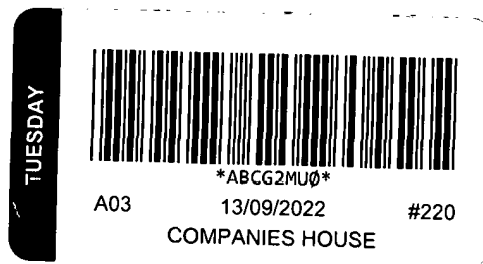


CP Foods (UK) Limited

**Annual report and consolidated
financial statements**

Registered number 4307559

Year ended 31 December 2021



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Strategic report

Principal activities

CP Foods (UK) Limited ('the Company') is a UK subsidiary of the CPF Group in Thailand. The principal activity of the Company and its subsidiaries ('the Group') is that of food importers, processors and distributors.

Business review and future prospects

The Group's trading results for the year were as expected, with sales and profits in the Foodservice sector recovering well in 2021. During the year some of the sales of the Company's trade and operations transferred to its fellow group company Westbridge Foods Limited (both companies ultimately owned by Charoen Pokphand Foods Public Company Limited and managed by the same Leadership Team).

This efficiency project to transfer the majority of the group's trade and operations into Westbridge Foods Limited is due to continue into 2022, leading to a further reduction in turnover and administrative expenses, with the Company and Group forecasting to continue to be profitable. The Company will still continue its processing and packing operations, from its Newmarket site, but on a contract manufacturing basis and operate its foodservice distribution business through its subsidiary, The Foodfellas Limited.

Key performance indicators

	2021	2020
Turnover (£000)	134,342	141,871
Net profit (being profit on ordinary activities before taxation (£000))	4,693	429

Principal risks and uncertainties

The financial risks of the Group are described below.

Legislative risk

The Group is subject to UK quota legislation on poultry imported from outside of the UK. Having left the EU, the UK quota legislation has changed, which will continue to be a risk and an opportunity that could affect future Group performance.

Financial risk management

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

Exchange rate risk

The Group has minimised its exposure to translation and transaction foreign exchange risk. Transactional foreign exchange risk is mitigated by entering into forward foreign exchange contracts which are matched, as far as possible, to forecasted supplier purchases and customer deliveries. Whilst the aim is to achieve a minimum cost from currency exposures by the use of derivatives, the Group does not adopt an accounting policy of hedge accounting for these financial statements.

Strategic report (continued)

Credit risk

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

Liquidity risk

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

Interest rate risk

The Group is exposed to interest rate fluctuations on its borrowings as the majority of its bank facilities are at floating rates. Despite recent interest rate increases, the Group feel their exposure to material interest rate changes is low.

Brexit

The Group recognises the outcome of the UK/EU free trade agreement could affect future financial performance. The Directors regularly review the latest developments to assess how, particularly in respect of free trade agreements, import quotas and tariffs could affect the supply chain in the future. The Group's diversified supply base, industry knowledge and strong relationships enable the Directors to feel confident that the Group will continue to thrive and be the partner of choice for customers in the future.

Covid-19

The impact of the ongoing Covid-19 pandemic in 2021 was significantly less than experienced in 2020. Customers, suppliers and other service providers modified their businesses and were better prepared to react as circumstances changed. With the high percentage of vaccinations, and fewer restrictions from the government, consumers' behaviours began to return to normality, in particular eating out (after not being able to do so, for so long).

Future events

In 2022, the Group intends to finish amalgamating some of the operations of CP Foods (UK) Limited with Westbridge Foods Limited, a jointly managed fellow group member of the ultimate parent, Charoen Pokphand Foods Public Company Limited. This will significantly reduce the size of the Group (increasing Westbridge Foods Limited) and simplify the operations of the Company. The Company will still continue its importing, processing and packing operations from its Newmarket site.

S172 (1) Statement

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

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

Strategy – During board and shareholder review meetings, the directors review strategic progress and key performance indicators. The Group shares the performance and annual objectives with all employees in a collective forum, allowing all voices to be heard in a collaborative way.

Strategic report *(continued)*

Performance – The directors regularly review the performance of the Group, taking into account how significant future events (for example trade agreements, Covid-19, regulation changes) could impact the Group's projected forecasted performance, and deciding the best course of action.

