Tendercut Meats Limited

Annual report and financial statements

Registered number: 02926627

31 December 2020

Contents

Company Information

Directors
D J Gray
J N Oldcorn
P J Tomlinson

Registered number
02926627

Registered office
Level 5
9 Hatton Street
London
United Kingdom
NW8 8PL

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
40 Clarendon Road
Watford
WD17 1JJ

Bankers
Lloyds TSB Bank plc
25 Gresham Street
London
EC2V 7HN

Bank Leumi
20 Stratford Place
London
W1C 1BG

Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2020.

Principal activities

The Company's principal activity is meat processing.

Business review and state of affairs

Company turnover increased from 2019 to £11.7 million (2019: £10.7 million). The operating loss for the year reduced to £502,000 in 2020 from £772,000 in 2019. The Company continued to experience difficult trading conditions during 2020. The gross margin at 6.7% is improved from last year (2019: 5.3%).

Future outlook

As explained in note 1 (Basis of Preparation) in the financial statements, the COVID-19 outbreak, and resulting measures taken by various governments to contain the virus, continues to affect businesses worldwide.

As part of a food supply chain, directed primarily towards the supermarket channel, we are fortunate to not have been significantly impacted by COIVD-19, as many businesses have been, and have traded well throughout the pandemic. Nevertheless, we are not immune to the far reaching impacts of the global economic downturn we are still experiencing. The long term impact on the Company is dependent on the period during which the regions in which we operate continue to be exposed to COVID-19 and the distribution of the COVID-19 vaccine. Key European markets have started to introduce the vaccine and the initial success of the UK vaccination rollout is expected to clear a way out of lockdown within the UK. The Directors have considered the forward financial position of the Company, including detailed financial models to December 2022 and a severe but plausible downside scenario. On the basis of these forecasts, the Directors are confident that we currently have sufficient financial resources available to meet out financial obligations as they fall over the foreseeable future.

The UK's decision to exit the European Union could have a downside impact on consumption and affect the availability of labour. The end of the negotiations in December 2020 provided more clarity and the Company is prepared for any anticipated changes in legislation. Thur far, the exit from the European Union on 31 January 2020 and subsequence end of the transition period on 30 December 2020 has had an immaterial impact on the Company.

On the 1 April 2021, the trade and assets of the business were sold at net book value to a related party, Fairfax Meadow Europe Limited.

Performance management

Annual budgets and longer-term financial plans are developed by the Directors to target improved business performance. The Directors review the performance of the business through comprehensive monthly reviews, comparing actual results against both budget expectations and prior year achievements. Results are challenged to ensure performance is maximised. Particular emphasis is placed on monitoring turnover, operating costs, cash flows and working capital levels. In addition other key performance indicators monitored by the Directors are as follows:

Measure	2020	2019	Performance
Revenue growth: this measure shows the underlying trend and performance of the business	9.5%	(23.3)%	Turnover increased as raw materials supply improved from Q4 2019.
EBITDA growth: this measure shows the overall financial performance of the business (£'000)	331	(89)	EBITDA increase has been driven by an increase in sales following raw material shortages in FY19 and cost reductions in direct labour and management during FY20.

Strategic Report (continued)

Managing risk

There are a number of potential risks and uncertainties, which could have a material impact on the Company's long-term performance and cause actual results to differ materially from expected and historical results. The risk management process seeks to enable the early identification, evaluation and effective management of the key risks facing the businesses at an operational level and to operate internal controls that adequately mitigate these risks.

As explained in note 1 in the financial statements, the COVID-19 outbreak and resulting measures taken by various governments to contain the virus continues to affect businesses worldwide.

In addition to the already known effects, the macroeconomic uncertainty causes disruption to economic activity and it is unknown what the longer term impact on our business may be.

