

Westbridge Foods Limited

UNAUDITED

Annual report and financial statements

Registered number 03443712

31 December 2022

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Contents

Strategic Report	1
Directors' report	4
Statement of directors' responsibilities in respect of the annual report and the financial statements	6
Profit and Loss Account and Other Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes	10

Strategic Report

Principal activities

The principal activity of the Company during the year was trading poultry.

Business review

The Company reported strong sales growth as a result of developing new and innovative food products for existing and new customers.

The Company's core business continues to be poultry trading. In addition, it offers a range of fish, plant-based and party food lines to provide the customer with enhanced retail and food service solutions.

Reported Net Profit is impacted by the mark-to-market valuation of open foreign exchange contracts at the balance sheet date. These contracts hedge future purchase contracts, however the gain or loss reported on them can vary significantly depending on market exchange rates at the period close date. For this reason, a Net Profit comparative excluding open derivative valuation is added to the key performance indicators below, which more accurately represents operational trading performance in the period.

Key performance indicators

	2022 £000	2021 £000
Turnover	568,827	467,735
Net profit (being profit on ordinary activities before taxation)	11,470	22,259
Net profit (being profit on ordinary activities before taxation excluding open derivative valuation)	13,529	15,328

Principal risks and uncertainties

The financial risks of the Company are described below.

Legislative risk

The Company is subject to UK quota legislation on poultry imported from outside of the UK. This continues to be both a risk and an opportunity that could affect future Company performance.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of movements in exchange rates, changes in credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that is described below.

Exchange rate risk

The Company is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transactional foreign exchange risk is mitigated by entering into forward foreign exchange contracts which are matched, as far as possible to forecast supplier purchases and customer deliveries. Whilst the aim is to achieve a minimum cost from currency exposures by the use of derivatives the company does not adopt an accounting policy of hedge accounting for these financial statements.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk the directors have credit insurance in place and frequently monitor and review customer credit ratings.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs through forecasting and to invest cash assets safely and profitably.

Strategic Report (continued)

Interest rate risk

The Company is exposed to interest rate fluctuations on its borrowings as the majority of its bank facilities are at floating rates. Despite the increase in interest rates during the year, the Company monitor their exposure to material interest rate changes carefully, the risk on the Group being low.

Future events

In 2023 the Company intends to continue to focus on innovative food solutions for its existing customers, and to growth its business with new customers.

S172 (1) Statement

The directors consider that, as set out under section 172(1) of the Companies Act 2006, they have, in good faith, acted in a way that they consider would promote the success of the Company. In doing so, the directors have given due regard to the interests of key stakeholder groups and have assessed the likely consequences of decisions on the Company's long-term performance and its reputation.

The following elements inform all of the board's decision-making processes:

Strategy – During board and shareholder review meetings, the directors review strategic progress and key performance indicators.

Performance – The directors regularly review the performance of the company, considering how significant future events (for example trade agreements, regulation changes, macroeconomic factors, changes in consumers demands) could impact the Company's projected forecasted performance, and deciding the best course of action.

Governance – The directors are committed to ensuring good governance, beginning with the foundation of strong internal controls, and a company culture where employees have open access to management at all levels. All employees are encouraged to be curious, to speak up if they witness anything requiring further investigation, and to offer new ideas or initiatives that will strengthen existing processes and procedures.

All employees receive a company handbook with code of conduct, ethics and compliance information, which the company regularly reviews and updates to meet changing business needs.

As part of good governance, the directors ensure that the balance sheet of the company is robust. This is the cornerstone of our ability to weather differing economic cycles, enabling us to raise additional borrowing as required, make the necessary investments from which to grow, and provide assurance to our supply chain partners.

Below are our key stakeholders and how we have engaged with them in the decision-making process:

Customers

Westbridge Foods Limited is committed to help our customers thrive in the markets in which they operate. The directors and management play a key role to ensure this is done in a safe, efficient and ethical manner, throughout the supply chain from origination to delivery destination. The company's approach is to create long term partnerships, prioritising the customer, listening to feedback, developing new innovative products, and reducing risk in the supply chain. As a result of this approach, we have built a growing business.

