

Company Registration No. 03800145 (England and Wales)

INTERFOOD TECHNOLOGY LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

INTERFOOD TECHNOLOGY LTD.

COMPANY INFORMATION

Directors	M Bishop	
	J I Sydenham	
	R M Unwin	
	M A Linas	(Appointed 1 May 2020)
	H Schoenmaker	(Appointed 9 April 2020)
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.

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INTERFOOD TECHNOLOGY LTD.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

Interfood Technology Limited ("the company") and its subsidiaries ("the group") are leading distributors of industrial food manufacturing and processing equipment in the UK and Ireland. The group also provides a full range of complementary support services.

The food and drink industry is the largest manufacturing sector in the UK and the group serves customers across a broad range of food industry subsectors.

2020 has been another successful year for the group even though turnover was lower than the previous year. The group had budgeted for lower revenue in 2020 but had not anticipated a global pandemic and, although our business model is more resilient than many other sectors, we were not totally immune to challenges arising from the unprecedented trading conditions of the COVID-19 setting.

Impact of COVID-19 and our response

Most of the group's customers have limited exposure to the food service sector and still enjoyed strong demand for their products, which meant that manufacturing continued apace. However, the rapid development of the COVID-19 outbreak in early 2020 and the subsequent lockdown measures mandated by Government in March 2020 imposed significant travel and transport restrictions, which started to ease in May 2020 but never went away.

The inevitable difficulties this presented to the group meant that revenue for the year ended 31 December 2020 was lower than planned.

Routine service delivery was materially hampered during lockdown, as access to customer sites was adversely affected by health and safety concerns, although it bounced back as restrictions eased.

As customers responded to a new operating environment, access issues and changes in priorities hindered the sales of capital equipment and made it more difficult to go onsite to install it once sold.

Fortunately, our supply chain has not been significantly disrupted by the pandemic. We source most of the goods that we sell directly from Europe, particularly Germany, and our suppliers have largely managed to maintain their production capability, although staff shortages caused some delays at vendors. Also, transportation of large machines has occasionally been both slower and more expensive due to a lack of drivers and trailers.

From the start of the outbreak, we have taken measures to protect our staff and mitigating actions to limit the impact on profitability and to preserve financial flexibility. Tight cost control and the lower levels of activity encountered led to lower spending, particularly on travel related costs. The group also made use of the Government's Coronavirus Job Retention Scheme to furlough a small number of field staff, particularly those with potential health concerns. The savings made largely offset the effects of lower-than-expected revenues thus enabling the group to surpass its profit target for the year.

As a precaution, in line with UK Government measures, we deferred UK VAT payments due between 20 March 2020 and 30 June 2020; although we commenced repaying the deferred VAT before the conclusion of 2020.

Our response to the COVID-19 pandemic prioritised the safety and welfare of our people and customers from the outset. Risk mitigations have been agile and effective with support and oversight from the Directors. We were delighted and proud to see our colleagues work together to ensure this priority was met. Sturdy employee safety protocols were implemented, with most office-based staff transitioning effectively to remote working following the lockdown.

Protocols to ensure a safe working environment for the return of employees were developed and implemented. Measures taken include:

- limiting the numbers of staff in our office at any one-time to less than 30% of the norm
- requiring all personnel entering the offices to use the wall mounted temperature guns at each entrance and complete an online COVID questionnaire on their mobile phone

INTERFOOD TECHNOLOGY LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

- strict social distancing; increased spacing between workstations
- Perspex screens at workstations
- sanitiser stations throughout the office and dispensers at every desk
- a ban on non-essential visitors.

These precautions have gone beyond Government recommendations and we continue to both monitor and improve their effectiveness on a day-to-day basis.

We have not made any organisational changes or redundancies relating to the COVID-19 crisis. We continue to focus on establishing our “new normal” and intend to retain some of the learnings and practices we have developed and implemented since the onset of the pandemic as we believe they can help us to accelerate the delivery of our purpose and strategic goals.

