

Registration number: 03102559

Daniels Chilled Foods Limited
Annual Report and Financial Statements
for the Year Ended 30 June 2022



Daniels Chilled Foods Limited

Contents

Company Information	1
Strategic Report	2 to 4
Directors' Report	5 to 7
Statement of Directors' Responsibilities	8
Independent Auditor's Report	9 to 11
Statement of Profit and Loss and Other Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 to 32

Daniels Chilled Foods Limited

Company Information

Directors

Mark Lawrence Schiller

Wolfgang Goldenitsch

Christopher James Bellairs

Company secretary

Nicholas Keen (resigned 14 September 2022)

Farhaana Hussain Aslam (appointed 14 September 2022)

Registered office

Templar House,
4225 Park Approach,
Thorpe Park,
Leeds,
United Kingdom,
LS15 8GB

Auditors

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Daniels Chilled Foods Limited

Strategic Report for the Year Ended 30 June 2022

The directors present their strategic report for the year ended 30 June 2022.

Principal activity

The principal activity of the Company is that of a leading manufacturer of fresh, chilled soup.

Review of the business

The Company has a number of key performance indicators, both financial and non-financial, that are used to manage the business. Non-financial indicators include health and safety.

On 1 October 2020, the trade and certain assets of a fellow group subsidiary The Yorkshire Provender Limited were acquired for proceeds equal to the book value of the assets purchased. On 4 February 2021 the Company announced the potential closure of the Leeming Bar soup facility and the transfer of its manufacturing volumes to the Lakeside soup facility. This was subsequently confirmed and took place in quarter four of the financial year ended 30 June 2021.

The Company's key financial and other performance indicators from continuing operations during the year were as follows:

	Unit	2022	2021
Turnover	£000	44,701	35,412
Operating profit after one-off items	£000	6,370	1,314
Operating profit before one-off items	£000	6,370	338
Shareholders' funds	£000	13,652	9,102

Financial measurement is driven by reviewing movements in turnover, gross margin percentages and operating profit margins. Gross margin percentage from continuing operations for the period was 28.1% (year ended 30 June 2021 – 26.5%). Turnover from continuing operations increased by £9,289,000 to £44,701,000. For a number of reason, we increased our capacity at our Lakeside site, our Yorkshire Provender brand has grown and, our private label soup business has seen some great commercial wins in the year. Statutory operating profit from continuing operations improved by £6,032,000 to a profit of £6,370,000. On a pre-one-off basis operating loss from continuing operations improved from a profit of £1,314,000 to a profit of £6,370,000. This was primarily due to a focus on cost control in the year.

One-off items in operating profit from continuing operations in the year ended 30 June 2021 included:

- £1,169,000 impairment of property, plant and equipment arising mainly on the closure of the Leeming Bar soup facility, and a move of the head office location in the year.
- £35,000 loss arising on settlement of certain onerous lease liabilities.
- £228,000 gain arising on settlement of certain leasehold restoration liabilities.

The total profit for the year ended 30 June 2022 was £4,313,000 (2021 – £663,000).

Principal risks and uncertainties

The Company operates in a highly competitive market place particularly with regard to pricing, promotional activity and the introduction of new product developments. The Company manages competitive trading risk by providing well priced, high quality products and by maintaining strong relationships with its customer base.

Daniels Chilled Foods Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Principal risks and uncertainties (continued)

Upwards input price pressure, both underlying and currency related, represents a key risk to the business. This risk is addressed through a continuous review of the supply base of the business to ensure continuity of supply of key materials at competitive prices. The business has a number of contracts with key suppliers that mitigate the effects of input price volatility.

The general economic climate also represents a risk to the business and may impact the revenue and profitability of the business. The business has plans in place to mitigate this risk where necessary.

At the date of approval of these financial statements, there remains significant uncertainty concerning the outcome and potential impacts of Brexit. Certain plans were considered appropriate and reasonable to mitigate these potential impacts have been prepared, including; increased stock holdings of certain imported goods; alternative supply chain routes for imported goods; and engaging with employees to manage labour retention. The Company will continue to review and update operational plans to minimise possible risks.

The Ukraine war has had a material impact on the business, particularly some disruption to the supply chain, inflation on certain commodities and on energy prices where we have seen over 100% price increase year on year.

Section 172 Statement

Section 1 – Stakeholder Engagement

The following stakeholder groups according to Section 172(1) Companies Act 2006 have been identified as relevant for the Company.

Workforce

To ensure workforces are aligned to the objectives and values of the business as well as sharing and embedding food safety, quality and integrity expectations, management are engaged via forums on site, briefings and value awards to drive staff decisions that have a key influence on the working environment.

Suppliers

Suppliers are a critical link in the overall supply chain, providing a source of value, consistency of quality and service and opportunity for innovation to meet the Company's needs. The Company uses regular reviews and 2-way engagement for performance improvement, development of products and maintenance of quality standards.

