

ANZCO FOODS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 DECEMBER 2019



ANZCO FOODS UK LIMITED

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ANZCO FOODS UK LIMITED

COMPANY INFORMATION

Directors	P Y Loke P W Conley R Walker
Registered number	04050391
Registered office	Unit 7 Bates Industrial Estate Church Road Harold Wood Essex RM3 0HU
Independent auditors	Scrutton Bland LLP 820 The Crescent Colchester Business Park Colchester Essex CO4 9YQ
Bankers	HSBC Bank Plc 639 Upper Brentwood Road Romford Essex RM2 6HT

ANZCO FOODS UK LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 29 DECEMBER 2019

Introduction

The directors present their strategic report and the audited financial statements for the period.

Business review

The results for the year and the financial position at the year end were considered satisfactory by the directors of the business. ANZCO Foods UK Limited saw a small volume decrease in the UK versus an increase in Europe. Combined this was an overall 2% increase compared to 2018. Rising livestock costs during the year also drove average sales prices upwards resulting in overall turnover growth of 2.7%.

The ANZCO group continues to strive for increased efficiencies and during this year the focus was on the reduction of cash utilised in the offshore divisions. This was tackled by ensuring debts were being collected in line with expected terms and excessive inventory avoided where possible. This led to significant reductions in both year end inventory and trade debtors.

Key customer relationships were maintained and several new customers were served for chilled lamb and beef.

With a serious focus on cash collection and monitoring of customers financial health, no bad debts were incurred.

ANZCO Foods UK Limited recognises its responsibilities under the Modern Slavery Act 2015 and management has prepared a statement outlining the activity carried out in this area. The statement was approved by directors on 6 May 2019.

Principal risks and uncertainties

Business risk

Strong global protein demand has supported high sales prices for an extended period and this may negatively impact demand in the future.

Limited livestock availability and increasing competition from other markets is expected to contribute to increased price pressure which will restrict margin opportunity.

Market disruption issues as a result of the UK exiting the EU may increase volatility however market access for ANZCO products is not expected to be impacted.

Liquidity risk

The Company manages its cash and borrowing requirements in order to minimise interest expense, whilst ensuring that the Company has sufficient liquid resources to meet the operating needs of the business.

The Company changed its funding mechanism in January 2019 with funding managed through ANZCO Foods Limited (based in New Zealand).

Credit risk

All companies who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and a provision is made for doubtful debts when necessary.

ANZCO FOODS UK LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 DECEMBER 2019

Foreign currency risk

The principal operating currency of the UK office is GBP and the European office is EUR. These two parts of the business only operate in their principal operating currency and so the exposure to foreign exchange risk is minimal. The immediate parent company, ANZCO Foods Limited, manages the foreign exchange risk of the group.

Interest rate risk

The Company sources funding through ANZCO Foods Limited with the interest rate agreed for the financial year in its entirety.

Financial key performance indicators

The Directors use the following financial key performance indicators to measure the performance of the Company:

	2019 £	2018 £
Turnover	88,360,905	86,028,801
Gross profit	4,150,750	3,861,373
Profit before tax	441,870	418,195

Other key performance indicators

The Directors also consider customer satisfaction and low product rejection rates as key non-financial performance indicators and are confident that both have been achieved to a high level.

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


P W Conley
Director

Date: 10/2/2020

ANZCO FOODS UK LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 DECEMBER 2019

The directors present their report and the financial statements for the period ended 29 December 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity continued to be the wholesale supply of meat from New Zealand.

Results and dividends

The profit for the period, after taxation, amounted to £310,903 (2018 - £304,509).

No dividends were paid during the current or preceding year.

The Company continued to maintain a branch office in Belgium during 2019 to service customers in Europe outside of the UK. See the post balance sheet events section for further information.

Directors

The directors who served during the period were:

P Y Loke
P W Conley
R Walker

ANZCO FOODS UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 DECEMBER 2019**

Future developments

The Company will continue to differentiate the business by working closely with our key customers when decisions are made on development and investment. Further growth in our branded sales into the food service sector will be pursued. The Company will respond to opportunities that eventuate as a result of new trade policies and agreements.