The longer-term outlook for the business remains positive but the resurgence of the Covid-19 virus in late 2020 and the rapid spread of a new variant mean that the global economic outlook remains uncertain and the worst may still be to come, although the availability of vaccines is encouraging. Consequently, short-term risk of disruption to our operations remains. However, the group is in robust financial and operational health, with a strong pipeline for 2021, and the organisational structure, culture, and resilience required to thrive in the long-term.

Food manufacturing still trails other manufacturing sectors in terms of technology adoption and process engineering so the adoption of digital technology should continue. The trend towards more consumption of plant-based food should continue to drive additional capital spending on new equipment that the group has strong offerings on. The coronavirus pandemic has presented and will continue to provide many challenges but may bring opportunities as it has highlighted the advantages of automation over reliance on manual labour in food processing.

The group benefits from a high degree of loyalty and repeat business from a great many established businesses in the food manufacturing sector.

The success of the group's current business model rests on our ability to not only to supply a wide range of equipment but also to provide high quality technical back-up, after sales service and support. These services and the sale of spare parts account for 41% of group turnover whilst the balance comes from the supply of food manufacturing equipment itself.

F i n a n c i a l

p e r f o r m a n c e

Turnover decreased by 19% to £28.1m (2019: £34.7m) whilst gross profit fell 10.7% to £10.0m (2019: £11.3m). Profit before tax at £2.6m (2019: £2.9m) was 10.1% behind the prior year.

The group had planned for revenues to be lower in 2020. Buoyed by the successful exploitation of opportunities presented by favourable market conditions, that were not expected to recur in 2020, performance in 2019 was exceptional and a return to more normal levels was anticipated. However, market conditions were dramatically different to expectation, largely due to the impact of the COVID-19 pandemic and the disruption that it caused. Sales of machines, which can be lumpy and unpredictable at the best of times, were behind plan primarily as a consequence of the prevailing circumstances rather than failure to capitalise on available opportunities.

The negative effects of operating in a world of coronavirus restrictions were ameliorated to a considerable extent by savings made on travel related expenditure, which were £0.5m lower than in the prior year.

The group also recorded significant foreign exchange gains in comparison to substantial losses in the preceding period. These arose because most machine sales are billed in euros and therefore the group built-up large euro denominated asset balances whilst that currency generally strengthened against sterling.

Overall, overheads were 11% lower than in 2019 and enabled the group to beat its planned profit for the year.

The group generated £1.3m of cash from operating activities but experienced a net cash outflow of £3.3m after paying dividends of £4.5m.

INTERFOOD TECHNOLOGY LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Key performance indicators

The group monitors performance against key financial objectives that the Directors judge to be effective in measuring the delivery of strategic aims and managing and controlling the business. These focus on turnover, gross profit, profit before tax and forward order book.

Within the business, KPI's also include working capital control, such as aged inventory and aged accounts receivable, and customer-related performance measures such as on-time delivery, distribution centre picking errors and returns. These key performance indicators are measured and reviewed against targets on a regular basis.

Principal business risks

The Directors have identified the principal risks that threaten the company's business model, future performance, solvency or liquidity and assessed our appetite for such risks. These risks have been reviewed in line with our strategic aims. We have considered reasonable steps to mitigate them and the threats created by them. We have determined that we have a new principal risk as a result of the COVID-19 outbreak becoming a global pandemic.

The principal risks are:

Macro-economic & political – The company is dependent upon the capital investment intentions of our customers. Economic or financial market conditions determine global demand and could adversely affect our customers, agency suppliers, and other parties with whom we transact. The Directors seek to ensure that our overall risk is mitigated by avoiding excessive concentration of exposure to any food manufacturing industry sub segment. Market conditions and industry forecasts are monitored for any early warning signs of changes in overall market demand, and appropriate measures to exploit opportunities or manage elevated risks are taken.

Brexit is an example of a political factor that could also have macro-economic implications. This risk has reduced since the conclusion of a trade deal in December 2020. However, administrative costs could rise and additional paperwork requirements could introduce delays into the supply chain. Also, Strict EU laws on animal products will also mean some UK products can no longer be exported and that could affect some of our customers adversely. We will continue to monitor the situation and adjust levels of critical spare parts held if necessary.