The scale and duration of this pandemic remain uncertain. The main risks that result from the current uncertain situation regarding COVID-19 are:

Risk area	
Revenues and profitability	As the Company primarily supplies the supermarket channel, we are fortunate to be less adversely impacted than other businesses by the COVID-19 outbreak. However, we are not immune to any fall in overall economic activity or consumer spending.
Internal controls	The change to 'normal' working with most office staff working from home does put some controls under pressure. However, we are confident that the control environment and mind-set is strong enough that it can be maintained through small adaptations already implemented and the continued segregation of duties.
Going concern	The Directors have reviewed the ability of the Company to continue as a going concern and have concluded that there is no material risk. See note 1 for more details.
Health & Safety	The health and safety of employees is a priority for the Company. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus including social distancing, temperature checking and use of appropriate PPE, and working from home where possible. The Company is rightfully proud and appreciative of the achievements of all employees and their immense contribution throughout a very challenging year.

Strategic Report (continued)
Managing risk (continued)

In addition, the Directors have identified the following principal risks and uncertainties that could have the most significant impact on the Company's value generation:

Risk area	Nature of risk and possible repercussions	Mitigation
Operational risk:		
State of the economy	The deterioration of the economies in which the Company operates may adversely impact sales or sales mix and, ultimately, lower profitability and cash flow. The UK's decision to leave the European Union has had immaterial immediate impact. The impact of COVID-19 on the state of the economy and our businesses is discussed above and in note 1.	Although the Company cannot directly influence the general economic conditions or consumer spending, it works to understand the market in order to provide products of a quality and at prices that are suitable for its customers. The operations of the Company are designed to be flexible enough to move with the market trends to ensure that changes in demand caused by the economy can be overcome.
Customer risk	The loss of all or part of the Company's business with one or more of its major customers would adversely impact the Company's results.	The Company manages the risk of operating in a competitive sector by maintaining strong customer relationships. Delivering high levels of service and quality supports this process. The monitoring of key performance indicators at a customer level such as service levels and customer complaints enables the business to ensure it offers strong customer service, quality products, low costs and innovative product development.
Product safety and quality	A breach of food safety legislation may lead to reputational damage and regulatory penalties, including restrictions on operations, damages or fines.	The Company operates food safety systems that are regularly reviewed to ensure they remain effective, including continuing compliance with all regulatory requirements for food hygiene and safety. All food products are made to the highest standards regardless of where they are manufactured and food safety is always prioritised over economic considerations.

Strategic Report (continued)
Managing risk (continued)

Price and supply of raw materials	The price and supply of raw materials is largely influenced by the environment in which the product originates. Changes in price would impact the core profitability of the Company's business and any related shortage in supply will impact the business' ability to maintain its service levels to customers.	The Company aims to pass on increased costs to its customers as far as is reasonable in the circumstances while maintaining its tight control of overhead costs to mitigate the impact on consumers. The Company maintains a high level of expertise in its buying team, enabling it to monitor raw material sources on a global basis and to negotiate forward purchase contracts where appropriate with key suppliers. The team also cultivate strong relationships with major suppliers to ensure continuity of supply at competitive prices.
Business continuity	The Company operates from one site, the loss of which, for example as a result of fire, would present significant operational difficulties.	The Company's operations have business continuity plans in place to manage the impact of such an event should it occur and group insurance programmes to mitigate the financial consequences.

Financial risk:		
Interest rates and currency	Funds to finance working capital and capital investment are arranged by the parent Argent Foods Limited. Borrowings are in the form of bank loans and vary considerably throughout the year. Such borrowings have variable interest rates based upon banks' base rates and are therefore subject to fluctuations in such rates. The Company is exposed to foreign currency risk on purchases for imported materials.	Interest rate and foreign currency risks are managed using effective hedging policies. The Argent Foods Limited group hedges interest rate exposures on fixed term debt by the use of interest rate swaps on a proportion of fixed term borrowings.
Liquidity	The Company needs access to funding for current business and future growth.	The Company has committed bank facilities available to meet its long-term capital and funding obligations and to meet any unforeseen obligations and opportunities. Banks are selected for their credit status, global reach and ability to meet the business' day-to-day banking requirements. Debt is managed centrally and appropriate headroom is maintained.