Employees

Westbridge Foods Limited has a strong commitment to its workforce. We recognise that our people are our most valuable asset, fundamental to the success of the Company, and striving to exceed our stakeholder's expectations. We make a conscious effort to attract and retain high calibre staff, offering equal opportunities and without discrimination. The success of individuals and teams enables the Company to achieve its objectives, which enables growth and further opportunities for individuals to prosper in their careers.

Strategic Report *(continued)*

Suppliers and other business partners

The reputation and strength of Westbridge Foods Limited is built upon the trust the company has developed with its supply chain partnerships. Together we form a critical function to meet the needs of our joint customers. The company operates very closely with suppliers to create reliable and robust relationships, through which our customers can be assured that orders will be delivered on time, in full.

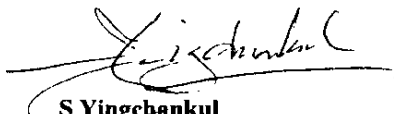
Shareholders

Our shareholders are vital for the future success of the company. Our ultimate shareholders, through our parent company, provide their strategic vision and support for the future growth and direction of the company. In return, we provide market intelligence, regular performance updates, offer growth opportunities and add value our parent company in support of the overall group business plan.

Community and Environment

The Company understands it carries a responsibility in the communities and geographies in which it operates. In doing so, the company aims to source goods and services from local suppliers where economically possible, and make donations to local charities, often supporting employee identified charities. In order to minimise the impact on the environment the company seeks to continuously drive efficiencies in its supply chains, for example maximising order loads or identifying back hauls where possible. The directors recognise that adopting environmentally friendly policies can also benefit the success of the company, both financially and in respect of our customer and supplier expectations. As an example of this, the Company has offered electric cars as an option in its company car list, and installed more electric points at its offices in Malvern to make this an attractive choice with employees.

By order of the board



S Yingchankul
Director

25 May 2023

Directors' report

The directors present their annual report and unaudited financial statements for the year ended 31 December 2022.

Directors

The directors who held office during the year were as follows:

N C Shaw

D J Hurley

S Yingchankul

P Chalongchaichan

P Chiaravutthi

A Julintron

V Singhpuck

Political and charitable contributions

During the year, the Company made charitable donations of £67,208 (2021: £12,735). The Company made no political donations in either the current or preceding year.

Audit exemption

The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

Going Concern

An overview of the business activities of the Company, including a review of the key business risks that the Company faces, is given in the Strategic Report on page 1.

The Directors have prepared trading and cash flow forecasts for the 12-month period from the date of approval of these financial statements. These forecasts show that the Company has sufficient financial resources to meet its obligations as they fall due for the period of at least 12 months from the date of these financial statements. The forecasts take into account some variability of potential outcomes, to an extent which the directors consider represent their best estimate of the future based on the information that is available to them at the time of approval of these financial statements.

The directors have also prepared a downside forecast which incorporates certain adverse sensitivities around sales levels and margins which the directors consider the greater risk to cash flows over the period of the forecast. This downside forecast also confirms the Company's ability to continue as a going concern.

Directors' report (continued)

Going Concern (continued)

The Company is financed through a series of short-term revolving loans and a rolling receivables facility. Whilst the group has successfully operated its funding in this way for many years, as these loans are not committed for the whole of the forecast period, the directors have sought confirmation by way of a letter of group support from its main trading partner, and fellow group company, CPF Food Network Co., Ltd., whose ultimate parent is the Charoen Pokphand Foods Public Company Limited. This letter of group support whilst limited to a trading relationship provides the Company the flexibility to manage its working capital to absorb short term disruptions to its revolving or rolling facilities, allowing the group to satisfy any debts or obligations that fall due for the 12-month period following the signing date of the Statutory Accounts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors are of the view that they can reasonably conclude that the Company has adequate resources to continue in operational existence for the foreseeable future and they can continue to adopt the going concern basis in preparing the financial statements. Accordingly, the financial statements have been prepared on a going concern basis and these financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

