

MAINSTREAM INTERNATIONAL FOODS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

MAINSTREAM INTERNATIONAL FOODS LTD

COMPANY INFORMATION

Directors	M T Pick P Broadbent
Registered number	02938070
Registered office	St Peter's Buildings Stonebroom Estate Stonebroom Alfreton Derbyshire DE55 6LQ
Independent auditors	PKF Smith Cooper Audit Limited Chartered Accountants and Statutory Auditors St Helen's House King Street Derby DE1 3EE

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

Introduction

The principal activity of the Company is that of a wholesale meat supplier.

Business review

Within this report the directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the period end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

The prior year end was extended to a 15 month period ended June 2020. The Company operates in an extremely competitive industry and profit margins are traditionally very thin. The longer period has allowed for the increase in turnover as this offset the reduced sales from the impact of the lockdown due to COVID-19. The current year has continued to show the affect of the pandemic given the Company has a large level of customers in the hospitality sector. Despite very challenging times the Company has remained profitable.

Principal risks and uncertainties

Considering the risks and uncertainties the Company has identified, we are aware that any plans for the future development of the business may be subject to unforeseen events outside our control. This is an activity which the directors continually consider for the best future benefit of the Company.

COVID-19

Throughout the period we have experienced diminished demand as a result of COVID-19. As a result of COVID-19 the Company has looked at new ways of selling to the public which have achieved greater margins and offset some of the lost turnover.

Financial key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the Company as a whole. Turnover has fallen to £8.4m from £13.5m due to a 15 month accounting period in the priod year and the continuing effects of Covid 19.. We have been able to maintain the gross margin at 19.8% by focusing on increasing sales made directly to the public during lockdown.

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

.....
M T Pick

Director

Date: 30 June 2022

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

The directors present their report and the financial statements for the year ended 30 June 2021.

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 profit for the year, after taxation, amounted to £51,013 (2020 - £129,988).

The directors recommend payment of dividends of £220,000 (2020 - £290,000).

Directors

The directors who served during the year were:

M T Pick
P Broadbent

Future developments

There are no future developments that the directors believe require disclosure within the financial statements.

Financial instruments

The Company operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk and liquidity risk. The Company has a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and related finance costs. The Company has implemented policies that require appropriate credit checks before a sale is made.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end with the exception of COVID-19 which has been discussed in the strategic report.

Auditors

The auditors, PKF Smith Cooper Audit Limited, 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.

.....
M T Pick
Director
Date: 30 June 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAINSTREAM INTERNATIONAL FOODS LTD

Opinion

We have audited the financial statements of Mainstream International Foods Ltd (the 'Company') for the year ended 30 June 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 opinion.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the effects of the Covid 19 pandemic are continuing to be felt by the Company, which remains reliant on the support of its Bank. 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.

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. Our evaluation of the directors'

assessment of the Company's ability to continue to adopt the going concern basis of accounting included a review of the forecasts prepared and events subsequent to the year end.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAINSTREAM INTERNATIONAL FOODS LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year 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

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.

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:

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAINSTREAM INTERNATIONAL FOODS LTD (CONTINUED)

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:

- Management bias in respect of accounting estimates and judgements made;
- Management override of control;
- Posting of unusual journals or transactions;
- Significant cash based transactions.

We focused on those areas that could give rise to a material misstatement in the Company financial statements.

Our procedures included, but were not limited to:

- Enquiry of management and those charged with governance around actual and potential litigation and claims,

including instances of non-compliance with laws and regulations and fraud.

- Reviewing minutes of meetings of those charged with governance where available.
- Reviewing legal expenditure in the year to identify instances of non-compliance with laws and regulations and fraud.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

It is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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 Auditors' 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 Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAINSTREAM INTERNATIONAL FOODS LTD (CONTINUED)

James Delve (Senior statutory auditor)
for and on behalf of
PKF Smith Cooper Audit Limited
Chartered Accountants and Statutory Auditors
St Helen's House
King Street
Derby
DE1 3EE
30 June 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

		Year ended 30 June 2021 £	15 months ended 31 March 2020 £
	Note		
Turnover	4	8,429,482	13,501,021
Cost of sales		(6,762,867)	(10,828,011)
Gross profit		1,666,615	2,673,010
Administrative expenses		(1,683,419)	(2,598,957)
Other operating income	5	112,742	98,137
Operating profit	6	95,938	172,190
Interest receivable and similar income	10	-	4
Interest payable and expenses	11	(11,290)	(14,539)
Profit before tax		84,648	157,655
Tax on profit	12	(33,635)	(27,667)
Profit for the financial year		51,013	129,988

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 14 to 26 form part of these financial statements.