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

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

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

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

Customers

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

Employees

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

Suppliers and other business partners

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

Shareholders

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

Strategic report *(continued)*

Community and Environment

The Group understands it carries a responsibility in the communities and geographies in which it operates. In doing so, the company aims to source goods and services from local suppliers where economically possible, and make donations to local charities, often supporting employee identified charities. In order to minimise the impact on the environment the Group seeks to continuously drive efficiencies in its supply chains, for example maximising order loads where possible. The directors recognise that adopting environmentally friendly policies can also benefit the success of the Group, both financially and in respect of our customer and supplier expectations. The impact of the COVID-19 pandemic has identified opportunities to reduce some journeys, hold more virtual meetings and the company has offered environmentally friendly options when renewing some car leases.

By order of the board



S Yingchankul
Director

Date: 07 June 2022

Directors' report

The directors present their annual report and consolidated financial statements for the year ended 31 December 2021.

Directors

The directors who held office during the year were:

N Shaw
S Yingchankul
A Julintron
V Singhpuck
P Chiaravutthi

Political and charitable contributions

During the year, the Company made charitable donations of £2,500 (2020: £903). The Company made no political donations in either the current or preceding year.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Dividends

Dividends paid during the year comprise a final dividend of £2,500,000. (2020: £2,000,000).

Going Concern

An overview of the business activities of the Group, including a review of the key business risks that the Group faces, is given in the Strategic Report on page 1. As noted in the Strategic Report, as part of an efficiency project, the majority of the Company's operations have been transferred to its fellow group company Westbridge Foods Limited, leaving the group with its food processing and packaging operations in Newmarket and the foodservice importation and distribution business operated through its subsidiary, The Foodfellas Limited.

The Directors have prepared trading and cash flow forecasts for the 12-month period from the date of approval of these financial statements comprising the combined operations of the Westbridge group of companies and the operations which have remained in the CP Foods group ("the Wider Group") as well as standalone forecasts for The Foodfellas Limited subsidiary. These forecasts show that the Wider Group has sufficient financial resources to meet its obligations as they fall due for the period of at least 12 months from the date of these financial statements. The forecasts make assumptions in respect of future market conditions and the potential impact of margin reduction due to inflationary cost pressure. The forecasts take into account some variability of potential outcomes, to an extent which the directors consider represent their best estimate of the future, based on the information that is available to them at the time of approval of these financial statements.

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

Whilst the Wider Group is financed through a series of short-term revolving loans and a rolling receivables facility, the Group has some external loan facilities but is also dependent on support from the Westbridge Foods Limited. The directors have sought and received confirmation by way of a letter of Company support from Westbridge Foods Limited, confirming the intention to continue its current arrangement with the Company under which all of its manufacturing costs are covered under a cost-plus recharge arrangement. As with any company placing reliance on another entity for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Directors' report (continued)

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

Energy and Emissions Report

In accordance with streamlined energy and carbon reporting requirements, during the year ended 31 December 2021, the Group's energy usage was as follows

	2021		2020	
	MT CO2e	MwH	MT CO2e	MwH
Combustion of fuel and operating of facilities (scope 1)	563	2,658	657	2,895
Electricity, heat, steam and cooling purchased for own use (scope 2)	-	-	-	-
Business travel where the Group is responsible for purchasing fuel (scope 3)	-	-	-	-
Total	560	2,658	657	2,895
Emission intensity (scope 1, 2 & 3) - MT CO2e/Revenue £m	4.19		4.63	

The Group's energy consumption calculations are based on Greenhouse Gas (GHG) Protocol Accounting and Reporting Standard.

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

- Moved a number of company cars to hybrid/electric
- Upgraded the electric vehicle charging points at the company's offices in Malvern
- Using virtual meetings where possible to reduce unnecessary travel and associated emissions

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board


S Yingchankul
Director

Date: 07 June 2022

Avon House
Hartlebury Trading Estate
Hartlebury
Near Kidderminster
Worcestershire
DY10 4JB

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

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

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

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

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

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

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



Independent auditor's report to the members of CP Foods (UK) Limited

Opinion

We have audited the financial statements of CP Foods (UK) Limited ("the company") for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company statement of Changes in Equity and Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Reading board minutes
- Considering remuneration incentive schemes and performance targets for directors
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, recognising the nature of the Group’s activities. *Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.* Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Xavier Timmermans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 07 June 2022

Consolidated profit and loss account and other comprehensive income
for the year ended 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Turnover	2	134,342	141,871
Cost of sales		(122,620)	(133,649)
Gross profit		11,722	8,222
Other income		-	113
Administrative expenses		(6,555)	(7,921)
Operating profit		5,167	414
Group's share of loss in associates		-	(12)
Interest payable and similar charges	6	(474)	(133)
Profit on disposal of associates		-	160
Profit before taxation	3	4,693	429
Tax on profit	7	(1,011)	(122)
Profit after taxation		3,682	307
Total comprehensive income for the year		3,682	307
<i>Profit or loss attributable to</i> Shareholders of the parent company		3,682	307
Total profit or loss		3,682	307
<i>Total comprehensive income attributable to</i> Shareholders of the parent company		3,682	307
Other comprehensive income		(10)	(81)
Total comprehensive income		3,672	226

The results for the year reflect trading from continuing operations.