Human Resource:		
People	The Company is dependent on continuing to attract, retain, develop and motivate the best people with the right capabilities at all levels in the organisation. Following Brexit and the end of free movement employees from the EU must apply for pre-settled or settled status by 30 June 2021.	The Company mitigates the risk associated with loss of key personnel through succession planning, strong recruitment processes, effective incentives and ongoing training and development. The Company is assisting impacted employees in the application for pre-settled and settled status.

Strategic Report (continued)

Employees

Equal opportunities – the Company is committed to offering equal opportunities to all individuals within its businesses through recruitment, training and career development. Full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the Company an opportunity for retraining.

Harassment – a zero tolerance policy exists towards all forms of harassment in the workplace. We encourage our people to report incidents of harassment to the appropriate human resources manager.

Communication – the Company places considerable value on the involvement of its staff and has continued its policy of communication, consultation and involvement. Information is provided to staff on matters which concern them and staff are consulted to obtain their views on matters which affect their interests.

On behalf of the board

J N Oldcom
Director
24 May 2021

Level 5
9 Hatton Street
London
NW8 8PL

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Directors

The Directors who served throughout the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

A S King (resigned 18 June 2020)
D J Gray
J N Oldcorn
P J Tomlinson (appointed 18 June 2020)

Results and dividends

Detailed results for the year are set out in the Income Statement on page 12. The loss for the financial year amounted to £436,000 (2019: £694,000). The Directors do not propose to pay a dividend in respect of ordinary shares for the year (2019: £nil). The Company has a net asset Statement of Financial Statement Position of £792,000 (2019: £1,228,000).

Please refer to the Strategic Report on page 2 for future developments, performance management and principal risks and uncertainties.

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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.

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.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report (continued)

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Significant events affecting the Company that have arisen between 31 December 2020 and the date of this report and that require disclosure are described in note 22.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office for the coming year.

On behalf of the board

J N Oldcorn
Director
24 May 2021

Level 5
9 Hatton Street
London
NW8 8PL

Independent auditors' report to the members of Tendercut Meats Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tendercut Meats Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2020; the income statement, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for 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 to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Tendercut Meats Limited (continued)

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax regulation in the jurisdictions in which the Company operates, food safety and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of unusual journals outside the normal course of business, significant estimates, revenue recognition journal entries in order to manipulate the Company's performance profit measures and other key performance indicators to meet remuneration targets. Audit procedures performed by the engagement team included:

- Obtaining an understanding of the legal and regulatory frameworks applicable to the Company, including those relating to the reporting framework, the relevant tax compliance regulations and the EU General Data Protection Regulation (GDPR).
- Inquiring with management to understand how the business complies with key frameworks. These inquiries were corroborated through review of Board minutes.
- Obtaining Company's assessment of the key fraud risks and the controls and procedures that are in operation to detect and prevent fraud.
- Our procedures involved using: Computer Assisted Audit Techniques ("CAATS") to analyse all journals to identify any unusual, unexpected or significantly material journals for specific follow up and testing. Significant accounting estimates were tested for possible management bias. As required by ISA 240, an element of unpredictability was incorporated into our audit testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of Tendercut Meats Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Andrew Latham

Andrew Latham (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

24th May 2021

Income Statement
for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	2	11,679	10,668
Cost of sales		(10,901)	(10,104)
Gross profit		778	564
Distribution costs		(490)	(484)
Administrative expenses		(896)	(860)
Other operating income		106	8
Loss before interest and taxation	3	(502)	(772)
Net interest expense	6	(43)	(63)
Loss before taxation		(545)	(835)
Tax on loss	7	109	141
Loss for the financial year		(436)	(694)