**BALANCE SHEET
AS AT 30 JUNE 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets		11,511	-
Tangible assets	14	645,704	721,344
Current assets			
Stocks	15	244,900	258,337
Debtors: amounts falling due within one year	16	632,792	629,523
Cash at bank and in hand	17	4,751	5,106
		882,443	892,966
Creditors: amounts falling due within one year	18	(695,715)	(572,377)
Net current assets		186,728	320,589
Total assets less current liabilities		843,943	1,041,933
Creditors: amounts falling due after more than one year	19	(36,981)	(66,383)
Provisions for liabilities			
Deferred tax	21	(67,373)	(67,373)
Net assets		739,589	908,177
Capital and reserves			
Called up share capital	22	100	100
Profit and loss account	23	739,489	908,077
		739,589	908,177

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

.....
M T Pick
Director
Date: 30 June 2022

The notes on pages 14 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2020	100	908,077	908,177
Comprehensive income for the year			
Profit for the 15 month period	-	51,013	51,013
Total comprehensive income for the year	-	51,013	51,013
Dividends: Equity capital	-	(219,601)	(219,601)
Total transactions with owners	-	(219,601)	(219,601)
At 30 June 2021	100	739,489	739,589

The notes on pages 14 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	100	1,068,089	1,068,189
Comprehensive income for the period			
Profit for the year	-	129,988	129,988
Total comprehensive income for the period	-	129,988	129,988
Dividends: Equity capital	-	(290,000)	(290,000)
Total transactions with owners	-	(290,000)	(290,000)
At 30 June 2020	100	908,077	908,177

The notes on pages 14 to 26 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	51,013	129,988
Adjustments for:		
Depreciation of tangible assets	92,379	123,458
Loss on disposal of tangible assets	-	2,300
Government grants	(112,742)	(98,137)
Interest paid	11,290	14,539
Interest received	-	(4)
Taxation charge	33,635	27,667
Decrease in stocks	13,437	167,956
(Increase)/decrease in debtors	(3,269)	380,846
Increase/(decrease) in creditors	110,631	(387,003)
Corporation tax (paid)	(33,123)	(106,700)
Net cash generated from operating activities	163,251	254,910
Cash flows from investing activities		
Purchase of intangible fixed assets	(11,511)	-
Purchase of tangible fixed assets	(16,739)	(112,617)
Sale of tangible fixed assets	-	4,500
Government grants received	112,742	98,137
Interest received	-	4
HP interest paid	(4,642)	(5,896)
Net cash from investing activities	79,850	(15,872)
Cash flows from financing activities		
Repayment of/new finance leases	(55,992)	11
Dividends paid	(219,601)	(290,000)
Interest paid	(6,648)	(8,643)
Net cash used in financing activities	(282,241)	(298,632)
Net (decrease) in cash and cash equivalents	(39,140)	(59,594)
Cash and cash equivalents at beginning of year	(174,776)	(115,182)
Cash and cash equivalents at the end of year	(213,916)	(174,776)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,751	5,106
Bank overdrafts	(218,667)	(179,882)
	(213,916)	(174,776)

The notes on pages 14 to 26 form part of these financial statements.

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2021**

	At 1 July 2020	Cash flows	At 30 June
	£	£	2021
			£
Cash at bank and in hand	5,106	(355)	4,751
Bank overdrafts	(179,882)	(38,785)	(218,667)
Finance leases	(136,725)	55,992	(80,733)
	<u>(311,501)</u>	<u>16,852</u>	<u>(294,649)</u>

The notes on pages 14 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. General information

Mainstream International Foods Limited is a private company, limited by shares and incorporated in England in the United Kingdom. The address of the registered office is St Peter's Building, Stonebroom estate, Stonebroom, Derbyshire, United Kingdom, DE55 6LQ. The Company's registration number is 02938070.