Energy and Emissions Report

In accordance with streamlined energy and carbon reporting requirements, during the year ended 31 December 2022, the Company's energy usage was as follows

	2022		2021	
	MT CO2e	MwH	MT CO2e	MwH
Combustion of fuel and operating of facilities (scope 1)	19	79	27	120
Electricity, heat, steam and cooling purchased for own use (scope 2)	23	120	15	70
Business travel where the Company is responsible for purchasing fuel (scope 3)	39	169	4	15
Total	81	368	46	205
Emission intensity (scope 1, 2 & 3) - MT CO2e/Revenue £m	0.14		0.10	

The Company's energy consumption calculations are based on Greenhouse Gas (GHG) Protocol Accounting and Reporting Standard. The business travel in 2021 was artificially low as a result of the COVID-19 restrictions and reluctance of all parties to meet physically during and shortly after the height of the pandemic.

Some of the activities undertaken by the Company to improve its carbon footprint:

- Moved a number of company cars to hybrid/electric
- Installed electric vehicle charging points at the company's offices in Malvern

By order of the board

S Yingchankul
Director

Polonia House Enigma Commercial Centre,
Sandy's Rd,
Malvern
WR14 1JJ
Date: 25 May 2023

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Turnover	2	568,827	467,735
Cost of sales	14	(534,826)	(427,320)
		<hr/>	<hr/>
Gross profit		34,001	40,415
Distribution costs		(12,137)	(9,075)
Administrative expenses		(9,620)	(8,270)
Other operating income	3	135	56
		<hr/>	<hr/>
Operating profit		12,379	23,126
Income from other fixed asset investments	7	947	699
Other interest receivable and similar income	8	83	112
Interest payable and similar expenses	9	(1,939)	(1,678)
		<hr/>	<hr/>
Profit before taxation		11,470	22,259
Tax on profit	10	(1,852)	(4,227)
		<hr/>	<hr/>
Profit for the financial year		9,618	18,032
		<hr/>	<hr/>
Total comprehensive income for the year		9,618	18,032
		<hr/>	<hr/>

The notes on pages 10 to 23 form part of these financial statements.

Balance Sheet
at 31 December 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	11	178	191
Tangible assets	12	508	358
Investment in subsidiary company	13	2,328	2,328
		3,014	2,877
Current assets			
Stocks	14	123,972	72,929
Debtors	15	74,830	67,045
Cash at bank and in hand	16	46,706	29,548
		245,508	169,522
Creditors: amounts falling due within one year	17	(196,996)	(130,213)
Provisions for liabilities			
Deferred tax liability		-	(278)
		(196,996)	(130,491)
Net current assets		48,512	39,031
Total assets less current liabilities		51,526	41,908
Net assets		51,526	41,908
Capital and reserves			
Called up share capital	20	-	-
Share premium account	20	300	300
Profit and loss account	20	51,226	41,608
Shareholders' funds		51,526	41,908

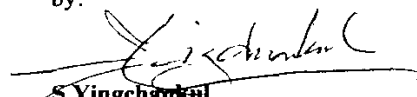
The notes on pages 10 to 23 form part of these financial statements.

For 2022, the company was entitled to exemption under section 479a of the Companies Act 2006.