Customers

Engagement with customers facilitates alignment with their values, strategies and priorities to drive sustainable business relationships and future growth. There is regular communication to agree ongoing goals and priorities, develop relationships and drive continuous improvement.

Regulators/Government

Ensuring the Company's voice is heard within Government and Regulatory bodies and seeking advice and guidance on existing and new legislation, to enhance business knowledge and ensure compliance.

Pension schemes/Pensioners

To provide effective savings and retirement planning for employees through engagement with third party advisers.

Daniels Chilled Foods Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Section 172 Statement (continued)

Community

Community engagement is recognized as important to employees and the communities in which the Company operates. The Company participate in fundraising events that benefit local causes, which have a positive impact on employees and the communities with which the Company is involved.

Section 2 – Principal Decisions

As noted in Section 1, the Company seeks to engage with stakeholders on a regular basis on all relevant matters considered to be material to the Company and significant to the stakeholders listed.

Future developments

The Company is focused on driving growth in both turnover and profitability, and certain restructuring continues.

Approved by the Board on 23 December 2022 and signed on its behalf by:



Wolfgang Goldenitsch
Director

Daniels Chilled Foods Limited

Directors' Report for the Year Ended 30 June 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

Directors of the Company

The directors who held office during the year and up to the approval of this report were as follows:

Mark Lawrence Schiller

Christopher James Bellairs (appointed 4th February 2022)

Javier H Idrovo (resigned 4th February 2022)

Wolfgang Goldenitsch

Financial instruments

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

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company has a system of controls in place to create an acceptable balance between the costs of risks occurring and the costs of managing the risks. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Company's activities.

The Company operates mainly in the UK with a functional currency of sterling. The Company's exposure to market risk derives primarily from foreign currency risk as it also purchases from and sells to companies in Europe.

In order to manage credit risk which may arise resulting from the failure of a customer to settle its debts as and when they fall due, management has in place credit policies setting the maximum amount of credit allowed to be extended to each customer. These credit limits are determined following credit evaluations of credit customers and credit exposures are monitored on an on-going basis.

To manage liquidity and cash flow risk, the Company monitors closely its operating cash flows ensuring that there are sufficient cash and cash equivalents as well as adequate funding facilities to meet its operating requirements. In assessing the adequacy of these facilities and cash balances, management reviews its operating cash flows, working capital requirements, its debt obligations and its projected capital commitments.

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through regular briefings to employees undertaken by management.

Daniels Chilled Foods Limited

Directors' Report for the Year Ended 30 June 2022 (continued)

Research and development

In the year ended 30 June 2022, the focus of research and development work has been in relation to new products across a number of the business's existing categories.

Streamlined Energy & Carbon Reporting

The Company's energy usage and related carbon emissions data is presented below:

Year ended 30 June 2022

Greenhouse gas emissions	Volume (kWh)	Emissions (t CO ₂ e)
Scope 1 – Emissions from combustion of gas	10,855,000	1,967
Scope 1 – Emissions from combustion of fuel for transport	209,000	57
	11,064,000	2,024
Scope 2 – Emissions from purchased electricity	7,502,000	1,578
Scope 3 – Emissions from third party transport	50,000	10
Total emissions	18,616,000	3,612
Out of scope emissions	n/a	n/a

Year ended 30 June 2021

Greenhouse gas emissions	Volume (kWh)	Emissions (t CO ₂ e)
Scope 1 – Emissions from combustion of gas	10,104,000	1,851
Scope 1 – Emissions from combustion of fuel for transport	267,000	68
	10,371,000	1,919
Scope 2 – Emissions from purchased electricity	8,124,000	1,724
Scope 3 – Emissions from third party transport	28,000	7
Total emissions	18,523,000	3,650
Out of scope emissions	n/a	21

The Company's Intensity Ratio is 0.16 (2021 – 0.17) tonnes of CO₂e per tonne of production. Note that the Company has no offshore activities.

Quantification and reporting methodology

The company has taken guidance from the UK Governmental Environmental Reporting Guidelines (March 2019), the GHG Protocol - Corporate Standards, EPA Emission Factors for Greenhouse Gas Inventories (2022) and from the UK Government GHG Conversion Factors for Company Reporting (2022) documents for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from energy suppliers and HH/AMR data, where available, for those supplies with HH/AMR meters. For supplier where there wasn't complete 12 month energy usage data available, flat profile estimations techniques were used to complete the annual consumption. No LPG/propane and diesel consumption were reported for this facility. Transport mileage and/or fuel usage data was provided for their company and employee owned vehicles. The organization also wanted to provide a voluntary disclosure of their business travel, therefore used a combination of actual distance and spend data for air travel, ground travel (rail and car) and hotel stays at the country level. CO₂e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information retained within the organisation's inventory for reference where required.

