

Registered number: 02585630

SIMTOM FOOD PRODUCTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2020



SIMTOM FOOD PRODUCTS LIMITED

COMPANY INFORMATION

Directors	B J Chandarana J D Chandarana (resigned 14 June 2021) R J Chandarana (resigned 11 February 2020)
Company secretary	B J Chandarana
Registered number	02585630
Registered office	Unit 17 Merry Lees Industrial Estate Leaside Merry Lees Nr Desford Leicester Leicestershire LE9 9FS
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB

SINTOM FOOD PRODUCTS LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 7
Statement of Income and Retained Earnings	8
Balance Sheet	9 - 10
Statement of Cash Flows	11 - 12
Notes to the Financial Statements	13 - 32

SIMTOM FOOD PRODUCTS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2020

Introduction

The principal activities during the period continued to be that of the manufacture of cooking sauces, chutney, condiments, stir fry sauces, cooking pastes and other related products.

Business review

Turnover increased in the period by 17.7% but at reduced profit margins caused by the continuing backdrop of economic instability and a fiercely competitive market place.

Trading results before exceptional items, interest, finance costs, depreciation and amortisation remained satisfactory at £581k (2018 - £662k). The strategically important investment in infrastructure and capital expenditure continued during the period under review with over £5m invested. This was facilitated by funding secured through the Company's principal bankers using a combination of flexible funding, asset finance and term loans. The director is confident that this investment will enable the Company to achieve its planned growth for the future.

At the period end, the Company had shareholders' funds of £1,001k (2018 - £1,569k) including distributable reserves of £976k (2018 - £1,544k) leaving a satisfactory financial position.

Principal risks and uncertainties

Risks facing the Company include being in a highly competitive retail market together with the potential impact of the wider macro-economic factors on the business post BREXIT such as raw material sourcing and pricing.

On an ongoing basis the director seeks to manage this risk by maintaining quality service levels and relationships, ongoing innovation and development of new products, broadening the company's high quality customer base further and closely monitoring financial markets.

Financial Risk Management Objectives & Policies

During the period under review the Company made use of financial instruments through the operation of bank accounts, and an invoice discounting facility.

The Company continues to enjoy an excellent relationship with its banking provider who have assisted and supported the ongoing plans to increase capacity to accommodate future growth.

The Company insures its debtor book in full with established credit insurers. It also uses online credit agencies to keep up to date with any changes in customer risk.

COVID-19

The COVID-19 pandemic continues to represent a risk to the business and the economic shutdown particularly in the Hospitality sector has impacted the business. The Food sector has however seen a huge increase in demand and as a result the Company has seen an increase in demand for its products, whilst also being able to participate in certain food supply initiatives. The business has experienced longer lead times along the supply chain and continues to adapt its purchasing planning accordingly.

Our priority remains the safety of all our people, suppliers and customers and we have implemented strict procedures and processes to ensure that the business operates in accordance with the regulations in the safest possible way.

SIMTOM FOOD PRODUCTS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020**

Future Expansion

The new CAPEX / Infrastructure referred to above has been in use for some time now and is beginning to result in operational success with the Company being able to meet the ever increasing demand for its products. This coupled with the introduction of many new products such as soups and condiment sauces has also enabled the Company to attract new customers including the traditional big 5 retailers in addition to the discount retailers.

The Company continues to invest in Research and Development and this is expected to help incorporate newer technological methods to improve efficiency and profitability.

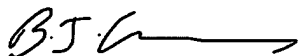
The management team has been expanded with two senior appointments along with recruitment in other areas to provide a senior management team of eight people.

The director is confident that the Company is well placed to achieve a doubling of sales growth leading to an increase in the company's market share and much improved profitability over the next couple of years.

Financial key performance indicators

The director considers the key financial performance indicators to be turnover, gross profit and working capital management, all as noted above.

This report was approved by the board and signed on its behalf.



.....
B J Chandarana
Director

Date: 30 June 2021

SIMTOM FOOD PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2020

The directors present their report and the financial statements for the period ended 31 March 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Results and dividends

The loss for the period, after taxation, amounted to £568,067 (2018 - profit £34,939).