No members have required the company to obtain an auditor of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These financial statements were approved by the board of directors on 25 May 2023 and were signed on its behalf by:


S Yingchankul
Director

Company registered number: 03443712

Statement of Changes in Equity
at 31 December 2022

	Called up Share capital £000	Share Premium account £000	Profit & loss account £000	Total equity £000
Balance at 1 January 2021	-	300	23,576	23,876
Total comprehensive income for the period				
Profit or loss	-	-	18,032	18,032
Total comprehensive income for the period	-	-	18,032	18,032
Balance at 31 December 2021	-	300	41,608	41,908
Balance at 1 January 2022	-	300	41,608	41,908
Total comprehensive income for the period				
Profit or loss	-	-	9,618	9,618
Total comprehensive income for the period	-	-	9,618	9,618
Balance at 31 December 2022	-	300	51,226	51,526

The notes on pages 10 to 23 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting Policies

Westbridge Foods Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 03443712 and the registered address is Polonia House Enigma Commercial Centre, Sandy's Road, Malvern, Worcestershire, WR14 1JJ.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, Westbridge Food Group Limited, includes the Company in its consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.15.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified at fair value through the profit or loss.

1.2 Going concern

An overview of the business activities of the Company, including a review of the key business risks that the Company faces, is given in the Strategic Report on page 1.

The Directors have prepared trading and cash flow forecasts for the 12-month period from the date of approval of these financial statements. These forecasts show that the Company has sufficient financial resources to meet its obligations as they fall due for the period of at least 12 months from the date of these financial statements. The forecasts take into account some variability of potential outcomes, to an extent which the directors consider represent their best estimate of the future based on the information that is available to them at the time of approval of these financial statements.

The directors have also prepared a downside forecast which incorporates certain adverse sensitivities around sales levels and margins which the directors consider the greater risk to cash flows over the period of the forecast. This downside forecast also confirms the Company's ability to continue as a going concern.

The Company is financed through a series of short-term revolving loans and a rolling receivables facility. Whilst the Company has successfully operated its funding in this way for many years, as these loans are not committed for the whole of the forecast period, the directors have sought confirmation by way of a letter of group support from its main trading partner, and fellow group company, CPF Food Network Co., Ltd., whose ultimate parent is the Charoen Pokphand Foods Public Company Limited. This letter of group support whilst limited to a trading relationship provides the Company the flexibility to manage its working capital to absorb short term disruptions to its revolving or rolling facilities, allowing the Company to satisfy any debts or obligations that fall due for the 12-month period following the signing date of the Statutory Accounts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes (continued)

1 Accounting policies (continued)

1.2 Going Concern (continued)

The directors are of the view that they can reasonably conclude that the Company has adequate resources to continue in operational existence for the foreseeable future and they can continue to adopt the going concern basis in preparing the financial statements. Accordingly, the financial statements have been prepared on a going concern basis and these financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Notes (continued)

1 Accounting policies (continued)

1.5 Other financial instruments (continued)

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

The Company has not opted for hedge accounting, hence all changes in fair value are recognised in the profit or loss account.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Equipment, tools and machinery	5 years
Motor vehicles	3 years
Furniture, Fixture and Office Equipment	3-10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic

1.7 Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	2-5 years
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Notes (continued)

1 Accounting policies (continued)

1.7 Intangible assets (continued)

The basis for choosing these useful lives is management's best estimate of the useful life of this intangible.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs including import duties on purchase of stock and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.9 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks 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. 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 the cash inflows of other assets or groups of assets (the "cash-generating unit").

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 is reversed if and only if the reasons for the impairment have ceased to apply. 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 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.

Notes (continued)

1 Accounting policies (continued)

1.10 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.12 Turnover

Turnover represents the invoiced value, net of value added tax, of goods sold to customers. Turnover is recognised at the point that risks and rewards are transferred to the customer, which will be the point of despatch or the point of receipt, depending on trading terms.

A judgment has been taken that purchases made on behalf of another group managed company are treated as an agency arrangement managing these purchases rather than as a purchase and resale activity and as a result no revenue or cost of sales has been recognised for these transactions.

1.13 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.15 Accounting estimates and judgements

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods impacted.

The key judgements and estimates employed in the financial statements are considered below.

Stock

Stock are valued at the lower of cost and net realisable value, being the estimated selling price based on industry knowledge less costs to complete and sell. Provisions are held in respect of slow-moving stock.