The notes on pages 18 to 39 form part of these financial statements.

Consolidated Balance Sheet
at 31 December 2021

	<i>Note</i>	2021 £000	£000	2020 £000	£000
Fixed assets					
Goodwill	9	1,298		1,562	
Other intangibles	9	4,415		5,345	
Tangible assets	10	1,662		1,784	
			7,375		8,691
Current assets					
Stocks	12	18,213		19,554	
Debtors	13	20,402		50,460	
Cash at bank and in hand		1,343		1,165	
		39,958		71,179	
Creditors: Amounts falling due within one year	14	(25,666)		(55,260)	
Net current assets			14,292		15,919
Total assets less current liabilities			21,667		24,610
Creditors: Amounts falling due after one year	15		(9,703)		(13,704)
Provisions for liabilities					
Deferred tax liability	17		(878)		(992)
Net assets			11,086		9,914
Capital and reserves					
Called up share capital	18		271		271
Capital redemption reserve	18		29		29
Profit and loss account			10,786		9,614
Shareholders' funds			11,086		9,914

The notes on pages 18 to 39 form part of these financial statements.

These financial statements were approved by the board of directors on 07 June 2022 and were signed on its behalf by:


S Yingchankul
Director

Company number: 4307559

Company Balance Sheet
at 31 December 2021

	<i>Note</i>	2021 £000	£000	2020 £000	£000
Fixed assets					
Tangible assets	10		1,649		1,778
Investments in subsidiaries	11		24,339		24,339
			<hr/>		<hr/>
			25,988		26,117
Current assets					
Stocks	12	5,933		5,953	
Debtors	13	8,398		43,822	
Cash at bank and in hand		825		1,000	
		<hr/>		<hr/>	
		15,156		50,775	
Creditors: Amounts falling due within one year	14	(11,273)		(43,630)	
		<hr/>		<hr/>	
Net current assets			3,883		7,145
			<hr/>		<hr/>
Total assets less current liabilities			29,871		33,262
Creditors: Amounts falling due after more than one year	15	(9,703)		(13,704)	
Provisions for liabilities					
Deferred tax liability	17	(152)		(95)	
		<hr/>		<hr/>	
Net assets			20,016		19,463
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	18	271		271	
Capital redemption reserve	18	29		29	
Profit and loss account		19,716		19,163	
		<hr/>		<hr/>	
Shareholders' funds			20,016		19,463
			<hr/>		<hr/>

The notes on pages 18 to 39 form part of these financial statements.

These financial statements were approved by the board of directors on 07 June 2022 and were signed on its behalf by:


S Yingchankul
Director

Company number: 4307559

Consolidated Statement of Changes in Equity
at 31 December 2021

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total shareholder's equity £000
Balance at 1 January 2020	271	29	11,388	11,688
Total comprehensive income for the period				
Profit for the period	-	-	307	307
Other comprehensive income	-	-	(81)	(81)
Total comprehensive income for the period	-	-	226	226
Transaction with owners, recorded directly in equity				
Dividends	-	-	(2,000)	(2,000)
Total distribution to owners	-	-	(2,000)	(2,000)
Balance at 31 December 2020	271	29	9,614	9,914
Balance at 1 January 2021	271	29	9,614	9,914
Total comprehensive income for the period				
Profit for the period	-	-	3,682	3,682
Other comprehensive income	-	-	(10)	(10)
Total comprehensive income for the period	-	-	3,672	3,672
Transaction with owners, recorded directly in equity				
Dividends being contributions to owners	-	-	(2,500)	(2,500)
Total distribution to owners	-	-	(2,500)	(2,500)
Balance at 31 December 2021	271	29	10,786	11,086

The notes on pages 18 to 39 form part of these financial statements.

