

Company registration number 03800145 (England and Wales)

INTERFOOD TECHNOLOGY LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

INTERFOOD TECHNOLOGY LTD.

COMPANY INFORMATION

Directors	J I Sydenham R M Unwin H Schoenmaker D M Richardson
Secretary	D M Richardson
Company number	03800145
Registered office	30 Upper High Street Thame Oxfordshire OX9 3EZ
Auditor	Richardsons 30 Upper High Street Thame Oxfordshire OX9 3EZ

INTERFOOD TECHNOLOGY LTD.

CONTENTS

	Page
Strategic report	3 - 4
Directors' report	1
Directors' responsibilities statement	2
Independent auditor's report	5 - 7
Statement of income and retained earnings	8
Balance sheet	9
Statement of cash flows	10
Notes to the financial statements	11 - 24

INTERFOOD TECHNOLOGY LTD.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company continued to be that of distribution of industrial food manufacturing, processing and production machinery.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £2,500,000. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J I Sydenham
R M Unwin
H Schoenmaker
D M Richardson

Auditor

The auditors, Richardsons, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

J I Sydenham
Director

30 January 2023

INTERFOOD TECHNOLOGY LTD.

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

INTERFOOD TECHNOLOGY LTD.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

Interfood Technology Ltd. ("the Company") is a leading distributor of industrial food manufacturing and processing equipment in the UK and Ireland. The Company also provides a full range of complementary support services.

The food and drink industry is one of the largest manufacturing sectors in the UK and the Company serves customers across a broad range of food industry subsectors including meat, dairy, plant-based and bakery for human and pet consumption.

2022 has been a successful year for the Company with revenue and EBIT both up compared to 2021 and surpassing the budgets set for the year.

Objectives and Strategy - Since inception, the Company has focused on the end products of its customers. We continue to provide value solutions that deliver a high quality, safe and consistent product. The Company's strategy remains to evaluate the requirements of the market and identify existing or innovative new solutions through existing suppliers or, if required, to deliver solutions through new opportunities and alliances. The Directors regularly review the Company's product range and market position to keep it at the forefront of the industry.

Business Model - The Company's structure puts service and sales at the forefront of its operations. Internal operations and financial controls are key to supporting the front-line team by providing weekly, monthly, and quarterly KPI reports and analytics to drive efficiency. The Directors work closely with the whole team, customers, suppliers, and stakeholders to manage and control the business and deliver key financial aims, objectives and strategy. The Company continues to benefit from a high degree of repeat business from many market-leading manufacturers in the food sector.

Principal Business Risks and Uncertainties

The Directors have identified, and regularly review, the principal risks that threaten the Company's business model, future performance, solvency, or liquidity. These risks have been reviewed in-line with the strategic aims of the Company. We have considered the threats created by them and continue to take reasonable steps to mitigate them.

Market risks – The Company is aware of its dependence upon key customers and the resulting exposure to the risk of a downturn in any of their larger customers' activities, possibly because of the loss by that customer of a particular supply contact. This risk is often mitigated by the fact that the loss by one customer of a contract is a gain for another customer, who may consequently make a significant capital investment to improve capacity or increase productivity. The Directors consider that the current level of market risk is normal.

Loss of supply - Close and trusting relationships with existing OEM suppliers are very important. The business seeks to maintain these existing relationships and seek new and innovative options.

Supply chain delays - Delays in materials to manufacture equipment and parts have impacted delivery times but seem to have balanced out now, we expect improvement in 2023. Border inspections and associated documentation caused by Brexit has added complexity to administrative processes but these are now embedded in the Company's operations. An agreement on Northern Irish imports/exports will only improve the situation.

Cyber security - This risk is mitigated by the utilisation of physical and embedded security systems, regular back-ups and disaster recovery planning. User training remains a key method of mitigation.

Financial risks – Fraud risks are managed by robust systems and procedures. Credit risks are managed by monitoring limits and payment performance of customers. Foreign currency risk is managed by matching payments and receipts in foreign currency to minimise exposure. With no external debt, the Company's liquidity risk is considered to be low. Cash flow forecasting is nevertheless maintained on a regular basis. Overheads are monitored by the finance team and regularly reported to managers and Directors.

INTERFOOD TECHNOLOGY LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

Turnover increased by 15% to £35.1m (2021: £30.5m)

Profit before tax increased by 17% to £2.8m (2021: £2.1m)

Outlook for 2023

The Company is in robust financial and operational health, with a strong pre-sales and project pipeline for 2023. We are looking to bring on some complementary product lines and expand our market into areas in which we have not traditionally had a strong presence.