Notes (continued)

2 Turnover

	2022 £000	2021 £000
Sale of goods	568,827	467,735

The whole of the turnover is attributable to the trade of poultry, fish and party food. Turnover mainly arose within the United Kingdom and Europe.

3 Other operating income

	2022 £000	2021 £000
Management Fee	109	75
Loss (Gain) on sales of fixed assets	26	(19)
	<u>135</u>	<u>56</u>

4 Expenses

Included in profit/loss are the following:

	2022 £000	2021 £000
Management Fee	13,150	4,137
Salaries, wages and employee expenses	4,428	4,357
Stock provision	1,516	1,689
Loss (Gain) on exchange rate	474	(6,684)
Operating lease rentals	334	217
Depreciation of tangible fixed assets	206	129
Amortisation of software	61	35

5 Staff numbers and costs

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

	Number of employees 2022	2021
Number of administrative staff	52	50
Number of distribution staff	12	11
Number of management staff	3	3
	<u>67</u>	<u>64</u>

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	3,676	3,723
Social security costs	408	362
Contributions to defined contribution plans	344	272
	<u>4,428</u>	<u>4,357</u>

Notes (continued)

6 Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	348	433
Company contributions to money purchase pension schemes	35	29
	<u>383</u>	<u>462</u>

The aggregate of emoluments of the highest paid director was £216 thousand. (2021: £204 thousand)

	Number of directors 2022	2021
Retirement benefits are accruing to the following number of directors under: Money purchase schemes	3	2
	<u>3</u>	<u>2</u>

7 Income from other fixed asset investments

	2022 £000	2021 £000
Dividend income	947	699
	<u>947</u>	<u>699</u>

8 Other interest receivable and similar income

	2022 £000	2021 £000
Interest receivable from related party	83	112
	<u>83</u>	<u>112</u>

9 Interest payable and similar expenses

	2022 £000	2021 £000
Interest on bank loans	1,871	1,678
Interest on loan from related party	68	-
	<u>1,939</u>	<u>1,678</u>

Notes (continued)

10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2022 £000	£000	2021 £000	£000
Current tax				
Current tax on income for the period	2,347		2,727	
Adjustments in respect of prior periods	(36)		31	
	<hr/>		<hr/>	
Total current tax		2,311		2,758
Deferred tax (see note 19)				
Origination and reversal of timing differences	(349)		1,420	
Effect of changes in tax rates	(110)			
Adjustments in respect of prior periods			49	
	<hr/>		<hr/>	
Total deferred tax		(459)		1,469
		<hr/>		<hr/>
Total tax (income) expense		1,852		4,227
		<hr/>		<hr/>

All of the above tax charges/(credits) have been recognised in the profit and loss account.

Reconciliation of effective tax rate

The current tax charge for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022 £000	2021 £000
Profit (loss) before taxation	11,470	22,259
	<hr/>	<hr/>
Current tax using the UK corporation tax rate of 19.00 % (2021: 19.00 %)	2,179	4,229
Effect of:		
Non-deductible expenses	43	15
Fixed asset differences	(28)	(9)
Adjustments to tax charge in respect of prior periods	(36)	31
Adjustments to tax charge in respect of prior periods – deferred tax	-	49
Group relief	-	-
Deferred tax not recognised	(16)	29
Remeasurement of deferred tax for changes in tax rates	(110)	16
Group income	(180)	(133)
	<hr/>	<hr/>
Total tax expense (income) included in profit or loss	1,852	4,227
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

In the Spring 2021 Budget, it was announced that the UK tax rate will increase from the current 19% to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

Notes (continued)

11 Intangible assets

	Software £000	Development Expenditure £000	Total £000
Cost			
Balance at 1 January	360	172	532
Additions	46	15	61
Transfer to (from)	174	(187)	(13)
Balance at 31 December	580	-	580
Amortisation			
Balance at 1 January	341	-	341
Amortisation for the year	61	-	61
Balance at 31 December	402	-	402
Net book value			
At 31 December 2022	178	-	178
At 31 December 2021	19	172	191

Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in administrative expenses within profit and loss account.