Statement of Financial Position
as at 31 December 2020

	Note	2020 £'000	2019 £'000
Non current assets			
Property, plant and equipment	8	365	479
Current assets			
Inventories	9	3,982	1,190
Debtors	10	1,708	1,415
Cash at bank and in hand		3	56
		5,693	**2,661**
Creditors: amounts falling due within one year	11	(4,036)	(639)
Net current assets		**1,657**	**2,022**
Total assets less current liabilities		**2,022**	**2,501**
Creditors: amounts falling due after more than one year	12	(709)	(752)
Provisions for liabilities	16	(521)	(521)
Net assets		**792**	**1,228**
Capital and reserves			
Called up share capital	18	3,757	3,757
Accumulated losses		(2,965)	(2,529)
Total shareholders' funds		**792**	**1,228**

The financial statements on pages 12 to 26 were approved by the board of directors on 24 May 2021 and were signed on its behalf by:

J N Oldcorn
Director

Statement of Changes in Equity
for the year ended 31 December 2020

	Note	Called up share capital £'000	Accumulated losses £'000	Total shareholders' funds £'000
Balance at 1 January 2019		2,257	(1,835)	422
Share capital issue	18	1,500	-	1,500
Loss for the financial year		-	(694)	(694)
Balance at 31 December 2019		3,757	(2,529)	1,228
Loss for the financial year		-	(436)	(436)
Balance at 31 December 2020		3,757	(2,965)	792

Notes to the financial statements

for the year ended 31 December 2020

1. Accounting policies

General information

Tendercut Meats Limited's (the "Company") principal activity is meat processing.

The Company is a private company limited by its shares and is incorporated in England, United Kingdom, registration number 02926627. The address of its registered office is Level 5, 9 Hatton Street, London NW8 8PL.

Statement of compliance

The financial statements of Tendercut Meats Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

The financial statements are presented in Sterling and rounded to the nearest thousand, unless stated otherwise. They are prepared on a going concern basis. As part of a food supply chain, directed primarily towards the supermarket channel, we are fortunate to not have been significantly impacted by COVID-19 as many businesses have been. The Directors have considered the forward financial position of the Company, including detailed financial models to December 2022 and a severe but plausible downside scenario. This included assessing the risk of disruption to supply chains, cautiously reflecting potential improvements in business and consideration of mitigations to further preserve cash, if necessary, within the business. On the basis of these forecasts, the Directors are confident that we currently have sufficient financial resources available to meet our obligations as they fall due for a period of at least twelve months from the date of approval of these financial statements. Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

The Company is a wholly owned subsidiary of Argent Foods Limited and is included in its consolidated financial statements, which are publicly available. FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. The Company has taken advantage of the following exemptions in its financial statements:

- from preparing a Statement of Cash Flows, on the basis that the Company's results are included in the Argent Foods Limited group's consolidated Statement of Cash Flows; FRS 102 p1.12(b); and
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures, FRS 102 1.12(c); and
- from the key management personnel disclosure, on the basis that key management personnel and directors are the same; FRS 102 33.7A.

Summary of significant accounting policies

Accounting policies are disclosed within each of the applicable notes to the financial statements and are designated by this box. They have been applied consistently in dealing with items which are considered material in relation to the financial statements throughout the year and preceding year.

Foreign currencies

Transactions in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction or at forward contract rates where appropriate. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the Statement of Financial Position date or forward contract rates where appropriate. Other gains and losses arising from foreign currency transactions are included in the Income Statement.

Notes to the financial statements (continued)

for the year ended 31 December 2020

1. Accounting policies (continued)

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. The Directors do not believe there to by any significant estimates or assumptions that would have a material impact within the next financial year.

2. Turnover

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, it is probable that the economic benefit will flow to the Company and the amount of revenue can be measured reliably. Turnover represents the value of goods and services supplied, net of value added tax and trade discounts.