Contagious diseases - A prolonged global health threat could adversely affect our business. High levels of absence in our workforce could impact our ability to operate or provide appropriate functional support to our business. Delays could arise across the supply chain due to disruptions in the availability of people, goods services and equipment. Customers' operations could be similarly afflicted and access to their sites could be hampered. The safety and wellbeing of our staff continues to be our overriding priority and we have implemented a series of measures to protect their health, safety and wellbeing; we will continue to monitor closely developments regarding best practice in this arena and will adopt them as appropriate. We will continue to review the risks associated with our key suppliers and identify if we have sufficient stock levels in our warehouses to address customer demands for critical spares.

Market risks - The company is aware of market risk in relation to the dependence upon key customers and the resulting exposure to the risk of a downturn in any of their larger customers' activities, possibly as a result 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 in order to improve capacity or increase productivity. Customer capital investment plans are monitored wherever possible to help mitigate that risk. The Directors consider that the current level of market risk is normal.

Supply chain consolidation – the continuity of the group's business activities is dependent upon the cost-effective supply of high-quality products from our key agency / OEM suppliers. The food manufacturing equipment market continues to consolidate. This M&A activity can lead to the end of long-standing distribution agreements due to potential conflicts of interest. The company seeks to mitigate this risk by continuing to source high quality new OEM partners as well as maintaining long term transparent and constructive relationships with existing OEM suppliers.

INTERFOOD TECHNOLOGY LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Information Technology ("IT") – Our IT systems and the information they contain are subject to security risks, including the unexpected loss of continuity from virus or other issues, and the deliberate breach of security controls for commercial gain or mischief. Any such occurrences could have a significant detrimental effect on our business activities. These risks are mitigated by the utilisation of physical and embedded security systems, regular back-ups and disaster recovery planning.

Financial risks - The main financial risks we face are credit risk, foreign currency risk and liquidity risk. The Directors regularly review these risks. Credit risk is managed by monitoring limits and payment performance of customers. Where a customer is deemed to represent an unacceptable level of credit risk, terms of trade are modified to limit the group's exposure. The Directors consider the level of general credit risk in current market conditions to be slightly higher than normal. Foreign currency risk is managed by matching payments and receipts in foreign currency to minimise exposure. With no external debt within the group, liquidity risk is currently considered to be low; cash flow forecasting is nevertheless maintained on a regular basis.

The Board remains confident that the strengths of the company, which include its long-standing customer relationships, breadth and quality of products, strong OEM / agency relationships and loyal staff will continue to enable the company to deliver both its short term and longer-term plans.

The Directors have determined that the historic reasons for trading as a group of three entities are no longer relevant. The group has essentially been operating as one business; albeit with seven divisions that are responsible for the sales and servicing of each of our seven product subgroups. Organisationally, we operate one Executive Management Team, one Senior Management Team and shared systems, office facilities, warehousing, finance, administration, marketing, and customer service functions. Consequently, the business of Interfood Systems Limited and Interfood Slicing Limited was transferred to Interfood Technology Limited on 31 December 2020. The internal organisation of the business remains unchanged and the company will continue to operate with seven divisions; although we do expect to make some process efficiency gains.

On behalf of the board

M A Linas

Director

2 March 2021

INTERFOOD TECHNOLOGY LTD.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

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

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £4,479,600. 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:

M Bishop	
J I Sydenham	
J Meyrahn	(Resigned 14 April 2020)
R M Unwin	
M A Linas	(Appointed 1 May 2020)
H Schoenmaker	(Appointed 9 April 2020)

Auditor

In accordance with the company's articles, a resolution proposing that Richardsons be reappointed as auditor of the group will be put at a 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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

M A Linas
Director

2 March 2021

INTERFOOD TECHNOLOGY LTD.

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company 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 FRS 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 group's and the parent company's affairs as at 31 December 2020 and of the group's 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 group's and parent 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. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INTERFOOD TECHNOLOGY LTD.