12 Tangible fixed assets

	Equipment, Tools and Machinery £000	Motor vehicles £000	Furniture, Fixture and Office Equipment £000	Assets in Construction £000	Total £000
Cost					
Balance at 1 January	318	72	348	48	786
Additions	-	-	239	242	481
Disposals	(318)	-	-	-	(318)
Write off	-	-	(30)	-	(30)
Transfer to (from)	-	-	303	(290)	13
Balance at 31 December	-	72	860	-	932
Depreciation					
Balance at 1 January	122	14	292	-	428
Depreciation charge for the year	58	28	120	-	206
Disposals	(180)	-	-	-	(180)
Write off	-	-	(30)	-	(30)
Balance at 31 December	-	42	382	-	424
Net book value					
At 31 December 2022	-	30	478	-	508
At 31 December 2021	196	58	56	48	358

Notes (continued)

13 Investment in subsidiary company

	Investment in subsidiary companies £000
Cost	
Balance at 1 January and 31 December	2,328
Net book value	
At 31 December 2022 and 31 December 2021	2,328

The undertakings in which the Company's interest at the year-end is as follows.

	Principal activity	Country of incorporation	Registered number	Class of share	Ownership interest (%)
Westbridge Foods (Thailand) Limited	Provision and development for food product	Thailand	105549017911	Ordinary	100 %

The registered office address for Westbridge Foods (Thailand) Limited is 8 The Horizon Building, 3rd Floor, Sukhumvit 63, Prakanong Nua, Wattana, Bangkok 10110, Thailand.

14 Stocks

	2022 £000	2021 £000
Finished goods	123,972	72,929

Stock recognised as cost of sales in the year amounted to £535 million (2021: £427 million)

Stock for Company is stated net of impairment provision amounting to £4.8 million (2021: £3.2 million). The movement in inventory provision during the year is as follows:

	2022 £000	2021 £000
At beginning of year	3,281	1,592
Reversal on sale of inventory	(3,281)	(1,592)
Provision during the year	4,797	3,281
	4,797	3,281

15 Debtors

	2022 £000	2021 £000
Trade debtors	58,472	49,889
Prepayments	5,915	2,821
Amounts owed by related parties	4,970	8,575
Loan to related parties	3,000	1,300
Other debtors	2,292	3,704
Deferred tax assets (see note 19)	181	-
Financial instruments (see note 21)	-	756
	74,830	67,045

Trade debtors are subject to invoice discounting with full recourse to the Company and therefore are still shown on the Company balance sheet.

Notes (continued)

16 Cash and cash equivalents/ bank overdrafts

	2022 £000	2021 £000
Cash at bank and in hand	46,706	29,548
Bank overdrafts (see note 18)	(44,657)	(27,468)
	<u>2,049</u>	<u>2,080</u>
Cash and cash equivalents per cash flow statements	<u>2,049</u>	<u>2,080</u>

17 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Amounts owed to related parties	57,663	39,358
Invoice financing/ Import loan (see note 18)	44,719	28,447
Bank overdrafts (see note 18)	44,657	27,468
Trade creditors	19,546	16,482
Short term loans (see note 18)	19,416	12,493
Accruals	7,851	2,952
Other creditors	1,725	2,876
Financial instruments (see note 21)	1,303	-
Corporation tax liability	29	58
Taxation and social security	87	79
	<u>196,996</u>	<u>130,213</u>

18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2022 £000	2021 £000
Creditors falling due within less than one year		
Bank overdrafts	44,657	27,468
Invoice financing	39,264	22,879
Short term loans	19,416	12,493
Import loan	5,455	5,568
	<u>108,792</u>	<u>68,408</u>