Energy efficiency action

During the year, the Company has installed other plant and machinery energy efficiency improvements.

Daniels Chilled Foods Limited

Directors' Report for the Year Ended 30 June 2022 (continued)

Going concern

The Company is dependent upon continuing finance being made available by its ultimate parent Company to enable it to meet its liabilities as they fall due. The ultimate parent company, The Hain Celestial Group, Inc. has expressed its willingness to provide financial support to Daniels Chilled Foods Limited at least until 30 June 2024 in order to assist the Company in meeting its liabilities as they fall due. Accordingly, given such support, the directors have prepared these accounts on a going concern basis.

Safety measures have been put in place in the Company's production facilities to keep our people safe and these measures are subject to continual review as the government's guidelines are updated. From a funding perspective, the Company is well placed as it has access to the financial resources of its US parent company via long-term finance arrangements and working capital facilities with external lenders, which are currently not fully drawn.

The above-mentioned measures combined provide a sufficient level of funding of the Company's operations and will enable the Company to meet future commitments. Therefore, the directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Events after the balance sheet date

None.

Dividends and results

The result for the year ended 30 June 2022 was a profit of £4,313,000 (year ended 30 June 2021 – £663,000). No dividends have been declared in the year (2021 – £nil).

Disclosure of information to the auditor

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

Approved by the Board on 23 December 2022 and signed on its behalf by:



Wolfgang Goldenitsch

Director

Daniels Chilled Foods Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework' ('FRS101'). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Independent Auditor's Report to the Members of Daniels Chilled Foods Limited

Opinion

We have audited the financial statements of Daniels Chilled Foods Limited for the year ended 30 June 2022 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 23, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 through to 30 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Daniels Chilled Foods Limited (continued)

Opinions 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 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 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 8, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom.

Independent Auditor's Report to the Members of Daniels Chilled Foods Limited (continued)

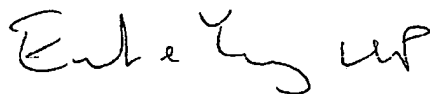
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We understood how Daniels Chilled Foods Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated the results of our enquiries through reading the board minutes and other correspondence, making inquiries of management to identify if there are matters where there is a risk of breach of such frameworks that could have a material impact on the company. We understood controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by internal EY team wide conversations and discussions, discussions with management from various parts of the business to understand where they considered there was susceptibility to fraud and what entity level controls are in place. We also identified the existence of performance targets and their potential influence on management to manage earnings by manipulating Revenue. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with the laws and regulations and frameworks identified above and to respond to the assessed risks. Our procedures included: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions; enquiries of company management; and challenging the assumptions and judgements made by management by agreeing to supporting third party evidence wherever possible. We also leveraged our data analytics platform to review the entire population of journals to assist in identifying specific transactions to test being those that did not meet certain criteria. The results of our procedures did not identify any instances of irregularities, including fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.



Richard Frostick (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Leeds

23 December 2022

Daniels Chilled Foods Limited

Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 30 June 2022

	Note	2022 £000	2021 £000
Continuing Operations			
Turnover	4	44,701	35,412
Cost of sales		<u>(32,149)</u>	<u>(26,035)</u>
Gross profit		12,552	9,377
Distribution costs		(3,953)	(5,265)
Administrative expenses		<u>(2,229)</u>	<u>(3,774)</u>
Operating profit	5	6,370	338
Gain on sale of brand		-	900
Finance costs	6	<u>(265)</u>	<u>(299)</u>
Profit before tax from continuing operations		6,105	939
Tax	10	<u>(1,792)</u>	<u>(276)</u>
Profit for the year from continuing operations		4,313	663
Profit for the year		<u>4,313</u>	<u>663</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>4,313</u>	<u>663</u>

The notes on pages 15 to 32 form an integral part of these financial statements.

Daniels Chilled Foods Limited

(Registration number: 03102559)

Balance Sheet as at 30 June 2022

	Note	30 June 2022 £000	30 June 2021 £000
Fixed assets			
Property, plant and equipment	11	28,866	28,443
Intangible assets	12	40	40
Investments in subsidiaries, joint ventures and associates	13	9,404	9,404
		<u>38,310</u>	<u>37,887</u>
Current assets			
Inventories	14	2,518	1,731
Trade and other receivables	15	107,952	99,121
Income tax receivable		189	1,421
Assets held for sale		-	1,355
Cash and cash equivalents		6,997	1,704
		<u>117,656</u>	<u>105,332</u>
Creditors: Amounts falling due within one year			
Trade and other payables	18	(137,641)	(129,374)
Creditors: Amounts falling due within one year		<u>(137,641)</u>	<u>(129,374)</u>
Net current liabilities		<u>(19,985)</u>	<u>(24,042)</u>
Total assets less current liabilities		18,325	13,845
Non-current liabilities			
Non-current lease liabilities	17	(2,492)	(2,607)
Deferred tax liabilities	10	(1,189)	(629)
Provisions	20	(991)	(1,507)
Net assets		<u>13,653</u>	<u>9,102</u>
Capital and reserves			
Share capital	16	1	1
Retained earnings		<u>13,652</u>	<u>9,101</u>
Total equity		<u>13,653</u>	<u>9,102</u>