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

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.

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 parent 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.

- 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.

Ria Leadbetter (Senior Statutory Auditor)
For and on behalf of Richardsons

2 March 2021

Chartered Accountants
Statutory Auditor

30 Upper High Street
Thame
Oxfordshire
OX9 3EZ

INTERFOOD TECHNOLOGY LTD.

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	28,128,746	34,706,913
Cost of sales		(18,082,317)	(23,451,019)
Gross profit		10,046,429	11,255,894
Administrative expenses		(7,426,023)	(8,344,528)
Operating profit	4	2,620,406	2,911,366
Interest receivable and similar income	8	315	739
Interest payable and similar expenses	9	(21,658)	(19,585)
Profit before taxation		2,599,063	2,892,520
Tax on profit	10	(512,867)	(555,796)
Profit for the financial year	25	2,086,196	2,336,724

Profit for the financial year is all attributable to the owners of the parent company.

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

INTERFOOD TECHNOLOGY LTD.

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Profit for the year	2,086,196	2,336,724
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,086,196</u>	<u>2,336,724</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

INTERFOOD TECHNOLOGY LTD.

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	12		813,946		708,923
Current assets					
Stocks	15	4,154,654		4,393,484	
Debtors	16	5,297,035		4,457,061	
Cash at bank and in hand		2,621,891		5,909,960	
		<u>12,073,580</u>		<u>14,760,505</u>	
Creditors: amounts falling due within one year	18	<u>(7,112,911)</u>		<u>(7,470,661)</u>	
Net current assets			<u>4,960,669</u>		<u>7,289,844</u>
Total assets less current liabilities			<u>5,774,615</u>		<u>7,998,767</u>
Creditors: amounts falling due after more than one year	19		(414,951)		(298,434)
Provisions for liabilities					
Provisions	21	363,400		327,400	
Deferred tax liability	22	<u>16,735</u>		<u>-</u>	
			<u>(380,135)</u>		<u>(327,400)</u>
Net assets			<u><u>4,979,529</u></u>		<u><u>7,372,933</u></u>
Capital and reserves					
Called up share capital	24		120,000		120,000
Profit and loss reserves	25		<u>4,859,529</u>		<u>7,252,933</u>
Total equity			<u><u>4,979,529</u></u>		<u><u>7,372,933</u></u>

The financial statements were approved by the board of directors and authorised for issue on 2 March 2021 and are signed on its behalf by:

M A Linas
Director

INTERFOOD TECHNOLOGY LTD.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	12		813,946		708,923
Investments	13		200		200
			<u>814,146</u>		<u>709,123</u>
Current assets					
Stocks	15	4,154,654		187,760	
Debtors	16	5,296,835		5,537,970	
Cash at bank and in hand		2,621,891		1,237,001	
		<u>12,073,380</u>		<u>6,962,731</u>	
Creditors: amounts falling due within one year	18	(7,112,911)		(2,550,577)	
Net current assets			<u>4,960,469</u>		<u>4,412,154</u>
Total assets less current liabilities			<u>5,774,615</u>		<u>5,121,277</u>
Creditors: amounts falling due after more than one year	19		(414,951)		(298,434)
Provisions for liabilities					
Provisions	21	363,400		127,400	
Deferred tax liability	22	16,735		-	
		<u>(380,135)</u>		<u>(127,400)</u>	
Net assets			<u><u>4,979,529</u></u>		<u><u>4,695,443</u></u>
Capital and reserves					
Called up share capital	24	120,000		120,000	
Profit and loss reserves	25	4,859,529		4,575,443	
Total equity			<u><u>4,979,529</u></u>		<u><u>4,695,443</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,763,686 (2019 - £1,685,399 profit).

The financial statements were approved by the board of directors and authorised for issue on 2 March 2021 and are signed on its behalf by:

M A Linas
Director

Company Registration No. 03800145

INTERFOOD TECHNOLOGY LTD.