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Directors

The directors who served during the period were:

B J Chandarana
J D Chandarana (resigned 14 June 2021)
R J Chandarana (resigned 11 February 2020)

Future developments

The director intends for the Company to continue its strategy of organic growth.

SIMTOM FOOD PRODUCTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

Subject to the impact of COVID-19 as further described in accounting policy note 2.2, there have been no significant events affecting the Company since the period end.

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
B J Chandarana
Director

Date: 30 June 2021

SIMTOM FOOD PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIMTOM FOOD PRODUCTS LIMITED

Qualified opinion

We have audited the financial statements of Simtom Food Products Limited (the 'Company') for the period ended 31 March 2020, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes, 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).

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the period 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 qualified opinion

We were not appointed as auditor of the Company until after 31 March 2020 and thus did not observe the counting of physical stocks at the end of the period. We were unable to satisfy ourselves, through the use of alternative audit procedures, as to the stock quantities held at 31 March 2020, which are included in the Balance Sheet at £2,199,467. Consequently, we were unable to determine whether any adjustments to this amount or cost of sales for the period of £14,576,977 included in the profit and loss account was necessary. In addition, were any adjustment to the stock balance to be required, the Strategic Report would also need to be amended.

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 United Kingdom, including the Financial Reporting Council'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 qualified opinion.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which describes the directors' assessment of the current and future effects of the COVID-19 pandemic on the Company and the implications for its ability to continue as a going concern. It also details the steps the directors are taking to mitigate the risk, including making use of certain government support. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SIMTOM FOOD PRODUCTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIMTOM FOOD PRODUCTS LIMITED
(CONTINUED)**

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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the stock quantities of £2,199,467 held at 31 March 2020. We have concluded that where the other information refers to the stock balance or related balances such as cost of sales, it may be materially misstated for the same reason.

Opinion on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Arising solely from the limitation on the scope of our work relating to stocks, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

- 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.

SIMTOM FOOD PRODUCTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIMTOM FOOD PRODUCTS LIMITED
(CONTINUED)**

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

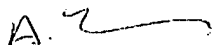
Auditor's responsibilities for the audit of the financial statements

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.



Adam Young ACA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Statutory Auditors

Northampton, United Kingdom

Date: 30 June 2021

SIMTOM FOOD PRODUCTS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED 31 MARCH 2020**

	Note	18 months ended 31 March 2020 £	30 September 2018 £
Turnover	4	18,044,355	10,220,506
Cost of sales		(14,576,977)	(7,818,025)
Gross profit		3,467,378	2,402,481
Administrative expenses		(3,930,534)	(2,118,265)
Exceptional administrative expenses	13	(64,208)	(127,500)
Other operating income	5	114,939	77,973
Operating (loss)/profit	6	(412,425)	234,689
Interest receivable and similar income	10	239	-
Interest payable and expenses	11	(254,105)	(153,525)
(Loss)/profit before tax		(666,291)	81,164
Tax on (loss)/profit	12	98,224	(46,225)
(Loss)/profit after tax		(568,067)	34,939
Retained earnings at the beginning of the period		1,543,628	1,508,689
		1,543,628	1,508,689
(Loss)/profit for the period		(568,067)	34,939
Retained earnings at the end of the period		975,561	1,543,628

The notes on pages 13 to 32 form part of these financial statements.

SIMTOM FOOD PRODUCTS LIMITED
REGISTERED NUMBER: 02585630

BALANCE SHEET
AS AT 31 MARCH 2020

			31 March 2020 £	30 September 2018 £
Fixed assets	Note			
Intangible assets	14		660,000	750,000
Tangible assets	15		7,044,159	2,855,999
			7,704,159	3,605,999
Current assets				
Stocks	16	2,199,467	1,548,638	
Debtors: amounts falling due within one year	17	2,826,925	2,664,496	
Cash at bank and in hand	18	69,061	823,794	
		5,095,453	5,036,928	
Creditors: amounts falling due within one year	19	(8,617,210)	(5,663,629)	
Net current liabilities			(3,521,757)	(626,701)
Total assets less current liabilities			4,182,402	2,979,298
Creditors: amounts falling due after more than one year	20		(2,993,149)	(1,209,674)
Provisions for liabilities				
Deferred tax	23	(188,692)	(200,996)	
		(188,692)		(200,996)
Net assets			1,000,561	1,568,628
Capital and reserves				
Called up share capital	24	25,000	25,000	
Profit and loss account	25	975,561	1,543,628	
		1,000,561	1,568,628	