Approved by the Board on 23 December 2022 and signed on its behalf by:


Wolfgang Goldenitsch
Director

Daniels Chilled Foods Limited

Statement of Changes in Equity for the Year Ended 30 June 2022

	Share capital £000	Retained earnings £000	Total £000
At 1 July 2021	1	9,101	9,102
Profit for the year	-	4,313	4,313
Total comprehensive profit for the year	-	4,313	4,313
	-	238	238
At 30 June 2022	1	13,652	13,653
	Share capital £000	Retained earnings £000	Total £000
At 1 July 2020	1	8,276	8,277
Profit for the year	-	663	663
Total comprehensive profit for the year	-	663	663
Share based payment transactions	-	162	162
At 30 June 2021	1	9,101	9,102

The notes on pages 15 to 32 form an integral part of these financial statements.
Page 14

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

1. General information

The Company is a private company limited by share capital incorporated and domiciled in UK.

The address of its registered office is:
Templar House, 4225 Park Approach,
Thorpe Park,
Leeds,
United Kingdom,
LS15 8GB

These financial statements were authorised for issue by the Board on 23 December 2022.

2. Accounting Policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101).

The Company has taken advantage of the following disclosure exemptions under FRS101:

- a) the requirements of paragraphs 10(d)(f), 16, 38A-D, 40A-D and 134-136 of IAS 1 Presentation of Financial Statements;
- b) the requirements of IAS 7 Statement of Cash Flows;
- c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- d) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- e) the requirements of IAS 24 paragraphs 7, 17 and 18A - disaggregation of Key Management Personnel remuneration; and
- f) the requirements of IAS 1 paragraphs 16, 38 a-d and 40 a-d Presentation of Financial Statements
- g) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of disclosures required by IFRS 15 Revenue from Contracts with Customers
- h) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases

As the consolidated financial statements of The Hain Celestial Group, Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- a) the requirements of paragraphs 130f(ii)-(iii), 134d-f and 135c-e of IAS 36 Impairment of Assets; and
- b) the requirements of IFRS 13 – Fair Value Measurement paragraphs 91-99; and
- c) the requirements of IFRS 7 – Financial Instruments – disclosures; and
- d) the requirements of paragraph 33(c) of IFRS 5 – Non-current assets held for sale and discontinued operations.

Both the functional and presentational currency of the Company are GBP.

These financial statements are the separate financial statements of Daniels Chilled Foods Limited. Consolidated financial statements are prepared by its ultimate parent, The Hain Celestial Group, Inc.

Exemption from preparing group accounts

The financial statements contain information about Daniels Chilled Foods Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, The Hain Celestial Group Inc., a company incorporated in the USA. The consolidated financial statements are available from the address provided in note 23.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2. Accounting Policies (continued)

Going concern

The Company is dependent upon continuing finance being made available by its ultimate parent Company to enable it to meet its liabilities as they fall due. The ultimate parent company, The Hain Celestial Group, Inc. has expressed its willingness to provide financial support to Daniels Chilled Foods Limited at least until 30 June 2024 in order to assist the Company in meeting its liabilities as they fall due. Accordingly, given such support, the directors have prepared these accounts on a going concern basis.

Safety measures have been put in place in the Company's production facilities to keep our people safe and these measures are subject to continual review as the government's guidelines are updated. From a funding perspective, the Company is well placed as it has access to the financial resources of its US parent company via long-term finance arrangements and working capital facilities with external lenders, which are currently not fully drawn.

The above-mentioned measures combined provide a sufficient level of funding of the Company's operations and will enable the Company to meet future commitments. Therefore, the directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are also subject to impairment. Refer to the accounting policy on Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, and variable lease payments that depend on an index or a rate. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification to the lease. The Company's current lease liabilities are included in trade and other payables and the non-current lease liabilities are shown separately on the balance sheet.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2. Accounting Policies (continued)

Revenue recognition

All revenue is earned from the sale of goods. Revenue from contracts with customers is recognized when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue represents amounts invoiced to third parties in respect of goods supplied, and is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Company.

Sales of goods are recognized when the product is delivered to the customer, the customer has accepted the products and collectability of the trade receivables is reasonably assured. The normal credit term is 30 to 90 days upon delivery. Incoterms are in place that can vary from customer to customer. Revenue is recognized according to these individual incoterms.