The Directors believe the Company is well placed to thrive and expand over the coming years.

Standard measures such as revenue, GP, PBT, EBIT and forward order book sales are used alongside working capital controls (aged inventory and aged accounts receivable). Customer-related performance measures (on-time delivery, distribution centre picking errors and returns) are measured and reviewed against targets on a regular basis.

J I Sydenham

Director

30 January 2023

INTERFOOD TECHNOLOGY LTD.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERFOOD TECHNOLOGY LTD.

Opinion

We have audited the financial statements of Interfood Technology Ltd. (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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 Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of at least twelve months from when the financial statements are authorised for issue.

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

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 our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INTERFOOD TECHNOLOGY LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INTERFOOD TECHNOLOGY LTD.

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 and the directors' report.

We have nothing to report in respect of the following matters where 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 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, 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.

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

- Obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are those that relate to financial reporting, FRS 102 and the Companies Act.
- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of the company's staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INTERFOOD TECHNOLOGY LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF INTERFOOD TECHNOLOGY LTD.

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.

Alison Richardson
Senior Statutory Auditor
For and on behalf of Richardsons

30 January 2023

Chartered Accountants
Statutory Auditor

30 Upper High Street
Thame
Oxfordshire
OX9 3EZ

INTERFOOD TECHNOLOGY LTD.

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	2	35,117,407	30,521,160
Cost of sales		(23,665,585)	(19,767,065)
Gross profit		11,451,822	10,754,095
Administrative expenses		(8,580,168)	(8,284,981)
Operating profit	3	2,871,654	2,469,114
Interest receivable and similar income	6	5,199	244
Interest payable and similar expenses	7	(24,325)	(23,976)
Profit before taxation		2,852,528	2,445,382
Tax on profit	8	(552,712)	(470,720)
Profit for the financial year		2,299,816	1,974,662
Retained earnings brought forward		6,834,191	4,859,529
Dividends	9	(2,500,000)	-
Retained earnings carried forward		6,634,007	6,834,191

The profit and loss account has been prepared on the basis that all operations are continuing operations.

INTERFOOD TECHNOLOGY LTD.

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	10	80,398		102,325	
Tangible assets	11	998,828		916,202	
Investments	12	200		200	
			1,079,426		1,018,727
Current assets					
Stocks	14	5,681,023		4,810,167	
Debtors	15	8,931,114		9,311,183	
Cash at bank and in hand		6,175,163		5,241,346	
			20,787,300		19,362,696
Creditors: amounts falling due within one year	17	(14,525,139)		(12,796,521)	
Net current assets			6,262,161		6,566,175
Total assets less current liabilities			7,341,587		7,584,902
Creditors: amounts falling due after more than one year	18	(386,298)		(413,028)	
Provisions for liabilities					
Provisions	20	199,400		199,400	
Deferred tax liability	21	1,882		18,283	
			(201,282)		(217,683)
Net assets			6,754,007		6,954,191
Capital and reserves					
Called up share capital	23	120,000		120,000	
Profit and loss reserves		6,634,007		6,834,191	
Total equity			6,754,007		6,954,191

The financial statements were approved by the board of directors and authorised for issue on 30 January 2023 and are signed on its behalf by:

J I Sydenham
Director

Company Registration No. 03800145

INTERFOOD TECHNOLOGY LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	27	4,316,610	3,793,670
Interest paid		(24,325)	(23,976)
Income taxes paid		(335,226)	(632,224)
Net cash inflow from operating activities		<u>3,957,059</u>	<u>3,137,470</u>
Investing activities			
Purchase of intangible assets		-	(109,634)
Purchase of tangible fixed assets		(579,641)	(512,853)
Proceeds from disposal of tangible fixed assets		88,199	58,150
Interest received		5,199	244
Net cash used in investing activities		<u>(486,243)</u>	<u>(564,093)</u>
Financing activities			
Movement in finance leases obligations		(36,999)	46,078
Dividends paid		(2,500,000)	-
Net cash (used in)/generated from financing activities		<u>(2,536,999)</u>	<u>46,078</u>
Net increase in cash and cash equivalents		<u>933,817</u>	<u>2,619,455</u>
Cash and cash equivalents at beginning of year		<u>5,241,346</u>	<u>2,621,891</u>
Cash and cash equivalents at end of year		<u><u>6,175,163</u></u>	<u><u>5,241,346</u></u>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Interfood Technology Ltd. is a private company limited by shares incorporated in England and Wales. The registered office is 30 Upper High Street, Thame, Oxfordshire, OX9 3EZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the exemption under section 402 of the Companies Act 2006 not to prepare consolidated accounts. On the basis all subsidiary companies are dormant.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

The company recognises revenues on the sale of products, net of discounts, sales incentives, customer bonuses, rebates granted and sales tax. The sale is recognised when products are delivered to the customer's premises, which is when title and risks and rewards of ownership pass to the customer.