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2019		120,000	6,916,609	7,036,609
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	2,336,724	2,336,724
Dividends	11	-	(2,000,400)	(2,000,400)
Balance at 31 December 2019		120,000	7,252,933	7,372,933
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	2,086,196	2,086,196
Dividends	11	-	(4,479,600)	(4,479,600)
Balance at 31 December 2020		120,000	4,859,529	4,979,529

INTERFOOD TECHNOLOGY LTD.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2019		120,000	4,890,444	5,010,444
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	1,685,399	1,685,399
Dividends	11	-	(2,000,400)	(2,000,400)
Balance at 31 December 2019		120,000	4,575,443	4,695,443
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	4,763,686	4,763,686
Dividends	11	-	(4,479,600)	(4,479,600)
Balance at 31 December 2020		120,000	4,859,529	4,979,529

INTERFOOD TECHNOLOGY LTD.

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	30	1,929,811		4,083,743	
Interest paid		(21,658)		(19,585)	
Income taxes paid		(451,473)		(620,818)	
Net cash inflow from operating activities		<u>1,456,680</u>		<u>3,443,340</u>	
Investing activities					
Purchase of tangible fixed assets		(471,877)		(407,698)	
Proceeds on disposal of tangible fixed assets		58,548		68,585	
Interest received		315		739	
Net cash used in investing activities		<u>(413,014)</u>		<u>(338,374)</u>	
Financing activities					
Payment of finance leases obligations		147,865		106,075	
Dividends paid to equity shareholders		(4,479,600)		(2,000,400)	
Net cash used in financing activities		<u>(4,331,735)</u>		<u>(1,894,325)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(3,288,069)</u>		<u>1,210,641</u>	
Cash and cash equivalents at beginning of year		5,909,960		4,699,319	
Cash and cash equivalents at end of year		<u><u>2,621,891</u></u>		<u><u>5,909,960</u></u>	

INTERFOOD TECHNOLOGY LTD.

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	31	2,004,897		293,821	
Interest paid		(20,700)		(18,924)	
Income taxes paid		(85,114)		(64,567)	
Net cash inflow from operating activities		<u>1,899,083</u>		<u>210,330</u>	
Investing activities					
Purchase of tangible fixed assets		(471,877)		(407,698)	
Proceeds on disposal of tangible fixed assets		58,548		68,585	
Proceeds on disposal of subsidiaries		-		100	
Receipts arising from loans made		-		(100)	
Interest received		315		332	
Dividends received		<u>4,230,556</u>		<u>2,000,000</u>	
Net cash generated from investing activities			<u>3,817,542</u>		<u>1,661,219</u>
Financing activities					
Payment of finance leases obligations		147,865		106,075	
Dividends paid to equity shareholders		<u>(4,479,600)</u>		<u>(2,000,400)</u>	
Net cash used in financing activities			<u>(4,331,735)</u>		<u>(1,894,325)</u>
Net increase/(decrease) in cash and cash equivalents			<u>1,384,890</u>		<u>(22,776)</u>
Cash and cash equivalents at beginning of year			<u>1,237,001</u>		<u>1,259,777</u>
Cash and cash equivalents at end of year			<u><u>2,621,891</u></u>		<u><u>1,237,001</u></u>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Interfood Technology Ltd. ("the company") is a limited company domiciled and 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.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Interfood Technology Ltd. together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

1.4 Turnover

The group 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.

1.5 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 GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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:

Plant and equipment	25% straight line basis
Computer equipment	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 recognised in the profit and loss account.

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

1.9 Financial instruments

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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 group 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.

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.10 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 group'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 arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws. Deferred tax assets and liabilities are not discounted.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

1.11 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group 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.

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.12 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.

1.13 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.

1.14 Leases

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged against profit on a straight line basis over the lease term.

1.15 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.