Company Statement of Changes in Equity
at 31 December 2021

	Called up share capital	Capital redemption reserve	Profit and loss account	Total
	£000	£000	£000	£000
Balance at 1 January 2020	271	29	19,018	19,318
Total comprehensive income for the period				
Profit for the period being total comprehensive income for the period	-	-	2,226	2,226
Other comprehensive income			(81)	(81)
Transactions with owners, recorded directly in equity				
Dividends being total contributions by and distributions to owners	-	-	(2,000)	(2,000)
Balance at 31 December 2020	271	29	19,163	19,463
Balance at 1 January 2021	271	29	19,163	19,463
Total comprehensive income for the period				
Profit for the period being total comprehensive income for the period	-	-	3,063	3,063
Other comprehensive income	-	-	(10)	(10)
Transactions with owners, recorded directly in equity				
Dividends being total contributions by and distributions to owners	-	-	(2,500)	(2,500)
Balance at 31 December 2021	271	29	19,716	20,016

The notes on pages 18 to 39 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Cash flow from operating activities			
Profit for the year		3,682	307
Adjustments for:			
Depreciation, amortisation and impairment		1,785	1,907
Interest payable and similar expenses		378	864
Group's share of loss in associates		-	12
Profit on sale of associates		-	(160)
Profit on disposal of tangible fixed assets		(25)	210
Reclassification of fixed assets to profit & loss account		16	-
Taxation		1,011	122
Accumulated translation reserve		-	(81)
		<u>6,847</u>	<u>3,181</u>
Decrease/(Increase) in trade and other debtors		30,122	6,434
Decrease/(Increase) in stocks		856	11,465
(Decrease)/Increase in trade and other creditors		(29,274)	(2,342)
Decrease/(Increase) in provisions		411	(263)
		<u>8,962</u>	<u>18,475</u>
Dividends paid		(2,500)	(2,000)
Interest paid		(422)	(851)
Tax paid		(362)	(447)
Net increase/(decrease) in cash from operating activities		<u>5,678</u>	<u>15,177</u>
Cash flows from investing activities			
Disposal of an investment	11	-	160
Acquisition of tangible fixed assets	10	(486)	(800)
Proceeds of sale of tangible fixed assets		26	229
Net cash from investing activities		<u>(460)</u>	<u>(411)</u>
Cash flows from financing activities			
Net movement in borrowings		(3,254)	(13,239)
Net cash from financing activities		<u>(3,254)</u>	<u>(13,239)</u>
Net increase/(decrease) in cash and cash equivalents		1,964	1,527
Cash and cash equivalents at 1 January		(695)	(2,222)
Cash and cash equivalents at 31 December		<u>1,269</u>	<u>(695)</u>
Cash and cash equivalents at 31 December comprise:			
Cash at bank and in hand		1,343	1,165
Invoice financing / overdrafts	16	(74)	(1,860)
Cash and cash equivalents at 31 December		<u>1,269</u>	<u>(695)</u>
Non-cash transactions			

The notes on pages 18 to 39 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

CP Foods (UK) Limited (the “Company”) is a Company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2015. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

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

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.16.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and investments in associates.

1.2 Going concern

An overview of the business activities of the Group, including a review of the key business risks that the Group faces, is given in the Strategic Report on page 1. As noted in the Strategic Report, as part of an efficiency project, the majority of the Company’s operations have been transferred to its fellow group company Westbridge Foods Limited, leaving the group with its food processing and packaging operations in Newmarket and the foodservice importation and distribution business operated through its subsidiary, The Foodfellas Limited.

The Directors have prepared trading and cash flow forecasts for the 12-month period from the date of approval of these financial statements comprising the combined operations of the Westbridge group of companies and the operations which have remained in the CP Foods group (“the Wider Group”) as well as standalone forecasts for The Foodfellas Limited subsidiary. These forecasts show that the Wider Group has sufficient financial resources to meet its obligations as they fall due for the period of at least 12 months from the date of these financial statements. The forecasts make assumptions in respect of future market conditions and the potential impact of margin reduction due to inflationary cost pressure. The forecasts take into account some variability of potential outcomes, to an extent which the directors consider represent their best estimate of the future, based on the information that is available to them at the time of approval of these financial statements.

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

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern (continued)

Whilst the Wider Group is financed through a series of short-term revolving loans and a rolling receivables facility, the Group has some external loan facilities but is also dependent on support from the Westbridge Foods Limited. The directors have sought and received confirmation by way of a letter of Company support from Westbridge Foods Limited, confirming the intention to continue its current arrangement with the Company under which all of its manufacturing costs are covered under a cost-plus recharge arrangement. As with any company placing reliance on another entity for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent company financial statements, investments in subsidiaries and associates are carried at cost less impairment.