Qualifying third party indemnity provisions

The Company has taken out insurance to indemnify, against third party proceedings, the directors of the company whilst serving on the board of the company. This policy was in place during the year and remains as the date of this report.

Matters covered in the strategic report

Included within the Strategic Report are the business review and details of uncertainties to which the Company is exposed.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Whilst the potential implications of Brexit were being considered during recent years, the directors performed a strategic review of operations which included a review of the activities that pass through its Belgian branch. As a result, a decision was taken to incorporate a wholly owned subsidiary company in Belgium. Whilst this subsidiary undertaking did not trade for the year ended 29 December 2019, the activities of ANZCO Foods UK Limited that previously passed through its Belgian branch are now routed through this Belgian subsidiary; this was with effect from 1 January 2020.

Auditors

Under section 487(2) of the Companies Act 2006, Scrutton Bland LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



P W Conley
Director

Date: 10/2/2020

ANZCO FOODS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ANZCO FOODS UK LIMITED

Opinion

We have audited the financial statements of ANZCO Foods UK Limited (the 'Company') for the period ended 29 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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

ANZCO FOODS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF (CONTINUED)
ANZCO FOODS UK LIMITED

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

ANZCO FOODS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF (CONTINUED)
ANZCO FOODS UK LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Scrutton Bland LLP

Timothy O'Connor BFP ACA FCCA DChA (Senior Statutory Auditor)

for and on behalf of
Scrutton Bland LLP

820 The Crescent
Colchester Business Park
Colchester
Essex
CO4 9YQ

Date: *24/2/20*

ANZCO FOODS UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	88,360,905	86,028,801
Cost of sales		(84,210,155)	(82,167,428)
Gross profit		4,150,750	3,861,373
Distribution costs		(1,771,565)	(1,710,184)
Administrative expenses		(1,937,315)	(1,733,706)
Operating profit	5	441,870	417,483
Interest receivable and similar income		-	712
Profit before tax		441,870	418,195
Tax on profit	8	(130,967)	(113,686)
Profit for the financial period		310,903	304,509
Other comprehensive income for the period			
Exchange (loss)/gain on retranslation of overseas branch		(181,687)	39,291
Other comprehensive income for the period		(181,687)	39,291
Total comprehensive income for the period		129,216	343,800

The notes on pages 13 to 26 form part of these financial statements.

ANZCO FOODS UK LIMITED
REGISTERED NUMBER: 04050391

BALANCE SHEET
AS AT 29 DECEMBER 2019

	Note	29 December 2019 £	30 December 2018 £
Fixed assets			
Tangible assets	9	13,271	19,235
Investments	10	10,572	-
		<u>23,843</u>	<u>19,235</u>
Current assets			
Stocks	11	7,408,553	11,619,747
Debtors: amounts falling due within one year	12	5,627,182	7,214,762
Cash at bank and in hand	13	1,914,655	1,008,598
		<u>14,950,390</u>	<u>19,843,107</u>
Creditors: amounts falling due within one year	14	(7,025,565)	(12,042,890)
Net current assets		<u>7,924,825</u>	<u>7,800,217</u>
Total assets less current liabilities		<u>7,948,668</u>	<u>7,819,452</u>
Net assets		<u><u>7,948,668</u></u>	<u><u>7,819,452</u></u>
Capital and reserves			
Called up share capital	16	100,000	100,000
Foreign exchange reserve	17	(142,396)	39,291
Profit and loss account	17	7,991,064	7,680,161
		<u>7,948,668</u>	<u>7,819,452</u>

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



P W Conley
Director

Date: 10/2/2020

The notes on pages 13 to 26 form part of these financial statements.