1.16 Intercompany balances

Intercompany balances are repayable on demand. Upon consolidation intercompany balances are eliminated.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Goods	25,798,637	32,305,733
Services	1,935,106	1,971,779
Commissions	104,606	100,772
Other	290,397	328,629
	<u>28,128,746</u>	<u>34,706,913</u>

	2020 £	2019 £
Other significant revenue		
Interest income	315	739
	<u>315</u>	<u>739</u>

	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	22,094,237	30,131,963
Europe	6,034,509	4,574,950
	<u>28,128,746</u>	<u>34,706,913</u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(198,853)	258,646
Depreciation of owned tangible fixed assets	98,066	115,609
Depreciation of tangible fixed assets held under finance leases	268,789	249,506
Profit on disposal of tangible fixed assets	(58,549)	(57,523)
	<u>(19,547)</u>	<u>259,138</u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	30,700	29,750
	<u>30,700</u>	<u>29,750</u>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Auditor's remuneration (Continued)

For other services

Taxation compliance services	8,800	8,800
All other non-audit services	2,900	2,850
	<u>11,700</u>	<u>11,650</u>

6 Employees

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Directors	4	3	4	3
Engineers	26	26	-	-
Sales	9	9	3	3
Office staff	31	30	31	30
	<u>70</u>	<u>68</u>	<u>38</u>	<u>36</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	4,825,549	5,009,817	2,538,368	2,651,365
Social security costs	638,176	687,429	364,799	404,258
Pension costs	204,999	198,370	116,331	111,181
	<u>5,668,724</u>	<u>5,895,616</u>	<u>3,019,498</u>	<u>3,166,804</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	1,004,914	1,154,179
Company pension contributions to defined contribution schemes	26,934	26,622
	<u>1,031,848</u>	<u>1,180,801</u>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Directors' remuneration

(Continued)

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

	2020 £	2019 £
Remuneration for qualifying services	443,229	427,104
Company pension contributions to defined contribution schemes	7,434	9,999
	<u>450,663</u>	<u>437,103</u>

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	56	16
Other interest income	259	723
	<u>315</u>	<u>739</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	56	16
	<u>56</u>	<u>16</u>

9 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	1,335	1,201
Other finance costs:		
Interest on finance leases and hire purchase contracts	20,323	18,384
	<u>21,658</u>	<u>19,585</u>

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	451,473	572,732
	<u>451,473</u>	<u>572,732</u>
Deferred tax		
Origination and reversal of timing differences	61,394	(16,936)
	<u>61,394</u>	<u>(16,936)</u>
Total tax charge	<u>512,867</u>	<u>555,796</u>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 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:

	2020 £	2019 £
Profit before taxation	2,599,063	2,892,520
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	493,822	549,579
Tax effect of expenses that are not deductible in determining taxable profit	7,678	21,493
Permanent capital allowances in excess of depreciation	(50,027)	5,588
Under/(over) provided in prior years	-	(3,927)
Deferred tax adjustments in respect of prior years	61,394	(16,937)
Taxation charge	512,867	555,796

11 Dividends

	2020 £	2019 £
Recognised as distributions to equity holders:		
Interim paid	4,479,600	2,000,400

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

Group	Plant and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2020	311,516	242,606	1,392,063	1,946,185
Additions	32,981	7,667	431,229	471,877
Disposals	(15,720)	(65,484)	(352,559)	(433,763)
At 31 December 2020	328,777	184,789	1,470,733	1,984,299
Depreciation and impairment				
At 1 January 2020	227,729	218,807	790,726	1,237,262
Depreciation charged in the year	50,108	21,205	295,542	366,855
Eliminated in respect of disposals	(15,720)	(65,485)	(352,559)	(433,764)
At 31 December 2020	262,117	174,527	733,709	1,170,353
Carrying amount				
At 31 December 2020	66,660	10,262	737,024	813,946
At 31 December 2019	83,787	23,799	601,337	708,923
Company				
	Plant and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2020	311,516	242,606	1,392,063	1,946,185
Additions	32,981	7,667	431,229	471,877
Disposals	(15,720)	(65,484)	(352,559)	(433,763)
At 31 December 2020	328,777	184,789	1,470,733	1,984,299
Depreciation and impairment				
At 1 January 2020	227,729	218,807	790,726	1,237,262
Depreciation charged in the year	50,108	21,205	295,542	366,855
Eliminated in respect of disposals	(15,720)	(65,485)	(352,559)	(433,764)
At 31 December 2020	262,117	174,527	733,709	1,170,353
Carrying amount				
At 31 December 2020	66,660	10,262	737,024	813,946
At 31 December 2019	83,787	23,799	601,337	708,923