1.4 Foreign currency

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

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

Notes (continued)

1 Accounting policies (continued)

1.5 Basic Financial Instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as Basic Financial Instruments

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

Cash and cash equivalents

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

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

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

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

Derivative financial instruments and hedging

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

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively, when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

1.6 Tangible fixed assets

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

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

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets (continued)

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

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

- short leasehold improvements 10 years
- fixtures, fittings and equipment 3 – 12 years

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

1.7 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.8 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangible assets

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

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

Notes (continued)

1 Accounting policies (continued)

1.8 Intangible assets, goodwill and negative goodwill (continued)

Amortisation

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

- Customer relationship intangible 10 years

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

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

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

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 (FRS102) Impairment of Assets when there is an indication that goodwill or an intangible asset may be impaired.

1.9 Stocks

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

1.10 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or CGU).

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

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

Notes (continued)

1 Accounting policies (continued)

1.10 Impairment excluding stocks and deferred tax assets (continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Employee benefits

Defined contribution plans and other long term employee benefits

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

1.12 Provisions

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

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

1.13 Turnover

Turnover represents the invoiced value, net of value added tax, of goods sold to customers. Turnover is recognised on the date of dispatch (which is usually the same as the date of delivery) to customers. Revenue from the sale of goods is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, 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 and it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.14 Expenses

Operating lease

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

Interest receivable and Interest payable

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

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

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

Notes (continued)

1 Accounting policies (continued)

1.15 Taxation

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

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

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

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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

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

1.16 Accounting estimates and judgements

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

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

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

Valuation of other intangible assets

The assessment of fair value in a business combination requires the recognition and measurement of the identifiable assets, liabilities and contingent liabilities in the acquired business. The key judgements required are the identification of intangible assets meeting the recognition criteria of Section 18 of FRS102 and their attributable fair values. The key assumptions in relation to the customer relationship valuation are the Directors' best estimate of its life and discount rate used in its valuation. The value of customer relationship assets are based on a calculation of expected future cash flows, which include estimates of future performance.

Stock

Stock are valued at the lower of cost and net realisable value. Provisions are held in respect of non-moving and slow-moving stock.

Notes (continued)

2 Turnover

By geographical market

	2021 £000	2020 £000
United Kingdom	133,221	140,276
Rest of Europe	1,121	1,595
	<u>134,342</u>	<u>141,871</u>

There is only one class of business being food importers, processors and distributors.

3 Expenses and auditor's remuneration

	2021 £000	2020 £000
<i>Profit before taxation is stated after charging/(crediting)</i>		
Depreciation of tangible fixed assets:		
Owned assets	591	712
Amortisation of intangible assets	1,194	1,195
Hire of other assets – operating leases	800	807
Management Recharge	(1,604)	(2,054)
(Profit) on sale of associated company	-	(160)
(Profit)/Loss on sale of fixed assets	(25)	210
	<u></u>	<u></u>
<i>Auditor's remuneration:</i>		
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of these financial statements	42	51
Audit of financial statements of subsidiaries of the company	33	32
Taxation compliance services	11	15
	<u></u>	<u></u>

4 Remuneration of directors

	2021 £000	2020 £000
Directors' emoluments	96	80
Company contributions to money purchase pension schemes	9	8
	<u>105</u>	<u>88</u>

The aggregate of emoluments of the highest paid director was £96,430 (2020: £79,773) and Company pension contributions of £8,974 (2020: £8,709) were made to a money purchase pension scheme on his behalf.

	Number of directors	
	2021	2020
Retirement benefits accruing to the following number of directors under:		
Money purchase schemes	1	1
	<u></u>	<u></u>

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	2021	2020
Factory	150	148
Administration	56	67
Directors	7	5
	<hr/>	<hr/>
	213	220
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£000	£000
Wages and salaries	5,287	6,348
Social security costs	342	478
Other pension costs	420	477
	<hr/>	<hr/>
	6,049	7,303
	<hr/>	<hr/>

6 Net interest payable and similar charges

	2021	2020
	£000	£000
Interest on bank loans	378	864
Foreign exchange loss/(gain)	96	(731)
	<hr/>	<hr/>
	474	133
	<hr/>	<hr/>