Turnover is attributable to one continuing activity, namely that of meat processing. The analysis of turnover by geographical destination is as follows:

	2020 £'000	2019 £'000
United Kingdom	11,637	10,227
Continental Europe	42	441
	11,679	10,668

3. Loss before interest and taxation

Loss before interest and tax is stated after charging/(crediting):

	2020 £'000	2019 £'000
Auditors' remuneration - audit services	14	11
Depreciation of property, plant and equipment (note 8)	129	68
Reversal of impairment of inventories (note 9)	-	(66)
Operating lease rentals		
- land and buildings	166	135

4. Directors' remuneration

	2020 £'000	2019 £'000
Emoluments	7	27
Company contributions to money purchase pension schemes	1	6
	8	33

The number of directors who:

	2020 Number	2019 Number
Are accruing benefits under money purchase schemes	-	1

Not all directors are remunerated through this Company. Those that are not are remunerated through this Company are remunerated through another group Company. No recharge is made as the time spent in relation to this Company is not significant.

Notes to the financial statements (continued)

for the year ended 31 December 2020

5. Employment

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

Further details on pension arrangements are detailed in note 17.

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2020 Number	2019 Number
Administration	7	9
Selling and distribution	1	1
Production and manufacturing	31	44
	39	54

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	1,215	1,555
Social security costs	107	138
Other pension costs (note 17)	273	144
	1,595	1,837

6. Net interest expense

Interest is recognised using the effective interest rate method. Interest payable is recognised over the period of the principal outstanding.

	2020 £'000	2019 £'000
Interest payable and similar expenses		
Interest payable on overdrafts and bank loans	(42)	(43)
Finance lease interest	(1)	(1)
Interest payable to group undertakings	-	(19)
Net interest expense	(43)	(63)

Notes to the financial statements (continued)

for the year ended 31 December 2020

7. Tax on loss

Current tax, including UK Corporation Tax and overseas tax, is included at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at the Statement of Financial Position date that result in an obligation to pay more tax or a right to pay less tax in the future. Deferred tax assets are recognised only to the extent that they are considered recoverable in the future. Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse. Deferred tax assets and liabilities have been recognised in these financial statements using the future Corporation Tax rates.

The tax credit represents:

	2020 £'000	2019 £'000
Current tax		
UK Corporation Tax credit on losses for the year	(90)	(155)
Adjustment in respect of prior years	(12)	5
Total current tax	(102)	(150)
Deferred tax		
Origination and reversal of timing differences	(7)	9
Total deferred tax (note 15)	(7)	9
Total tax credit in profit and loss	(109)	(141)

Reconciliation of effective tax rate

The tax assessed for the year is lower than (2019: higher than) the standard rate of Corporation Tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £'000	2019 £'000
Loss before tax	(545)	(835)
Loss before tax multiplied by the standard rate of Corporation Tax in the UK at 19.00% (2019: 19.00%)	(104)	(159)
Effects of:		
Expenses not deductible for tax purposes	7	15
Accelerated capital allowances and other timing differences	-	(2)
Adjustment in respect of prior years	(12)	5
Tax credit for the year	(109)	(141)

Factors that may affect future tax charges

As part of the new Finance Bill 2020 (dated 11 March 2020) it is stated that UK Corporation Tax will remain at a rate of 19%.

Notes to the financial statements (continued)

for the year ended 31 December 2020

8. Property, plant and equipment

Property, plant and equipment are carried at cost less provision for impairment and depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The charge for depreciation is calculated to write down the cost or valuation less estimated residual value of all property, plant and equipment other than freehold land by equal annual instalments over their expected useful lives as follows:

Short-term Leasehold improvements	-	over 5 years
Plant and machinery	-	over 1 to 5 years

	Short-term leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost			
At beginning of year	999	1,125	2,124
Additions	1	14	15
Disposals	-	(112)	(112)
At end of year	1,000	1,027	2,027
Accumulated depreciation			
At beginning of year	728	917	1,645
Charge for the year	59	70	129
Depreciation of disposals	-	(112)	(112)
At end of year	787	875	1,662
Net book value			
At 31 December 2020	213	152	365
At 31 December 2019	271	208	479

Notes to the financial statements (continued)

for the year ended 31 December 2020

9. Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Cost includes an appropriate proportion of overheads incurred in the normal course of business in bringing the product to its present location and condition. Provision is made for obsolete, slow-moving or defective items where appropriate.