The nature of the Company's operations and principal activities is that of wholesale meat suppliers.

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 financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Going concern

The Covid 19 pandemic significantly affected the Companies activity levels although the Company has remained open and operating throughout the pandemic. Trading conditions and cash flow remain challenging. Net current assets have decreased to £187k (2020: £368k), a similar movement has also occurred with the net assets position £773k (2020: £937k). The directors have reviewed the financial requirements for a period of 12 months from the date of authorising the financial statements and consider there to be adequate financial resources. However the directors acknowledge that they remain reliant on the continued support of the Bank, HMRC and their major creditors.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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 turnover 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.

Turnover is recognised on dispatch of goods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive income in the same period as the related expenditure. Grants received in the current period relate to furlough receipts.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss 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 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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.9 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. Land held by the Company is not depreciated.

Depreciation is provided on the following basis:

Freehold property	- Straight line over 50 years
Plant and machinery	- 10%-33% reducing balance or straight line

2.10 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.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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 ordinary shares.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

There are no significant accounting judgments leading to material estimation uncertainty that require disclosure.

4. Turnover

An analysis of turnover by class of business is as follows:

	Year ended 30 June 2021 £	15 months ended 30 June 2020 £
Wholesale supply of meat	<u>8,429,482</u>	<u>13,501,021</u>

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

5. Other operating income

	Year ended 30 June 2021 £	15 months ended 30 June 2020 £
Government grants receivable	<u>112,742</u>	<u>98,137</u>

6. Operating profit

The operating profit is stated after charging:

	Year ended 30 June 2021 £	15 months ended 30 June 2020 £
Depreciation of tangible fixed assets	123,458	76,531
Exchange differences	<u>55,446</u>	<u>30,301</u>

7. Auditors' remuneration

	Year ended 30 June 2021 £	15 months ended 30 June 2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>10,000</u>	<u>9,750</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

8. Employees

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

	Year ended 30 June 2021 £	15 months ended 30 June 2020 £
Wages and salaries	1,041,271	1,553,726
Social security costs	82,996	126,503
Cost of defined contribution scheme	37,723	55,446
	<u>1,161,990</u>	<u>1,735,675</u>

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

	Year ended 30 June 2021 No.	15 month ended 30 June 2020 No.
Production staff	44	49
Administration and leadership	8	8
	<u>52</u>	<u>57</u>

9. Directors' remuneration

	Year ended 30 June 2021 £	15 months ended 30 June 2020 £
Directors' emoluments	19,020	21,436
Company contributions to defined contribution pension schemes	11,000	10,100
	<u>30,020</u>	<u>31,536</u>

During the year retirement benefits were accruing to 2 directors (2020 - NIL) in respect of defined contribution pension schemes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

10. Interest receivable

	Year ended 30 June 2021 £	15 months ended 30 June 2020 £
Other interest receivable	-	4

11. Interest payable and similar expenses

	Year ended 30 June 2021 £	15 months ended 30 June 2020 £
Other loan interest payable	6,648	8,643
Finance leases and hire purchase contracts	4,642	5,896
	<u>11,290</u>	<u>14,539</u>

12. Taxation

	Year ended 30 June 2021 £	15 months ended 30 June 2020 £
Corporation tax		
Current tax on profits for the year	33,635	33,127
Total current tax	<u>33,635</u>	<u>33,127</u>
Deferred tax		
Origination and reversal of timing differences	-	(780)
Adjustment to deferred tax in respect of prior periods	-	(4,680)
Total deferred tax	<u>-</u>	<u>(5,460)</u>
Taxation on profit on ordinary activities	<u>33,635</u>	<u>27,667</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

12. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	12 months ended 30 June 2021 £	15 months ended 30 June 2020 £
Profit on ordinary activities before tax	<u>84,648</u>	<u>157,655</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	16,083	29,954
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	17,552	2,393
Adjustments to deferred tax in respect of prior periods	-	(4,680)
Total tax charge for the year/period	<u>33,635</u>	<u>27,667</u>