Notes (continued)

7 Taxation

Analysis of charge in year

	2021 £000	£000	2020 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	1,106		233	
Adjustments in respect of previous years	20		47	
	<hr/>		<hr/>	
Total current tax charge		1,126		280
<i>Deferred tax (see note 17)</i>				
Origination of timing differences	(145)		(92)	
Effect of changes in tax rates	28		2	
Adjustments in respect of previous years	2		(68)	
	<hr/>		<hr/>	
Total deferred tax charge		(115)		(158)
		<hr/>		<hr/>
Tax on profit		1,011		122
		<hr/>		<hr/>

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

Reconciliation of effective tax rate

The current tax charge for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Profit before taxation	4,693	429
	<hr/>	<hr/>
Current tax at 19% (2020: 19%)	892	81
<i>Effects of:</i>		
Origination of timing differences	(170)	(142)
Non-deductible expenses	232	229
Adjustments in respect of loss from associate	-	2
Adjustments in respect of previous years	22	(21)
Changes in tax rate on deferred tax balances	35	3
Disposal of associated company	-	(30)
	<hr/>	<hr/>
Total tax charge	1,011	122
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

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

Notes (continued)

8 Dividends

The aggregate amount of dividends comprises:	2021 £000	2020 £000
Final dividends paid to shareholders in respect of prior year but not recognised as liabilities in that year	2,500	2,000

9 Intangible assets and goodwill

Group

	Goodwill £000	Customer relationships £000	Total £000
Cost			
At beginning of year	2,640	9,300	11,940
Additions	-	-	-
At end of year	2,640	9,300	11,940
Amortisation and impairment			
At beginning of year	1,078	3,955	5,033
Amortisation for the year	264	930	1,194
At end of year	1,342	4,885	6,227
Net book value			
At 31 December 2021	1,298	4,415	5,713
At 31 December 2020	1,562	5,345	6,907

Amortisation and impairment charge

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

Company

The Company held no intangible assets or goodwill at 31 December 2021 (2020: none).

Notes (continued)

10 Tangible fixed assets

Group

	Short leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At beginning of year	397	4,226	4,623
Additions	21	465	486
Disposals	-	(864)	(864)
Reclassification	-	(16)	(16)
At end of year	418	3,811	4,229
Depreciation			
At beginning of year	162	2,677	2,839
Charge for the year	58	533	591
Disposals	-	(863)	(863)
At end of year	220	2,347	2,567
Net book value			
At 31 December 2021	198	1,464	1,662
At 31 December 2020	235	1,549	1,784

Company

	Short leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At beginning of year	397	4,127	4,524
Additions	21	451	472
Disposals	-	(864)	(864)
Reclassification	-	(16)	(16)
At end of year	418	3,698	4,116
Depreciation			
At beginning of year	162	2,584	2,746
Charge for the year	58	526	584
Disposals	-	(863)	(863)
At end of year	220	2,247	2,467
Net book value			
At 31 December 2021	198	1,451	1,649
At 31 December 2020	235	1,543	1,778

Notes (continued)

11 Fixed asset investments

Company only

	Shares in group undertakings £000
Cost	
At beginning of the year	24,339
Disposal	-
At end of the year	<u>24,339</u>
Provisions	
At beginning and end of year	<u>-</u>
Net book value	
At 31 December 2021	<u>24,339</u>
At 31 December 2020	<u>24,339</u>

On 21st December 2020, CP Foods (UK) Ltd sold its 20% share of CP Chosen Ltd which resulted in a profit to the group of £160,000.

Notes (continued)

11 Fixed asset investments (continued)

The undertakings in which the Company's interest at the year- end is more than 20% are as follows.