ANZCO FOODS UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 DECEMBER 2019

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£
At 31 December 2018	100,000	39,291	7,680,161	7,819,452
Comprehensive income for the period				
Profit for the period	-	-	310,903	310,903
Exchange loss on retranslation of overseas branch	-	(181,687)	-	(181,687)
Other comprehensive income for the period	-	(181,687)	-	(181,687)
Total comprehensive income for the period	-	(181,687)	310,903	129,216
Total transactions with owners	-	-	-	-
At 29 December 2019	100,000	(142,396)	7,991,064	7,948,668

The notes on pages 13 to 26 form part of these financial statements.

ANZCO FOODS UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 DECEMBER 2018**

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	100,000	-	7,375,652	7,475,652
Comprehensive income for the period				
Profit for the period	-	-	304,509	304,509
Exchange gain on retranslation of overseas branch	-	39,291	-	39,291
Other comprehensive income for the period	-	39,291	-	39,291
Total comprehensive income for the period	-	39,291	304,509	343,800
At 30 December 2018	100,000	39,291	7,680,161	7,819,452

The notes on pages 13 to 26 form part of these financial statements.

ANZCO FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 DECEMBER 2019

1. General information

ANZCO Foods UK Limited is a private company limited by shares domiciled in England and Wales, registration number 04050391. The registered office is Unit 7 Bates Industrial Estate, Romford, RM3 0HU.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Itoham Foods Incorporated (registered in Japan) as at 31 March 2020 and these financial statements may be obtained from www.Itoham.co.jp.

2.3 Exemption from preparing consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements as all of its subsidiaries are required to be excluded from consolidation by section 402 of the Companies Act 2006.

2.4 Going concern

The Company has a solid track record and considerable financial resources together with long standing relationships with key clients and suppliers. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. Looking forward, budgets and business plans have been put together in detail for the coming year and the long term strategy of the company includes continuation of the business in the UK and Europe. The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

ANZCO FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 DECEMBER 2019

2. Accounting policies (continued)

2.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.9 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 3 years straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019

2. Accounting policies (continued)

2.18 Financial instruments (continued)

third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

ANZCO FOODS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

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

Preparation of the financial statements requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. Two such areas are determining whether provisions are required against stocks or debtors. The estimates and assumptions are based on experience and other factors that are considered to be relevant.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom and Ireland	40,800,189	41,390,427
Rest of Europe	47,560,716	44,638,374
	<u>88,360,905</u>	<u>86,028,801</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	(143)	-
Other operating lease rentals	<u>120,691</u>	<u>119,845</u>

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>10,500</u>	<u>23,417</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

ANZCO FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019

7. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	980,771	967,378
Social security costs	153,899	116,290
Cost of defined contribution scheme	13,638	11,046
	<u>1,148,308</u>	<u>1,094,714</u>

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

	2019 No.	2018 No.
Administration	15	16
Directors	3	3
	<u>18</u>	<u>19</u>

ANZCO FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019

8. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	86,215	78,512
Adjustments in respect of previous periods	7,567	1,468
	<u>93,782</u>	<u>79,980</u>
 Double taxation relief	 (66,778)	 (57,054)
	<u>27,004</u>	<u>22,926</u>
 Foreign tax		
Foreign tax on income for the year	103,963	90,760
	<u>103,963</u>	<u>90,760</u>
 Total current tax	 <u>130,967</u>	 <u>113,686</u>

ANZCO FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019

8. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.0% (2018 - 19.0%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	441,870	418,195
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2018 - 19.0%)	83,955	79,457
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,318	1,487
Capital allowances for period in excess of depreciation	941	(2,432)
Higher rate taxes on overseas earnings	37,185	33,707
Adjustments to tax charge in respect of prior periods	7,567	1,468
Other differences leading to an increase (decrease) in the tax charge	1	(1)
Total tax charge for the period	130,967	113,686

Factors that may affect future tax charges

If a provision was made for deferred taxation in relation to timing differences, the tax charge for the year would increase by £2,004 (2018: increase £2,962).