Revenues from services provided and commissions received are recognised over the term of the underlying contract.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line basis
----------	-------------------------

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	straight line basis over the remaining lease term
Plant and equipment	25% straight line basis
Computers	50% straight line basis
Motor vehicles	25% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.8 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The company operates a defined contribution pension scheme covering the directors. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.14 Foreign exchange

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

1.15 Intercompany Balances

Intercompany balances are repayable on demand.

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Goods	33,100,949	28,227,266
Services	1,910,400	2,288,496
Commissions	98,225	-
Other	7,833	5,398
	<u>35,117,407</u>	<u>30,521,160</u>
	2022 £	2021 £
Turnover analysed by geographical market		
UK	30,189,031	24,141,850
Europe	4,928,376	6,379,310
	<u>35,117,407</u>	<u>30,521,160</u>
	2022 £	2021 £
Other revenue		
Interest income	<u>5,199</u>	<u>244</u>

3 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(235,830)	114,740
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	30,700
Depreciation of owned tangible fixed assets	90,755	91,777
Depreciation of tangible fixed assets held under finance leases	344,454	317,278
Profit on disposal of tangible fixed assets	(26,393)	(56,608)
Amortisation of intangible assets	<u>21,927</u>	<u>7,309</u>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4 Employees

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

	2022 Number	2021 Number
Directors	3	3
Engineers	31	28
Sales	15	13
Office staff	26	24
Total	75	68

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	5,202,948	5,034,169
Social security costs	714,204	659,826
Pension costs	263,101	214,302
	6,180,253	5,908,297

5 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	1,068,071	1,062,139
Company pension contributions to defined contribution schemes	14,305	19,502

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 3)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	446,770	358,906
Company pension contributions to defined contribution schemes	4,000	3,619

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	16	-
Other interest income	5,183	244
	<u>5,199</u>	<u>244</u>
Total income	<u>5,199</u>	<u>244</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	16	-
	<u>16</u>	<u>-</u>

7 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	612	434
Other finance costs:		
Interest on finance leases and hire purchase contracts	23,713	23,542
	<u>24,325</u>	<u>23,976</u>

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	579,096	469,172
Adjustments in respect of prior periods	(9,983)	-
	<u>569,113</u>	<u>469,172</u>
Total current tax	<u>569,113</u>	<u>469,172</u>
Deferred tax		
Origination and reversal of timing differences	(16,401)	1,548
	<u>(16,401)</u>	<u>1,548</u>
Total tax charge	<u>552,712</u>	<u>470,720</u>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	2,852,528	2,445,382
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	541,980	464,623
Tax effect of expenses that are not deductible in determining taxable profit	14,368	3,022
Permanent capital allowances in excess of depreciation	22,748	1,528
Other non-reversing timing differences	(9,983)	-
Deferred tax adjustments in respect of prior years	(16,401)	1,547
Taxation charge for the year	552,712	470,720

9 Dividends

	2022 £	2021 £
Final paid	2,500,000	-

10 Intangible fixed assets

	Software £
Cost	
At 1 January 2022 and 31 December 2022	109,634
Amortisation and impairment	
At 1 January 2022	7,309
Amortisation charged for the year	21,927
At 31 December 2022	29,236
Carrying amount	
At 31 December 2022	80,398
At 31 December 2021	102,325

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Computers £	Motor vehicles £	Total £
Cost					
At 1 January 2022	48,067	373,264	157,300	1,590,599	2,169,230
Additions	20,713	9,510	15,528	533,890	579,641
Disposals	-	(3,132)	(333)	(184,919)	(188,384)
At 31 December 2022	68,780	379,642	172,495	1,939,570	2,560,487
Depreciation and impairment					
At 1 January 2022	3,979	305,162	144,574	799,313	1,253,028
Depreciation charged in the year	8,606	26,016	13,025	387,562	435,209
Eliminated in respect of disposals	-	(3,132)	(333)	(123,113)	(126,578)
At 31 December 2022	12,585	328,046	157,266	1,063,762	1,561,659
Carrying amount					
At 31 December 2022	56,195	51,596	15,229	875,808	998,828
At 31 December 2021	44,088	68,102	12,726	791,286	916,202