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

(Continued)

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Motor vehicles	707,345	544,902	707,345	544,902

13 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	14	-	-	200	200

Movements in fixed asset investments Company

Shares in group
undertakings

Cost or valuation

At 1 January 2020 and 31 December 2020

£

200

Carrying amount

At 31 December 2020

200

At 31 December 2019

200

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

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

15 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	4,154,654	4,393,484	4,154,654	187,760

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

16 Debtors

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	3,232,140	2,478,355	3,232,140	215,767
Amounts owed by group undertakings	-	-	-	4,121,655
Other debtors	1,799,811	1,649,704	1,799,611	990,419
Prepayments and accrued income	265,084	284,343	265,084	165,470
	<u>5,297,035</u>	<u>4,412,402</u>	<u>5,296,835</u>	<u>5,493,311</u>
Deferred tax asset (note 22)	-	44,659	-	44,659
	<u>5,297,035</u>	<u>4,457,061</u>	<u>5,296,835</u>	<u>5,537,970</u>

17 Cash At Bank

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

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

18 Creditors: amounts falling due within one year

		Group 2020	2019	Company 2020	2019
	Notes	£	£	£	£
Obligations under finance leases	20	238,050	206,702	238,050	206,702
Trade creditors		2,214,259	1,801,757	2,214,259	236,726
Other taxation and social security		1,653,237	1,135,558	1,653,237	604,385
Other creditors		2,200,849	2,982,211	2,200,849	868,788
Accruals and deferred income		806,516	1,344,433	806,516	633,976
		<u>7,112,911</u>	<u>7,470,661</u>	<u>7,112,911</u>	<u>2,550,577</u>

19 Creditors: amounts falling due after more than one year

		Group 2020	2019	Company 2020	2019
	Notes	£	£	£	£
Obligations under finance leases	20	414,951	298,434	414,951	298,434
		<u>414,951</u>	<u>298,434</u>	<u>414,951</u>	<u>298,434</u>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	238,050	206,702	238,050	206,702
In two to five years	414,951	298,434	414,951	298,434
	<u>653,001</u>	<u>505,136</u>	<u>653,001</u>	<u>505,136</u>

21 Provisions for liabilities

	Group 2020 £	2019 £	Company 2020 £	2019 £
Other provisions	200,000	200,000	200,000	-
Dilapidations	163,400	127,400	163,400	127,400
	<u>363,400</u>	<u>327,400</u>	<u>363,400</u>	<u>127,400</u>

Movements on provisions:

Group	Other provisions £	Dilapidations £	Total £
At 1 January 2020	200,000	127,400	327,400
Additional provisions in the year	-	36,000	36,000
	<u>200,000</u>	<u>163,400</u>	<u>363,400</u>
At 31 December 2020	<u>200,000</u>	<u>163,400</u>	<u>363,400</u>

Company	Other provisions £	Dilapidations £	Total £
At 1 January 2020	200,000	127,400	327,400
Additional provisions in the year	-	36,000	36,000
	<u>200,000</u>	<u>163,400</u>	<u>363,400</u>
At 31 December 2020	<u>200,000</u>	<u>163,400</u>	<u>363,400</u>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Group				
Accelerated capital allowances	16,735	-	-	44,659
	<u>16,735</u>	<u>-</u>	<u>-</u>	<u>44,659</u>
	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Company				
Accelerated capital allowances	16,735	-	-	44,659
	<u>16,735</u>	<u>-</u>	<u>-</u>	<u>44,659</u>
			Group 2020 £	Company 2020 £
Movements in the year:				
Asset at 1 January 2020			(44,659)	(44,659)
Charge to profit or loss			61,394	61,394
Liability at 31 December 2020			<u>16,735</u>	<u>16,735</u>

23 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	204,999	198,370
	<u>204,999</u>	<u>198,370</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	2020 Number	2019 Number	2020 £	2019 £
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>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

24 Share capital

(Continued)

Each share is entitled to one vote in any circumstance. Any profits which the directors lawfully determine to distribute shall be distributed among the holders pro rata to the number of shares held. On winding up or other return of capital, any capital shall be distributed among the holders of shares pro rata in relation to the number of shares held. The shares are non-redeemable.