Contracts with customers can contain various types of discounts. Accumulated experience is used to estimate potential discounts in order to appropriately recognize revenue. Moreover, revenue is only recognized when it is highly probable that a significant reversal in the amount recognized will not occur. This is commonly the case when control of the product is transferred to the customer. Since the Company's principal activities are the sale of grocery products including sweet spreads and jellies with a finite shelf life, returns of goods do not regularly occur and therefore do not require specific accounting procedures.

The Company does not expect to have contracts where the period between the payment and the transfer of goods is longer than one year. All contracts have significantly lower payment terms (between 30 to 90 days upon delivery). Therefore an adjustment to the transaction price with regards to a financing component in the contracts with customers is not necessary.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency (GBP) rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

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

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2. Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation, and any contractual restoration costs or leasehold dilapidation costs expected at the end of their useful economic life.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. The depreciation rates are as follows:

Asset class	Depreciation method and rate
Freehold buildings	15 to 50 years straight line
Plant and equipment	7 to 15 years straight line
Fixtures and fittings	3 to 15 years straight line
Motor vehicles	25% per annum straight line
Leasehold land and buildings	Straight line over the lease term

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

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

Asset class	Amortisation method and rate
Customer lists	Straight line over 5 years

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2. Accounting Policies (continued)

Assets held for sale

Non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition, a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

Investments

The Company carries its investments in subsidiary undertakings at amortised cost less impairment. The Company assesses at each reporting date whether there are indicators of impairment. If there are indicators of impairment, a full impairment exercise is undertaken. If that shows objective evidence of impairment a provision is made.

Cash and cash equivalents

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

Trade receivables

Trade and other receivables consists of amounts due from related parties. If amounts are repayable on demand, they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

One-off items as discussed in the Strategic Report

One-off items comprise items of income and expense that are material in amount and unlikely to recur and that merit separate disclosure in order to provide an understanding of the Company's underlying financial performance.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory 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.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised at the transaction price.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2. Accounting Policies (continued)

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Share capital

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

Defined contribution pension obligation

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

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2. Accounting Policies (continued)

Financial assets and liabilities

The company classifies its financial assets in the following categories:

- Fair value through profit or loss (FVPL)
- Loans and receivables

The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at FVPL are expensed in the profit or loss.

Financial assets (including receivables)

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as a separate line item in the profit or loss under 'net impairment losses' on financial assets.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than to 'hold to collect' are categorised as fair value through profit or loss. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expenses)/income in the period they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

Equity instruments for which the entity has not elected to recognise fair value gains and losses through OCI are classified at FVPL.

Impairment

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Refer above to the Trade and other receivables accounting policy for further information.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2. Accounting Policies (continued)

Financial assets and liabilities (continued)

the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected by.

Inventory impairment allowances

Impairment allowances are raised against inventory when it is considered that the amount realizable from such inventory's sale is considered to be less than its carrying amount. The impairment allowances are made using management's best estimate for recoverable amounts.

Leasehold restoration provisioning

The company has an obligation under certain property leases to remove property, plant and equipment it has installed and restore the property to an agreed condition, subject to fair wear and tear, at the end of those leases. The company has estimated the liabilities expected to arise based on past experience of restoration costs incurred at the end of similar property leases, maintains on-going provisions for these costs.

Onerous lease provisioning

Provisions are made for obligations under onerous operating leases when properties are not used by the Company and the net costs of exiting from the leases exceed the economic benefits expected to be received. The provision is based on the present value of expected future cashflows relating to rents, rates and other property costs to the end of the lease terms net of expected sub-let income.

Leases

In determining the lease term, the Company assesses whether it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. This assessment is made at the start of the lease and is re-assessed if significant events or changes in circumstances that are within the lessee's control.

When the interest rate implicit in the lease is not readily determinable, the Company estimates the incremental borrowing rate is used in determining the present value of lease payments and is calculated based on information available at the lease commencement date. The incremental borrowing rate is determined using a portfolio approach based on the rate of interest the Company would have to pay to borrow funds on a collateralized basis over a similar term. The Company references market yield curves which are risk-adjusted to approximate a collateralized rate in the currency of the lease. These rates are updated on a quarterly basis for measurement of new lease obligations.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

4. Revenue

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

	2022 £000	2021 £000
Sale of goods	44,701	35,412
	<u>44,701</u>	<u>35,412</u>
Sales by geographical location		
Sale of goods UK	44,701	35,412
	<u>44,701</u>	<u>35,412</u>

5. Operating profit

Arrived at after charging/(crediting) on continuing operations

	2022 £000	2021 £000
Depreciation expense (Note 11)	3,666	3,337
Foreign exchange (gains)/losses	(13)	16
Short term hire of plant and machinery	68	44
Cost of stocks recognised as an expense (included in cost of sales)	25,849	20,282
One-off loss arising on settlement of onerous lease liabilities	-	35
One-off gain arising on settlement of leasehold restoration liabilities	-	(228)
Impairment of property, plant and equipment	-	1,169
	<u>-</u>	<u>1,169</u>

The impairment of property, plant and equipment in the year ended 30 June 2021 arose mainly on the closure of the Leeming Bar soup facility, and a move of the head office the year.