ANZCO FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019

9. Tangible fixed assets

	Fixtures and fittings £
Cost or valuation	
At 31 December 2018	136,129
Additions	2,952
Exchange adjustments	(5,753)
	<hr/>
At 29 December 2019	133,328
	<hr/>
Depreciation	
At 31 December 2018	116,894
Charge owned for the period	8,234
Exchange adjustments	(5,071)
	<hr/>
At 29 December 2019	120,057
	<hr/>
Net book value	
At 29 December 2019	13,271
	<hr/> <hr/>
At 30 December 2018	19,235
	<hr/> <hr/>

10. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	10,572
	<hr/>
At 29 December 2019	10,572
	<hr/> <hr/>

ANZCO FOODS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

10. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
ANZCO Foods EU BVBA	Belgium	Ordinary	100%

The aggregate of the share capital and reserves as at 29 December 2019 and the profit or loss for the period ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
ANZCO Foods EU BVBA (€EUR)	12,400	-

Further information regarding this investment is noted in the post balance sheet events section of the director's report.

11. Stocks

	29 December 2019 £	30 December 2018 £
Finished goods and goods for resale	7,408,553	11,619,747
	<u>7,408,553</u>	<u>11,619,747</u>

Stock recognised in cost of sales during the period as an expense was £83,628,948 (2018 - £80,970,893) .

ANZCO FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019

12. Debtors

	29 December 2019 £	30 December 2018 £
Trade debtors	5,432,764	6,744,162
Amounts owed by group undertakings	44,467	8,536
Other debtors	149,951	462,064
	<u>5,627,182</u>	<u>7,214,762</u>

13. Cash and cash equivalents

	29 December 2019 £	30 December 2018 £
Cash at bank and in hand	1,914,655	1,008,598
	<u>1,914,655</u>	<u>1,008,598</u>

14. Creditors: Amounts falling due within one year

	29 December 2019 £	30 December 2018 £
Trade creditors	178,627	762,774
Amounts owed to group undertakings	6,131,287	10,667,593
Corporation tax	3,610	60,391
Other taxation and social security	14,643	26,168
Accruals and deferred income	697,398	525,964
	<u>7,025,565</u>	<u>12,042,890</u>

ANZCO FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019

15. Financial instruments

	29 December 2019 £	30 December 2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,914,655	1,008,598
Financial assets that are debt instruments measured at amortised cost	5,597,471	7,162,090
	<u>7,512,126</u>	<u>8,170,688</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(7,007,312)	(11,956,331)

Financial assets measured at fair value comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and certain other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, accruals and deferred income.

16. Share capital

	29 December 2019 £	30 December 2018 £
Allotted, called up and fully paid		
100,000 (2018 - 100,000) Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

17. Reserves

Foreign exchange reserve

The foreign exchange reserve represents the accumulated balance of retranslating the overseas branch into the operating currency of the Company.

Profit and loss account

The profit and loss account represents the company's accumulated profits which are available for distribution to the members.

ANZCO FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 DECEMBER 2019

18. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £13,638 (2018 - £11,046). Contributions totalling £nil (2018 - £756) were payable to the fund at the balance sheet date and are included in creditors.

19. Commitments under operating leases

At 29 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	29 December 2019 £	30 December 2018 £
Not later than 1 year	86,132	95,224
Later than 1 year and not later than 5 years	56,368	70,423
	<u>142,500</u>	<u>165,647</u>

20. Controlling party

During this and the preceding year the Company's immediate parent undertaking was ANZCO Foods Limited, a company registered in New Zealand. It has included the Company in its group financial statements, copies of which are available from 5 Robin Mann Place, Christchurch Airport, Christchurch 8053, New Zealand. This is the smallest group for which consolidated financial statements are drawn up.

The ultimate parent undertaking and controlling party is Itoham Foods Incorporated, a company registered in Japan, by virtue of its shareholding in ANZCO Foods Limited. It has included the Company in its group financial statements, copies of which are available from www.Itoham.co.jp. This is the largest group for which consolidated financial statements are drawn up.