	Principal activity	Registered number	Class of share	Percentage of shares held Group	Percentage of shares held by Company
Fusion Abbey Park Limited	Food importers and distributors	6035491	Ordinary	100%	100%
Fusion Alfrick Limited	Food importers and distributors	7165760	Ordinary	100%	100%
Fusion Bracewell Limited	Food importers and distributors	7688723	Ordinary	100%	100%
Fusion Bransford Limited	Food importers and distributors	7165739	Ordinary	100%	100%
Fusion Broadway Limited	Food importers and distributors	7168470	Ordinary	100%	100%
Fusion Brothwood Limited	Food importers and distributors	5973522	Ordinary	100%	100%
Fusion Calis Limited	Food importers and distributors	5997013	Ordinary	100%	100%
Fusion Carnoustie Limited	Food importers and distributors	4596361	Ordinary	100%	100%
Fusion Charlton Limited	Food importers and distributors	7165763	Ordinary	100%	100%
Fusion Crowle Limited	Food importers and distributors	7165631	Ordinary	100%	100%
Fusion Dalaman Limited	Food importers and distributors	5973529	Ordinary	100%	100%
Fusion Defford Limited	Food importers and distributors	7165704	Ordinary	100%	100%
Fusion Dormington Limited	Food importers and distributors	4622363	Ordinary	100%	100%
Fusion Driscoll Limited	Food importers and distributors	6033048	Ordinary	100%	100%
Fusion Dumbleton Limited	Food importers and distributors	7165827	Ordinary	100%	100%
Fusion Eastoe Limited	Food importers and distributors	7680382	Ordinary	100%	100%
Fusion Elmbridge Limited	Food importers and distributors	7165654	Ordinary	100%	100%
Fusion Everton Limited	Food importers and distributors	5973573	Ordinary	100%	100%
Fusion Exning Limited	Food importers and distributors	7014733	Ordinary	100%	100%
Fusion Fethiye Limited	Food importers and distributors	5973639	Ordinary	100%	100%
Fusion Gatley Limited	Food importers and distributors	6027194	Ordinary	100%	100%
Fusion Gocok Limited	Food importers and distributors	6001967	Ordinary	100%	100%
Fusion Gray Limited	Food importers and distributors	7688726	Ordinary	100%	100%
Fusion Harper Limited	Food importers and distributors	7688646	Ordinary	100%	100%
Fusion Hartford Limited	Food importers and distributors	7680376	Ordinary	100%	100%
Fusion Hawstead Limited	Food importers and distributors	7014927	Ordinary	100%	100%
Fusion Head Street Limited	Food importers and distributors	6035459	Ordinary	100%	100%
Fusion Heath Limited	Food importers and distributors	7688672	Ordinary	100%	100%
Fusion Irvine Limited	Food importers and distributors	7680536	Ordinary	100%	100%
Fusion Kaitaia Limited	Food importers and distributors	5973513	Ordinary	100%	100%
Fusion Kroma Limited	Food importers and distributors	4596368	Ordinary	100%	100%
Fusion Krone Limited	Food importers and distributors	5997012	Ordinary	100%	100%
Fusion Lineker Limited	Food importers and distributors	7688749	Ordinary	100%	100%
Fusion Littleworth Limited	Food importers and distributors	6022717	Ordinary	100%	100%
Fusion Madeley Limited	Food importers and distributors	4622382	Ordinary	100%	100%
Fusion McMahon Limited	Food importers and distributors	7680411	Ordinary	100%	100%
Fusion Mountfield Limited	Food importers and distributors	7680457	Ordinary	100%	100%
Fusion Moyes Limited	Food importers and distributors	7696745	Ordinary	100%	100%
Fusion Newlands Limited	Food importers and distributors	6033090	Ordinary	100%	100%
Fusion Niamh Limited	Food importers and distributors	6033150	Ordinary	100%	100%
Fusion Pershore Limited	Food importers and distributors	6022546	Ordinary	100%	100%
Fusion Priest Lane Limited	Food importers and distributors	6035465	Ordinary	100%	100%
Fusion Ratcliffe Limited	Food importers and distributors	7680613	Ordinary	100%	100%
Fusion Reid Limited	Food importers and distributors	7688717	Ordinary	100%	100%
Fusion Richardson Limited	Food importers and distributors	7680433	Ordinary	100%	100%
Fusion Samui Limited	Food importers and distributors	5973735	Ordinary	100%	100%
Fusion Sharp Limited	Food importers and distributors	7680414	Ordinary	100%	100%
Fusion Sheedy Limited	Food importers and distributors	7688789	Ordinary	100%	100%
Fusion Soham Limited	Food importers and distributors	7014747	Ordinary	100%	100%
Fusion Southall Limited	Food importers and distributors	7680453	Ordinary	100%	100%
Fusion Stevens Limited	Food importers and distributors	7688715	Ordinary	100%	100%
Fusion Thetford Limited	Food importers and distributors	7014890	Ordinary	100%	100%
Fusion Turgay Limited	Food importers and distributors	5997097	Ordinary	100%	100%
Fusion Uzumlu Limited	Food importers and distributors	5973550	Ordinary	100%	100%

Notes (continued)