25 Profit and loss reserves

	Group 2020 £	2019 £	Company 2020 £	2019 £
At the beginning of the year	7,252,933	6,916,609	4,575,443	4,890,444
Profit for the year	2,086,196	2,336,724	4,763,686	1,685,399
Dividends	(4,479,600)	(2,000,400)	(4,479,600)	(2,000,400)
At the end of the year	<u>4,859,529</u>	<u>7,252,933</u>	<u>4,859,529</u>	<u>4,575,443</u>

26 Operating lease commitments

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	183,217	182,336	183,217	182,336
Between two and five years	732,869	729,344	732,869	729,344
In over five years	259,558	440,646	259,558	440,646
	<u>1,175,644</u>	<u>1,352,326</u>	<u>1,175,644</u>	<u>1,352,326</u>

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>1,031,848</u>	<u>1,394,124</u>

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

27 Related party transactions

(Continued)

Transactions with related parties

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

	Purchases	
	2020	2019
	£	£
Group		
Other related parties	1,092,364	1,707,342

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2020	2019
	£	£
Group		
Other related parties	188,800	252,360

The following amounts were outstanding at the reporting end date:

Other information

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured and interest free.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Within amounts owed to key management are amounts due to the directors.

28 Controlling party

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

Niedeckerstraße 1
65795 Hattersheim a. M.
Germany

29 Transfer of trade, assets and liabilities

On the 31st December 2020 the trade, assets and liabilities of Interfood Slicing Limited and Interfood Systems Limited were transferred up to the parent company Interfood Technology Limited.

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

30 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	2,086,196	2,336,724
Adjustments for:		
Taxation charged	512,867	555,796
Finance costs	21,658	19,585
Investment income	(315)	(739)
Gain on disposal of tangible fixed assets	(58,549)	(57,523)
Depreciation and impairment of tangible fixed assets	366,855	365,115
Increase in provisions	36,000	210,489
Movements in working capital:		
Decrease in stocks	238,830	149,427
Increase in debtors	(884,633)	(432,450)
(Decrease)/increase in creditors	(389,098)	937,319
Cash generated from operations	1,929,811	4,083,743

31 Cash generated from operations - company

	2020 £	2019 £
Profit for the year after tax	4,763,686	1,685,399
Adjustments for:		
Taxation charged	146,508	47,630
Finance costs	20,700	18,924
Investment income	(4,230,871)	(2,000,332)
Gain on disposal of tangible fixed assets	(58,549)	(57,523)
Depreciation and impairment of tangible fixed assets	366,855	365,115
Amounts written off investments	-	100
Increase in provisions	236,000	36,000
Movements in working capital:		
(Increase)/decrease in stocks	(3,966,894)	78,948
Decrease/(increase) in debtors	196,476	(925,474)
Increase in creditors	4,530,986	1,045,031
Cash generated from operations	2,004,897	293,821

INTERFOOD TECHNOLOGY LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

32 Analysis of changes in net funds - group

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	5,909,960	(3,288,069)	2,621,891
Obligations under finance leases	(505,136)	(147,865)	(653,001)
	<u>5,404,824</u>	<u>(3,435,934)</u>	<u>1,968,890</u>

33 Analysis of changes in net funds - company

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	1,237,001	1,384,890	2,621,891
Obligations under finance leases	(505,136)	(147,865)	(653,001)
	<u>731,865</u>	<u>1,237,025</u>	<u>1,968,890</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.