SIMTOM FOOD PRODUCTS LIMITED
REGISTERED NUMBER: 02585630

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2020

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



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B J Chandarana
Director

Date: 30 June 2021

The notes on pages 13 to 32 form part of these financial statements.

SIMTOM FOOD PRODUCTS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2020**

	31 March 2020 £	30 September 2018 £
Cash flows from operating activities		
(Loss)/profit for the financial period	(568,067)	34,939
Adjustments for:		
Amortisation of intangible assets	90,000	60,000
Depreciation of tangible assets	839,186	239,430
Loss on disposal of tangible assets	25,364	6,039
Interest paid	346,877	153,525
Interest received	(239)	-
Taxation charge	(98,224)	46,225
(Increase)/decrease in stocks	(650,829)	23,902
(Increase) in debtors	(132,298)	(629,547)
Increase in creditors	1,133,508	320,713
Corporation tax received/(paid)	52,286	(135,180)
Net cash generated from operating activities	1,037,564	120,046
Cash flows from investing activities		
Purchase of tangible fixed assets	(5,053,707)	(724,800)
Sale of tangible fixed assets	998	2,848
Interest received	239	-
HP interest paid	(71,688)	(50,983)
Net cash from investing activities	(5,124,158)	(772,935)

SIMTOM FOOD PRODUCTS LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020

	31 March 2020 £	30 September 2018 £
Cash flows from financing activities		
New secured loans	1,489,850	640,800
Repayment of/new finance leases	1,866,317	(51,131)
Interest paid	(275,189)	(102,542)
Net cash used in financing activities	3,080,978	487,127
Net (decrease) in cash and cash equivalents	(1,005,616)	(165,762)
Cash and cash equivalents at beginning of period	(1,145,264)	(979,502)
Cash and cash equivalents at the end of period	(2,150,880)	(1,145,264)
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	69,061	823,794
Bank overdrafts	(2,219,941)	(1,969,058)
	(2,150,880)	(1,145,264)

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

1. General information

Simtom Food Products Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 17, Merry Lees Industrial Estate Leaside, Merry Lees Nr Desford, Leicester, Leicestershire, LE9 9FS.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis.

The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the Company's operations including a slow down of sales to the hospitality sector and some delays in start dates for new product sales and new customer sign on. In response to the COVID-19 pandemic, the director has taken advantage of certain government support and performed an analysis of forecast trade taking into account the potential impact on the business of possible future scenarios arising from the impact of any further economic slow down. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Although the forecast prepared takes into account the matters above, supports the ability of the Company to remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of COVID-19, the continued level of government support and the underlying trading assumptions used in forecasting are judgmental, difficult to predict and could be subject to significant variation.

The director has therefore concluded that whilst these circumstances give rise to a material uncertainty over the ability of the Company to continue as a going concern, given the result of these assessments including the measures that could be undertaken to mitigate any potential adverse impacts, the director is of the position that the entity can continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements do not include any adjustment that may arise in the event that the entity is *unable to realise its assets and discharge its liabilities in the normal course of business*.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, 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 enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.11 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a straight line basis to the Statement of Income and Retained Earnings over its expected life, which is 20 years.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 10%
Plant and equipment	- 5-20%
Motor vehicles	- 25%
Fixtures and fittings	- 10%
Assets under construction	- not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.18 Financial instruments (continued)

asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgments

The following judgments (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

Leases

The company determines whether leases entered into are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the company on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Depreciation and residual values

The directors have reviewed the asset lives and associated residual value of all fixed asset classes, and have concluded that the asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles, and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining useful life of the asset and the projected disposal values. The carrying value of tangible fixed assets at the period end date is £7,044,159.