6. Finance costs

	2022 £000	2021 £000
Interest on loans due to other group companies	174	174
Interest charge on lease liabilities (note 17)	91	91
Other finance charges	-	34
	<u>265</u>	<u>299</u>

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

7. Staff costs

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

	2022 £000	2021 £000
Wages and salaries	11,308	12,899
Social security costs	1,399	1,399
Pension costs, defined contribution scheme	441	509
	<u>13,148</u>	<u>14,807</u>

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

	2022 No.	2021 No.
Production	84	182
Administration and support	210	137
	<u>294</u>	<u>319</u>

As at 30 June 2022, there was £18,000 asset in respect of defined contribution pension schemes (2021 - £185,000 liability).

8. Directors' remuneration

In the year ended 30 June 2021, one director of the Company was based in the UK and was paid by Daniels Chilled Foods Limited. The director left in the prior year and received total remuneration for the year of £nil (2021 - £189,000), including company pension contributions money purchase pension plans of £nil (2021 - £6,800). In the year ended 30 June 2022, Daniels Chilled Foods Limited was charged a management fee for one director of the Company for their services to the UK. The director is based abroad and their remuneration is borne by other group companies. The total management fee for the year was £179,000. As this was a management fee charged this does not include pension contributions.

The remuneration for the remaining directors who are based abroad has been borne by other group companies as they are also directors or officers of a number of the companies within the group. Those directors' services to Daniels Chilled Foods Limited do not occupy a significant amount of their time. As such those directors do not consider that they have received any remuneration for their services to the Company. Where during the year ended 30 June 2022 those directors received shares in the Hain Celestial Group, Inc, these are considered to have been received for their worldwide services to the group and any amounts relating to qualifying services provided to this entity is negligible. Therefore no further disclosure has been made in these financial statements.

During the year shares in The Hain Celestial Group, Inc were received or became receivable under bonus and long-term incentive schemes by three (2021: four) directors of the Company.

9. Auditors' remuneration

	2022 £000	2021 £000
Audit of the financial statements	<u>400</u>	<u>375</u>

The Company bears the costs of the audit of the financial statements of the UK-based parent, its subsidiary and related companies.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

10. Income tax – continuing operations

Tax charged in the income statement

	2022 £000	2021 £000
Current taxation		
UK corporation tax – current year charge/(credit)	1,068	(828)
UK corporation tax – prior year charge/(credit)	164	(171)
	<u>1,232</u>	<u>(999)</u>
Deferred taxation		
Deferred tax – current year charge	266	944
Deferred tax – prior year charge	196	169
Deferred tax – impact of change in tax rates	98	162
	<u>560</u>	<u>1,275</u>
Tax charge in the income statement	<u><u>1,792</u></u>	<u><u>276</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19.0% (2021 – 19.0%).

The differences are reconciled below:

	2022 £000	2021 £000
Profit before tax – continuing operations	<u>6,105</u>	<u>939</u>
Corporation tax at standard rate	1,160	178
Increase/(decrease) in current tax from adjustment for prior periods	164	(171)
Non-taxable income	-	(171)
Other adjustments	73	-
Expenses not deductible	101	77
Deferred tax arising on assets acquired from group companies	-	32
Increase in deferred tax from adjustment for prior periods	196	169
Deferred tax expense relating to changes in tax rates or laws	98	162
Total tax charge – continuing operations	<u><u>1,792</u></u>	<u><u>276</u></u>

Factors that may affect future tax charges

The 2021 Budget included an announcement to increase the standard rate of corporation tax rate from 19% to 25% from 1 April 2023 which was substantively enacted in May 2021. As a result this increase has been taken into account in the measurement of deferred tax balances in these financial statements.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

10. Income tax – continuing operations (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £000	Liability £000	Net deferred tax £000
2022			
Accelerated tax depreciation	-	(1,100)	(1,100)
Tax losses carried forward	-	(96)	(96)
Provisions	7	-	7
	<u>7</u>	<u>(1,196)</u>	<u>(1,189)</u>

	Asset £000	Liability £000	Net deferred tax £000
2021			
Accelerated tax depreciation	-	(685)	(685)
Tax losses carried forward	-	-	-
Provisions	56	-	56
	<u>56</u>	<u>(685)</u>	<u>(629)</u>

Deferred tax movement during the year:

	At 1 July 2021 £000	Recognised in income £000	At 30 June 2022 £000
Accelerated tax depreciation	(685)	(415)	(1,100)
Tax losses carried forward	-	(96)	(96)
Provisions	56	(49)	7
Net tax assets/(liabilities)	<u>(629)</u>	<u>(560)</u>	<u>(1,189)</u>

Deferred tax movement during the prior year:

	At 1 July 2020 £000	Recognised in income £000	At 30 June 2021 £000
Accelerated tax depreciation	330	(1,015)	(685)
Tax losses carried forward	250	(250)	-
Provisions	66	(10)	56
Net tax assets/(liabilities)	<u>646</u>	<u>(1,275)</u>	<u>(629)</u>

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

11. Property, plant and equipment

	Land and buildings £000	Furniture, fittings and equipment £000	Motor vehicles £000	Other property, plant and equipment £000	Right of use assets £000	Total £000
Cost						
At 1 July 2021	7,491	8,046	175	23,540	5,167	44,419
Additions	155	936	-	1,815	1,735	4,641
Disposals	-	-	-	(2,243)	(1,411)	(3,654)
At 30 June 2022	7,646	8,982	175	23,112	5,491	45,406
Depreciation						
At 1 July 2021	3,656	999	175	9,423	1,723	15,976
Charge for the year	426	919	-	1,117	1,204	3,666
Disposals	-	-	-	(1,928)	(1,174)	(3,102)
At 30 June 2022	4,082	1,918	175	8,612	1,753	16,540
Carrying amount						
At 30 June 2022	3,564	7,064	-	14,500	3,738	28,866
At 30 June 2021	3,835	7,047	-	14,117	3,444	28,443

Included within the net book value of land and buildings above is £3,564,000 (2021 - £3,835,000) in respect of long leasehold land and buildings.

	Buildings £000	Equipment £000	Vehicles £000	Total £000
Right of use assets				
Cost				
At 1 July 2021	3,578	578	1,011	5,167
Additions	1,289	229	217	1,735
Disposals	(991)	(282)	(138)	(1,411)
At 30 June 2022	3,876	525	1,090	5,491
Depreciation				
At 1 July 2021	1,268	128	327	1,723
Charge for the year	676	139	389	1,204
Disposals	(991)	(69)	(114)	(1,174)
At 30 June 2022	953	198	602	1,753
Carrying Amount				
At 30 June 2022	2,923	327	488	3,738
At 1 July 2021	2,310	450	684	3,444

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

12. Intangible assets

	Goodwill £000	Contractual customer relationships £000	Total £000
Cost or valuation			
At 1 July 2021	40	905	945
Additions	-	-	-
At 30 June 2022	40	905	945
Amortisation			
At 1 July 2021 and 30 June 2022	-	905	905
Carrying amount			
At 30 June 2022	40	-	40
At 30 June 2021	40	-	40

Goodwill was acquired on the hive up of the trade and assets of The Yorkshire Provender Limited, which had initially measured goodwill at cost being the excess of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The impact of applying this override is a reduction of £2,000 in amortisation expense for the year ended 30 June 2022 (30 June 2021 - £2,000).

13. Investments

	Investments £000
Subsidiaries	
Cost or valuation and carrying amount	
At 1 July 2021 and 30 June 2022	9,404

Details of the subsidiaries as at 30 June 2022 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2022	2021
Farmhouse Fare Limited	Manufacturer of specialist puddings	UK	100%	100%
JFP Blackbird Limited	Non-trading	UK	100%	100%
The New Covent Garden Food Company Limited	Non-trading	UK	100%	100%
SR Blackbird Limited	Non-trading	UK	100%	100%
Daniels Group Limited	Non-trading	UK	100%	100%
JFSJ Blackbird Limited	Non-trading	UK	100%	100%
The New Covent Garden Soup Company Limited	Non-trading	UK	100%	100%

The registered address for all of the above is: Templar House, 4225 Park Approach, Thorpe Park, Leeds, LS15 8GB

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

14. Inventories

	30 June 2022	30 June 2021
	£000	£000
Raw materials and consumables	2,006	1,299
Work in progress	12	22
Finished goods and goods for resale	500	410
	<u>2,518</u>	<u>1,731</u>

15. Trade and other receivables

	30 June 2022	30 June 2021
	£000	£000
Trade receivables	12,191	11,570
Receivables from related parties – parent companies	84,740	76,411
Receivables from related parties – other group companies	8,319	7,976
Prepayments	2,010	2,423
Other receivables	692	741
Total current trade and other receivables	<u>107,952</u>	<u>99,121</u>

16. Share capital

Allotted, called up and fully paid shares

	30 June 2022		30 June 2021	
	No.	£	No.	£
Ordinary shares of £0.01 each	<u>111,520</u>	<u>1,115</u>	<u>111,520</u>	<u>1,115</u>