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Motor vehicles	755,944	750,768

12 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	13	200	200

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Interfood Limited	30 Upper High Street, Thame, OX9 3EZ, England	Ordinary	100.00
Interfood Slicing Limited	30 Upper High Street, Thame, OX9 3EZ, England	Ordinary	100.00
Interfood Systems Limited	30 Upper High Street, Thame, OX9 3EZ, England	Ordinary	100.00

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Stocks

	2022 £	2021 £
Finished goods and goods for resale	5,681,023	4,810,167

15 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	3,750,548	4,262,838
Other debtors	4,864,944	3,968,169
Prepayments and accrued income	315,622	1,080,176
	8,931,114	9,311,183

16 Cash at bank

An intercompany guarantee exists as formal security over the bank accounts between Interfood Technology Limited, Interfood Systems Limited and Interfood Slicing Limited.

The bank holds a debenture over all the assets within the company.

17 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Obligations under finance leases	19	275,782	286,051
Trade creditors		4,551,191	3,286,757
Taxation and social security		1,920,560	2,375,961
Other creditors		6,536,641	5,637,289
Accruals and deferred income		1,240,965	1,210,463
		14,525,139	12,796,521

18 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Obligations under finance leases	19	386,298	413,028

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Finance lease obligations

	2022	2021
	£	£
Future minimum lease payments due under finance leases:		
Within one year	275,782	286,051
In two to five years	386,298	413,028
	<u>662,080</u>	<u>699,079</u>

Finance lease obligations 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.

20 Provisions for liabilities

	2022	2021
	£	£
Dilapidations	199,400	199,400
	<u>199,400</u>	<u>199,400</u>

Movements on provisions:

	Dilapidations
	£
At 1 January 2022 and 31 December 2022	199,400
	<u>199,400</u>

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022	Liabilities 2021
	£	£
Balances:		
Accelerated capital allowances	1,882	18,283
	<u>1,882</u>	<u>18,283</u>
Movements in the year:		2022
		£
Liability at 1 January 2022		18,283
Credit to profit or loss		(16,401)
		<u>1,882</u>
Liability at 31 December 2022		<u>1,882</u>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

22 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	263,101	214,302

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary 'A' of £1 each	62,400	62,400	62,400	62,400
Ordinary 'B' of £1 each	28,800	28,800	28,800	28,800
Ordinary 'C' of £1 each	28,800	28,800	28,800	28,800
	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>

24 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	243,731	184,424
Between two and five years	832,746	737,695
In over five years	-	76,843
	<u>1,076,477</u>	<u>998,962</u>

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	1,082,376	1,081,642

Transactions with related parties

During the year the company entered into the following transactions with related parties:

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

25 Related party transactions (Continued)

	Purchases 2022 £	Purchases 2021 £
Other related parties	1,585,153	2,281,810

The following amounts were outstanding at the reporting end date:

	2022 £	2021 £
Amounts due to related parties		
Other related parties	102,469	274,233

26 Controlling party

The results of Interfood Technology Limited are included in the group accounts prepared by Process-Pack International GmbH, a company incorporated in Germany. The address from which the accounts can be obtained is shown below:

Niedeckerstraße 1
65795 Hattersheim a. M.
Germany

27 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	2,299,816	1,974,662
Adjustments for:		
Taxation charged	552,712	470,720
Finance costs	24,325	23,976
Investment income	(5,199)	(244)
Gain on disposal of tangible fixed assets	(26,393)	(56,608)
Amortisation and impairment of intangible assets	21,927	7,309
Depreciation and impairment of tangible fixed assets	435,209	409,055
Decrease in provisions	-	(164,000)
Movements in working capital:		
Increase in stocks	(870,856)	(655,513)
Decrease/(increase) in debtors	380,069	(4,014,348)
Increase in creditors	1,505,000	5,798,661
Cash generated from operations	4,316,610	3,793,670

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

28 Analysis of changes in net funds

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	5,241,346	933,817	6,175,163
Obligations under finance leases	(699,079)	36,999	(662,080)
	<u>4,542,267</u>	<u>970,816</u>	<u>5,513,083</u>

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