Park, Lucan, Co. Dublin, and whose consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and returned to the Companies Registration Office.

27 Commitments and contingent liabilities

The Company has commitments to acquire inventory and other goods and services totalling £19,594,000 and fixed assets totalling £175,000 (2022: £552,000) as at the balance sheet date.

The Company's assets are subject to charges to secure the Group's loan facilities, with fixed charges over the Company's relevant assets and floating charges over the Company's assets not suitable to fixed charges.

28 Post balance sheet events

There are no significant post balance sheet events that would require disclosure in the financial statements.