At the end of each reporting year inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Income Statement. When a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Income Statement.

	2020 £'000	2019 £'000
Raw materials and consumables	3,326	984
Finished goods and goods for resale	656	206
	3,982	1,190

There is no significant difference between the replacement cost of inventory and carrying amount.

There are no provisions for impairment of inventory (2019: £nil).

10. Debtors

Trade and other receivables are initially recognised at transaction price. If the arrangement constitutes a financing transaction, the transaction is measured at the present value of the future receipts discounted at the market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of the reporting year trade and other receivables are assessed for objective evidence of impairment. If the 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 asset's original effective interest rate. The impairment loss is recognised in the profit or loss.

	2020 £'000	2019 £'000
Due within one year:		
Trade debtors	1,446	1,121
Amounts owed by group undertakings	71	154
Other debtors	35	29
Corporation tax recoverable	34	-
Deferred tax asset (note 15)	15	8
Prepayments and accrued income	107	103
	1,708	1,415

Amounts owed by group undertakings are unsecured with no interest charged and are repayable on demand.

There are no provisions for impairment of receivables (2019: nil).

Notes to the financial statements (continued)

for the year ended 31 December 2020

11. Creditors: amounts falling due within one year

Trade and other creditors that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

	2020 £'000	2019 £'000
Bank loans and overdrafts (note 13)	2,992	252
Trade creditors	628	205
Amounts owed to group undertakings	10	-
Obligations under finance leases and hire purchase contracts (notes 13 & 14)	14	14
Other creditors	12	12
Taxation and social security	32	36
Accruals and deferred income	348	120
	4,036	639

Amounts owed by group undertakings are unsecured with no interest charged and are repayable on demand.

12. Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Bank loans (note 13)	669	696
Obligations under finance leases and hire purchases (notes 13 & 14)	40	56
	709	752

Notes to the financial statements (continued)

for the year ended 31 December 2020

13. Borrowings

Borrowings are initially stated at the fair value of the consideration received. Finance costs are charged to the Income Statement over the term of the borrowings so as to represent a constant proportion of the balance of capital repayments outstanding. Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than twelve months are included in accrued charges within current liabilities. For all other borrowings, accrued finance charges and issue costs are added to the carrying value of those borrowings.

	2020 £'000	2019 £'000
In the first year or on demand:		
Bank loans and overdraft	2,992	252
Finance leases and hire purchase contracts	14	14
In more than one year but not more than five years:		
Bank loans	669	696
Finance leases and hire purchase contracts	40	56
	3,715	1,018

The Company maintains a confidential invoice discounting facility for £2,000,000 (2019: £2,000,000). This is a Group facility which is then allocated to specific companies within the Group. The availability of this facility is dependent upon the level of trade debtors. The amount outstanding at 31 December 2020 was £669,000 (2019: £696,000). Interest is payable at base rate with a margin of 2.00%.

14. Financial commitments

Property, plant and equipment acquired under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the Company, are capitalised in the Statement of Financial Position and depreciated over the shorter of their useful lives and the lease terms. The present value of future rentals is shown as a liability. The interest element of the rental obligations is charged to the Income Statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. All other leases are regarded as operating leases and the payments made under them are charged to the Income Statement on a straight-line basis over the lease term. Incentives received to enter into an operating lease are credited to the Income Statement, to reduce the lease expense, on a straight line basis over the period of the lease.