Carrying value of stock

The directors review the market value of and demand for the company's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost or net realisable value. Any

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

3. Judgments in applying accounting policies (continued)

provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experience and estimates of future events to assess the future demand for the company's products and achievable selling prices. The carrying value of stock at the period end date is £2,199,467.

Recoverability of debtors

Trade debtors are recognised to the extent that they are judged recoverable. Directors' reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made against specific invoices where recoverability is uncertain.

The directors make allowances for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such a difference will impact the carrying value of debtors and the charge to profit and loss. The carrying value of trade debtors at the period end date is £2,159,729.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	18 months ended 31 March 2020 £	30 September 2018 £
United Kingdom	15,311,937	8,943,883
Rest of the world	2,732,418	1,276,623
	<u>18,044,355</u>	<u>10,220,506</u>

5. Other operating income

	18 months ended 31 March 2020 £	30 September 2018 £
Rent received	114,939	77,973

SIMTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

6. Operating (loss)/profit

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

	18 months ended 31 March 2020 £	30 September 2018 £
Exchange differences	20,989	(8,553)
Other operating lease rentals	399,517	205,826
Depreciation	839,186	239,430
Amortisation	90,000	60,000
	=====	=====

7. Auditor's remuneration

	18 months ended 31 March 2020 £	30 September 2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	13,000	11,500
	=====	=====

SINTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	18 months ended 31 March 2020 £	30 September 2018 £
Wages and salaries	3,501,598	2,075,980
Social security costs	239,528	170,899
Cost of defined contribution scheme	47,498	50,296
	<u>3,788,624</u>	<u>2,297,175</u>

The average monthly number of employees, including the directors, during the period was as follows:

	18 months ended 31 March 2020 No.	30 September 2018 No.
Production	57	58
Administration	4	6
Directors	3	3
	<u>64</u>	<u>67</u>

SIMTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

9. Directors' remuneration

	18 months ended 31 March 2020 £	30 September 2018 £
Directors' emoluments	252,456	270,000
Company contributions to defined contribution pension schemes	5,332	27,700
	<u>257,788</u>	<u>297,700</u>

During the period retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £140,464 (2018 - £90,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,750 (2018 - £25,900).

10. Interest receivable

	18 months ended 31 March 2020 £	30 September 2018 £
Other interest receivable	239	-

11. Interest payable and similar expenses

	18 months ended 31 March 2020 £	30 September 2018 £
Bank interest payable	72,135	42,594
Interest on other loans	110,282	54,778
Mortgage interest payable	-	5,170
Hire purchase interest payable	71,688	50,983
	<u>254,105</u>	<u>153,525</u>

SIMTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

12. Taxation

	18 months ended 31 March 2020 £	30 September 2018 £
Corporation tax		
Current tax on profits for the year	-	3,503
Adjustments in respect of previous periods	(85,920)	2,992
Total current tax	(85,920)	6,495
Deferred tax		
Origination and reversal of timing differences	(12,304)	39,571
Adjustments in respect of prior periods	-	159
Total deferred tax	(12,304)	39,730
Taxation on (loss)/profit on ordinary activities	(98,224)	46,225

SIMTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

12. Taxation (continued)**Factors affecting tax charge for the period/year**

The tax assessed for the period/year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	18 months ended 31 March 2020 £	30 September 2018 £
(Loss)/profit on ordinary activities before tax	(666,291)	81,164
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(129,506)	15,421
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,130	9,345
Capital allowances for period/year in excess of depreciation	-	22,964
Adjustments to tax charge in respect of prior periods	(85,920)	2,992
Deferred tax adjustment in respect of prior periods	-	159
Other timing differences leading to an increase (decrease) in taxation	111,072	-
Effect of change in tax rate on deferred tax	-	(4,656)
Total tax charge for the period/year	(98,224)	46,225

Factors that may affect future tax charges

There are no factors which may affect future tax charges.