17. Lease liabilities

Maturity analysis

	30 June 2022	30 June 2021
	£000	£000
Within one year	1,265	1,097
In two to five years	2,120	1,970
In over five years	515	830
	<u>3,900</u>	<u>3,897</u>

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

17. Lease liabilities (continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date as follows:

	30 June 2022 £000	30 June 2021 £000
Current liabilities (note 18)	1,212	971
Non-current liabilities	2,492	2,607
	<u>3,704</u>	<u>3,578</u>

The following shows how lease expenses have been included in Profit and Loss, broken down between amounts charged to operating profit and amounts charged to finance costs:

	2022 £000	2021 £000
Depreciation of right of use assets – Property (note 11)	676	908
Depreciation of right of use assets – Plant, other equipment and vehicles (note 11)	528	599
Charge to operating profit	1,204	1,507
Interest expense related to lease liabilities	91	91
Charge to profit before taxation	<u>1,295</u>	<u>1,598</u>

Additional lease cash flow information:

Cash outflow relating to operating activities	1,223	3,231
Cash outflow relating to financing activities	91	91
Total cash outflow relating to leases	<u>1,314</u>	<u>3,322</u>

The fair value of the company's lease obligations is approximately equal to their carrying amount.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

18. Trade and other payables

	30 June 2022	30 June 2021
	£000	£000
Trade payables	3,775	5,097
Accrued expenses	3,953	5,356
Current lease liabilities (note 17)	1,212	971
Amounts due to related parties – parent companies	5,528	5,146
Amounts due to related parties – subsidiary companies	33,148	31,278
Amounts due to related parties – other group companies	89,740	80,859
Social security and other taxes	285	667
	<u>137,641</u>	<u>129,374</u>

19. Commitments

Capital commitments

During the year, the Company entered into contracts to purchase property, plant and equipment. The commitments are expected to be settled in the following financial year.

The total amount contracted for but not provided in the financial statements was £nil (2021 - £552,000).

20. Provisions

	At 1 July 2021 £000	Recognised in the year £000	Effect of discounting £000	Released to profit & loss £000	Utilised £000	At 30 June 2022 £000
Lease restoration provision						
- current	500	30	-	-	(530)	-
- non-current	949	(30)	14	-	-	933
Onerous lease provision						
- current	58	-	-	-	-	58
- non-current	-	-	-	-	-	-
	<u>1,507</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>(530)</u>	<u>991</u>

Lease restoration provision

The company has an obligation under certain property leases to remove property, plant and equipment it has installed and restore the property to an agreed condition, subject to fair wear and tear, at the end of those leases. The company has estimated the liabilities expected to arise based on past experience of restoration costs incurred at the end of similar property leases. As the liability is expected to arise in future periods, as the leases expire between 2017 and 2029, the provision has been discounted to present value. As the discount unwinds interest is recognised in the income statement. An asset has been recognised in property, plant and equipment for this discounted amount, which will be depreciated straight line over the remaining life of these leases in order to recognize the cost in the income statement.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

20. Provisions (continued)

Onerous lease provision

Provisions are made for obligations under onerous operating leases when properties are not used by the Company and the net costs of exiting from the leases exceed the economic benefits expected to be received. The provision is based on the present value of expected future cashflows relating to rents, rates and other property costs to the end of the lease terms net of expected sub-let income. The provision relates to leases that expire over the period to 2030.

Subsequent to 30 June 2021, a settlement was reached with the landlord of one of these properties to terminate the lease early. At the same time an agreement was reached with the landlord to settle leasehold restoration liabilities relating to the same property lease. The terms of these agreements have been reflected in remeasuring the provisions remaining at 30 June 2021 and 30 June 2022 shown in the table above.

21. Related party transactions

As stated in note 2 to the Company has taken advantage of the exemptions from the requirement to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and from the requirement to disclose Key Management Personnel remuneration.

There are no other related party transactions that require disclosure.

22. Acquisitions

On 1 October 2020, the trade and certain assets of a fellow group subsidiary The Yorkshire Provender Limited were acquired for proceeds equal to the book value of the assets purchased. The assets and liabilities acquired were as follows:

	£000
Goodwill	40
Property, plant & equipment	2,972
Inventories	600
Prepayments & other debtors	263
Cash	15
Accruals	(1,716)
Lease liabilities	(31)
	<u>2,143</u>

23. Parent and ultimate parent undertaking

The Company's immediate parent is S Daniels Limited. The ultimate parent and ultimate controlling party is The Hain Celestial Group, Inc.

The most senior parent entity producing publicly available financial statements (in whose consolidated financial statements the Company's financial statements are consolidated) is The Hain Celestial Group, Inc. These financial statements are available upon request from 1111 Marcus Ave, Lake Success, NY 11042, USA.