Notes to the financial statements (continued)
for the year ended 31 December 2020

14. Financial commitments (continued)

a) Operating lease commitments

	Land and buildings 2020 £'000	Land and buildings 2019 £'000
Within one year	165	135
Between one and five years	481	661
	646	796

b) Finance leases commitments

Finance leases are payable as follows:

	2020 £'000	2019 £'000
Within one year	16	16
Between one and five years	44	60
	60	76
Less future finance charges	(6)	(6)
	54	70

15. Deferred tax

The analysis of deferred tax balances for the Company is as follows:

Deferred tax asset

	2020 £'000	2019 £'000
Decelerated capital allowances	15	8
Deferred tax asset	15	8

	£'000
Deferred tax asset at 1 January	8
Deferred tax credit in Income Statement (note 7)	7
Deferred tax asset at 31 December	15

Deferred tax assets have been recognised in these financial statements using future Corporation Tax rates.

The unrecognised deferred tax asset at the year-end was £50,000 (2019: £45,000) which has arisen as a result of trading losses which have not been recognised on the basis that their future economic benefit is uncertain. In accordance with FRS 102 these assets will be recognised when it is regarded as more likely than not that they will be recovered.

Notes to the financial statements (continued)
for the year ended 31 December 2020

16. Provisions for liabilities

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. In particular:

Provision is not made for future operating losses

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are only disclosed in the financial statements when an inflow of economic benefits is probable.

	Dilapidations £'000
At 1 January 2020 and 31 December 2020	521
	521

Provision has been made for the requirement to repair dilapidations under the terms of a certain property lease.

17. Pension scheme

Defined benefit schemes

The Company participates in a group defined benefit pension scheme operated by Argent Foods Limited. The Company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme on a consistent and reasonable basis, and therefore, as required by FRS 102, accounts for this scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income Statement represents the contributions payable to the scheme in respect of the accounting year.

The Company participates in a defined contribution plan. Defined contribution pension costs charged to the Income Statement represent contributions payable in respect of the accounting year.

The Company participates in both defined benefit and defined contribution personal pension schemes. Further disclosure of the group defined benefit pension scheme is shown within the consolidated financial statements of the intermediate holding company, Argent Foods Limited. The total pension cost charge for the year amounted to £273,000 (2019: 144,000). The amount paid by Tendercut Meats Limited in respect of the group's defined benefit scheme was £241,000 (2019: £101,000) and in respect of defined contribution schemes was £32,000 (2019: £43,000). There were no outstanding contributions at year end (2019: £nil).

Notes to the financial statements (continued)

for the year ended 31 December 2020

18. Called up share capital

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

Allotted and fully paid

	2020 £'000	2019 £'000
3,756,726 (2019: 3,756,726) Ordinary shares of £1 each	3,757	3,757
	3,757	3,757

19. Assets pledged, commitments and contingencies

The Company is a participant in a group arrangement under which all assets and surplus cash balances are held as collateral for bank facilities advanced to group members. The facilities are secured under a debenture dated 22 September 2017 over all assets of the Company.

20. Related party transactions

20.1 Group transactions

The Company is a wholly owned subsidiary of Argent Foods Limited and is exempt under the terms of FRS 102 from disclosing related party transactions with entities which are wholly owned subsidiaries of the Argent Foods Limited group.

21. Ultimate and immediate parent undertaking

The Company is ultimately owned and controlled by D J Gray.

The Company is a wholly owned subsidiary of Argent Holdings Limited, with registered office at Level 5, 9 Hatton Street, London NW8 8PL.

The largest group into which the results of the Company are consolidated is Fletcher Bay Group Limited. Copies of those consolidated financial statements may be obtained from the registered office at Level 5, 9 Hatton Street, London NW8 8PL.

The smallest group into which the results of the Company are consolidated is Argent Foods Limited. Copies of those consolidated financial statements may be obtained from the registered office at Level 5, 9 Hatton Street, London NW8 8PL.

Notes to the financial statements (continued)

for the year ended 31 December 2020

22. Post balance sheet events

On the 1 April 2021, the trade and assets of the business were sold at net book value to a related party, Fairfax Meadow Europe Limited.