13. Exceptional items

	18 months ended 31 March 2020 £	30 September 2018 £
Exceptional costs	64,208	127,500

The exceptional costs in the year related to a legal claim brought against the Company by an IT supplier. In the prior year, the directors accrued for £127,500 in relation to the settlement of this claim. The final total settlement for this claim was £191,708.

SIMTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

14. Intangible assets

	Goodwill £
Cost	
At 1 October 2018	1,200,000
At 31 March 2020	<u>1,200,000</u>
Amortisation	
At 1 October 2018	450,000
Charge for the period	90,000
At 31 March 2020	<u>540,000</u>
Net book value	
At 31 March 2020	<u><u>660,000</u></u>
At 30 September 2018	<u><u>750,000</u></u>

SINTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

15. Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
Cost or valuation						
At 1 October 2018	1,029,302	1,736,191	88,902	359,145	748,812	3,962,352
Additions	1,933,226	786,578	31,501	246,599	2,055,803	5,053,707
Disposals	(45,069)	(27,000)	(4,200)	-	-	(76,269)
At 31 March 2020	<u>2,917,459</u>	<u>2,495,769</u>	<u>116,203</u>	<u>605,744</u>	<u>2,804,615</u>	<u>8,939,790</u>
Depreciation						
At 1 October 2018	284,148	671,852	2,102	148,251	-	1,106,353
Charge for the period	271,375	453,090	38,889	75,831	-	839,185
Disposals	(22,605)	(25,200)	(2,102)	-	-	(49,907)
At 31 March 2020	<u>532,918</u>	<u>1,099,742</u>	<u>38,889</u>	<u>224,082</u>	<u>-</u>	<u>1,895,631</u>
Net book value						
At 31 March 2020	<u>2,384,541</u>	<u>1,396,027</u>	<u>77,314</u>	<u>381,662</u>	<u>2,804,615</u>	<u>7,044,159</u>
At 30 September 2018	<u>745,154</u>	<u>1,064,339</u>	<u>86,800</u>	<u>210,894</u>	<u>748,812</u>	<u>2,855,999</u>

Depreciation charge on assets held under hire purchase arrangements in the year was £177,752 (2018 - £28,220).

The net carrying value of tangible fixed assets held under hire purchase arrangements totals £2,255,952 (2018 - £530,144).

SIMTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

16. Stocks

	31 March 2020 £	30 September 2018 £
Raw materials and consumables	1,453,313	1,070,908
Finished goods and goods for resale	746,154	477,730
	<u>2,199,467</u>	<u>1,548,638</u>

17. Debtors

	31 March 2020 £	30 September 2018 £
Trade debtors	2,159,729	2,242,335
Other debtors	365,925	69,193
Prepayments and accrued income	301,271	352,968
	<u>2,826,925</u>	<u>2,664,496</u>

Trade debtors amounting to £2,159,767 (2018 - £2,210,970), which are subject to an invoice discounting agreement were outstanding as at 31 March 2020.

18. Cash and cash equivalents

	31 March 2020 £	30 September 2018 £
Cash at bank and in hand	69,061	823,794
Less: bank overdrafts	(2,219,941)	(1,969,058)
	<u>(2,150,880)</u>	<u>(1,145,264)</u>

SIMTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

19. Creditors: Amounts falling due within one year

	31 March 2020 £	30 September 2018 £
Overdrafts	2,219,941	1,969,058
Bank loans	1,786,614	1,016,764
Other loans	241,667	-
Trade creditors	3,180,533	1,625,562
Corporation tax	-	3,503
Other taxation and social security	74,108	97,050
Obligations under finance lease and hire purchase contracts	711,958	150,783
Other creditors	113,294	298,419
Accruals and deferred income	289,095	502,490
	8,617,210	5,663,629

Included within bank overdrafts are proceeds received under an invoice discounting arrangement, which are secured against the debtor ledger balances to which they relate.

Bank loans are secured by a fixed and floating debenture charge over the assets of the Company, of which a director has also provided a guarantee.