	2022 £000	2021 £000
Currency		
Bank overdrafts		
GBP	42,220	26,012
PLN	2,437	-
EUR	-	1,442
THB	-	14
Invoice financing		
GBP	37,876	21,563
EUR	915	605
USD	473	711
Short term loans from financial institution		
GBP	12,000	12,493
USD	2,550	-
Short term loans from related party	4,866	-
Import loan	5,455	5,568
	<u>108,792</u>	<u>68,408</u>

The nominal interest rate of year 2022 is from 4.05% to 5.69% (2021: 1.26% to 3.05%)

Notes (continued)

19 Deferred tax assets and liabilities

	Deferred taxation £000
Balance at 1 January 2022	(278)
Charged to profit and loss for the year	459
Balance at 31 December 2022	181

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £000	2021 £000	Liabilities 2022 £000	2021 £000	Net 2022 £000	2021 £000
Accelerated capital allowances	-	-	(144)	(89)	(144)	(89)
Disallowable provisions	325	-	-	(189)	325	(189)
Tax assets / (liabilities)	325	-	(144)	(278)	181	(278)

20 Capital and reserves

	2022 £000	2021 £000
<i>Allotted, called up and fully paid</i>		
1,000 Ordinary shares of £0.10 each	-	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Other reserves

Share premium account: Includes any premiums received on issue of share capital. Any transaction cost associated with the issuing of shares are deducted from share premium

Profit & loss account: Profit and loss reserve includes all current and prior period retained profits and losses.

21 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2022 £000	2021 £000
<i>Assets measured at fair value through profit or loss</i>		
Forward exchange contracts	-	756
<i>Assets measured at amortised cost</i>		
Trade debtors	58,472	49,889
Cash at bank and in hand	46,706	29,548
Amounts owed by related parties	4,970	8,575
Loan to related parties	3,000	1,300
Other debtors	2,292	3,704
<i>Liabilities measured at fair value through profit or loss</i>		
Forward exchange contracts	1,303	-
<i>Liabilities measured at amortised cost</i>		
Amounts owed to related parties	57,663	39,358
Invoice financing/ Import loan	44,719	28,447
Bank overdrafts	44,657	27,468
Trade creditors	19,546	16,482
Short term loans	19,416	12,493
Accruals	7,851	2,952
Other creditors	1,725	2,876

Notes (continued)

21 Financial instruments (continued)

Valuation method

All derivative financial instruments are measured using the "mark to market" value of the financial instruments at the reporting date. This technique calculates the present value of the future cash flows relating to the instrument based on the foreign exchange rates and interest rates prevailing at the reporting date.

22 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2022 £000	2021 £000
Less than one year	602	99
Between one and five years	237	397
	<u>839</u>	<u>496</u>

During the year £334 thousand was recognised as an expense in the profit and loss account in respect of operating leases (2021: £217 thousand).

23 Related parties

The Company has taken the exemption permitted by FRS 102 33.1A not to disclose any related party transactions with any companies in the group on the basis that they are a wholly owned by Charoen Pokphand Foods Group.

Transactions with key management personnel

Total compensation of key management personnel (including the directors) for the Company in the year amounted to £383 thousand (2021: £462 thousand).

Related party transactions

	Sales to		Purchase from	
	2022 £000	2021 £000	2022 £000	2021 £000
Entities with control, joint control or significant influence	<u>931</u>	<u>519</u>	<u>103,047</u>	<u>82,320</u>
	Interest income			
	2022 £000	2021 £000		
Entities with control, joint control or significant influence	<u>47</u>	<u>49</u>		

24 Ultimate parent company and parent company of larger group

The directors consider the parent company to be Westbridge Food Group Limited, a company incorporated on the UK, by virtue of 100% shareholding in the company.

The directors consider the ultimate controlling party is Charoen Pokphand Foods Public Company Limited, 313, CP Tower, Silom Road, Bangrak, Bangkok 10500, Thailand. The consolidated financial statements of these groups are available to the public.