Factors that may affect future tax charges

There are no factors which might affect future tax charges

13. Dividends

	2021 £	2020 £
Dividends	<u>219,601</u>	<u>290,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. Tangible fixed assets

	Freehold property £	Plant and machinery and equipment £	Total £
Cost			
At 1 July 2020	630,300	1,094,436	1,724,736
Additions	-	16,739	16,739
At 30 June 2021	630,300	1,111,175	1,741,475
Depreciation			
At 1 July 2020	263,550	739,842	1,003,392
Charge for the year on owned assets	10,824	81,555	92,379
At 30 June 2021	274,374	821,397	1,095,771
Net book value			
At 30 June 2021	355,926	289,778	645,704
At 30 June 2020	366,750	354,594	721,344

The net book value of land and buildings may be further analysed as follows:

	2021 £	2020 £
Freehold	355,926	366,750

Included in freehold property is land with a cost price of £89,022 (2020: £89,022).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Plant and machinery	13,090	24,137
Motor vehicles	171,319	159,468
	<u>184,409</u>	<u>183,605</u>

15. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>244,900</u>	<u>258,337</u>

Stock recognised in cost of sales during the period as an expense was £6,749,440 (2020: £10,768,695).

16. Debtors

	2021 £	2020 £
Trade debtors	584,302	491,729
Other debtors	48,490	137,371
Prepayments and accrued income	-	423
	<u>632,792</u>	<u>629,523</u>

An impairment against trade debtors has been recognised totaling £30,707 (2020: £36,908).

17. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	4,751	5,106
Less: bank overdrafts	(218,667)	(179,882)
	<u>(213,916)</u>	<u>(174,776)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

18. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	218,667	179,882
Trade creditors	354,452	247,190
Corporation tax	33,635	33,123
Other taxation and social security	19,391	20,533
Obligations under finance lease and hire purchase contracts	43,752	70,342
Accruals and deferred income	25,818	21,307
	<u>695,715</u>	<u>572,377</u>

A fixed charge exists over the property and a floating charge over plant and machinery in relation to the overdraft.

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

	2021 £	2020 £
Net obligations under finance leases and hire purchase contracts	<u>36,981</u>	<u>66,383</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	70,342	84,433
Between 1-5 years	85,067	39,954
Over 5 years	-	12,237
	<u>155,409</u>	<u>136,624</u>

The lease agreements are secured against the assets to which they relate.

21. Deferred taxation

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

21. Deferred taxation (continued)

	2021 £
At beginning of year	(67,373)
Credited to profit or loss	-
At end of year	<u>(67,373)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	<u>67,373</u>	<u>67,373</u>

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 (2020 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

23. Reserves

Profit and loss account

Profit and loss account - includes all current and prior period distributable retained profits and losses.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £37,723 (2020: £55,446). Contributions totalling £nil (2020: £Nil) were payable to the fund at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

25. Commitments under operating leases

At 30 June 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	14,048	18,255
Later than 1 year and not later than 5 years	7,582	16,191
	<u>21,630</u>	<u>34,446</u>

The total expense recognised during the year in relation to operating leases totaled £18,255 (2020: £29,629).

26. Transactions with directors

Included in other debtors is a loan to M Pick, a director and shareholder. The balance at the period end was £16,281 (2020: £79,929). The maximum outstanding balance during the period was £79,929 (2020: £180,111). The loan is unsecured and repayable on demand with no interest to be charged.

Included in other debtors is a loan to P Broadbent, a director and shareholder. The balance at the period end was £10,795 (2020: £28,295). The maximum outstanding balance during the period was £28,295 (2020: £156,899). The loan is unsecured and repayable on demand with no interest to be charged.

27. Related party transactions

During the year, total dividends of £219,601 (2020: £290,000) were paid to directors.

The directors do not consider there to be any key management personnel.

28. Controlling party

The controlling party is M Pick by virtue of his 99% holding in the issued ordinary share capital of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.