Other loans relate to a related party loan of which further details are provided in note 30. The loan was taken out in June 2018 and is due for repayment by April 2023, with capital repayments due to commence on a monthly basis from April 2020. The loan is unsecured and interest is charged at 9.66% per annum.

Obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

20. Creditors: Amounts falling due after more than one year

	31 March 2020 £	30 September 2018 £
Bank loans	720,000	-
Other loans	483,333	725,000
Net obligations under finance leases and hire purchase contracts	1,789,816	484,674
	2,993,149	1,209,674

SIMTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

20. Creditors: Amounts falling due after more than one year (continued)

Bank loans are secured by a fixed and floating debenture charge over the assets of the Company, of which a director has also provided a guarantee.

Other loans relate to a related party loan of which further details are provided in note 30. The loan was taken out in June 2018 and is due for repayment by April 2023, with capital repayments due to commence on a monthly basis from April 2020. The loan is unsecured and interest is charged at 9.66% per annum.

Obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

21. Loans

Analysis of the maturity of loans is given below:

	31 March 2020 £	30 September 2018 £
Amounts falling due within one year		
Bank loans	1,786,614	1,016,764
Other loans	241,667	-
	2,028,281	1,016,764
Amounts falling due 1-2 years		
Bank loans	480,000	-
Other loans	483,333	725,000
	963,333	725,000
Amounts falling due 2-5 years		
Bank loans	240,000	-
	240,000	-
	3,231,614	1,741,764

SIMTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	31 March 2020 £	30 September 2018 £
Within one year	755,299	169,734
Between 1-5 years	1,938,711	525,534
	<u>2,694,010</u>	<u>695,268</u>

23. Deferred taxation

	2020 £	2018 £
At beginning of year	(200,996)	(161,266)
Charged to profit or loss	12,304	(39,730)
At end of year	<u>(188,692)</u>	<u>(200,996)</u>

The provision for deferred taxation is made up as follows:

	31 March 2020 £	30 September 2018 £
Accelerated capital allowances	(528,608)	(212,391)
Tax losses carried forward	338,543	11,005
Short term timing differences	1,373	390
	<u>(188,692)</u>	<u>(200,996)</u>

SIMTOM FOOD PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

24. Share capital

	31 March 2020 £	30 September 2018 £
Allotted, called up and fully paid		
25,000 (2018 - 25,000) Ordinary shares of £1.00 each	<u>25,000</u>	<u>25,000</u>

25. Reserves**Profit and loss account**

The profit and loss account includes all current and prior year retained profit and losses.

26. Capital commitments

At 31 March 2020 the Company had capital commitments as follows:

	31 March 2020 £	30 September 2018 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>205,704</u>

27. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £47,498 (2018 - £50,296). Contributions totalling £7,224 (2018 - £5,273) were payable to the fund at the balance sheet date and are included in creditors.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

28. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 March 2020 £	30 September 2018 £
Not later than 1 year	284,234	158,943
Later than 1 year and not later than 5 years	454,274	559,962
Later than 5 years	154,000	191,962
	<u>892,508</u>	<u>910,867</u>

29. Transactions with directors

At 31 March 2020, one of the directors owed the Company £120,779 (2018 - £Nil) in respect of loans and advances made by the Company. Advances in the year totalled £120,779 and repayments totalled £Nil.

There are no set terms for repayment and no interest is accruing on the loan to the directors.

30. Related party transactions

The director is a trustee of the Simtom Retirement Benefits Scheme. The Company leases property owned by the Simtom Retirement Benefits Scheme. During the year, rent was paid to the Simtom Retirement Benefits Scheme amounting to £94,500 (2018 - £19,000). There was no balance outstanding as at the period year (2018 - £Nil).

The Company received a loan of £725,000 in the prior period from relatives of the director, further details of which are shown in note 19. The balance outstanding at 31 March 2020 was £725,000 (2018 - £725,000).

The remuneration of key management personnel, some of which were also directors, totalled £444,866 for the period (2018 - £493,166).

31. Controlling party

The Company is controlled by J D Chandarana and R J Chandarana by virtue of their shareholding in the Company.