11 Fixed asset investments (continued)

	Principal activity	Registered number	Class of share	Percentage of shares held	Percentage of shares held by
				Group	Company
Fusion Van den Hauwe Ltd	Food importers and distributors	7688725	Ordinary	100%	100%
Fusion Wadborough Limited	Food importers and distributors	5973487	Ordinary	100%	100%
Fusion Wellington Limited	Food importers and distributors	4596372	Ordinary	100%	100%
Fusion Whistler Limited	Food importers and distributors	6027226	Ordinary	100%	100%
Fusion Wright Limited	Food importers and distributors	7680726	Ordinary	100%	100%
Fusion Yamac Limited	Food importers and distributors	7688725	Ordinary	100%	100%
The Foodfellas Limited	Food importers and distributors	6408896	Ordinary	100%	100%

Under Section 479A to Section 479C of the Companies Act 2006, with the exception of The Foodfellas Ltd, the wholly owned subsidiaries are taking advantage of an audit exemption for the year ended 31 December 2021 due to the existence of individual Company's guarantees of all liabilities for each of the above subsidiaries for the year ended 31 December 2021.

The registered office address of all of the above subsidiaries is Upton House, Hartlebury Trading Estate, Hartlebury, Kidderminster, Worcestershire, England, DY10 4JB.

12 Stocks

Group

	2021 £000	2020 £000
Raw materials and consumables	734	358
Finished goods	17,479	19,196
	<u>18,213</u>	<u>19,554</u>

Company

	2021 £000	2020 £000
Raw materials and consumables	734	358
Finished goods	5,199	5,595
	<u>5,933</u>	<u>5,953</u>

Stocks recognised as cost of sales in the year amounted to £117 million (2020: £124 million), Company £49 million (2020: £86 million).

Notes (continued)

12 Stocks (continued)

Stock for Group is stated net of an impairment provision of £0.7 million (2020: £1.2 million). The movement in inventory provision during the year is as follows:

	£000
At beginning of year	1,184
Reversal on sale of inventory	(1,079)
Provision during the year	593
At end of year	698

Stock for the Company is stated net of impairment provision amounting to £0.08 million (2020: £0.1 million). The movement in inventory provision during the year is as follows:

	£000
At beginning of year	128
Reversal on sale of inventory	(128)
Provision during the year	78
At end of year	78

13 Debtors

Group

	2021 £000	2020 £000
Trade debtors	12,148	11,666
Amounts owed by group undertakings	5,021	37,398
Other debtors	2,826	1,030
Prepayments and accrued income	407	366
	20,402	50,460

Company

	2021 £000	2020 £000
Trade debtors	364	5,293
Amounts owed by group undertakings	5,021	37,398
Other debtors	2,702	753
Prepayments and accrued income	206	283
Corporation tax	105	95
	8,398	43,822

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

Notes (continued)

14 Creditors: Amounts falling due within one year

Group

	2021 £000	2020 £000
Bank loans and overdrafts (secured)	2,074	3,860
Trade creditors	10,696	6,128
Amounts owed to group undertakings	3,856	40,348
Corporation tax	901	137
Other taxation and social security	181	191
Accruals and deferred income	7,958	4,596
	<u>25,666</u>	<u>55,260</u>

Company

	2021 £000	2020 £000
Bank loans and overdrafts (secured)	2,000	-
Trade creditors	721	1,046
Amounts owed to group undertakings	3,856	40,393
Corporation tax	-	-
Other taxation and social security	119	137
Accruals and deferred income	4,577	2,054
	<u>11,273</u>	<u>43,630</u>

15 Creditors: Amounts falling due in more than one year

Group

	2021 £000	2020 £000
Bank loans (see note 16)	8,210	11,464
Accruals and deferred income	1,493	2,240
	<u>9,703</u>	<u>13,704</u>

Company

	2021 £000	2020 £000
Bank loans (see note 16)	8,210	11,464
Accruals and deferred income	1,493	2,240
	<u>9,703</u>	<u>13,704</u>

Notes (continued)

16 Interest-bearing loans and borrowings

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

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Creditors falling due within more than one year:				
Secured bank loans	8,210	11,464	8,210	11,464
Creditors falling due within less than one year:				
Secured bank loans	2,000	2,000	2,000	-
Invoice financing	74	1,860	-	-

Terms and debt repayment schedule

Group	Currency	Nominal interest rate	Year of maturity	2021	2020
				£000	£000
Invoice financing	GBP	1.2%+base	-	200	1,860
Invoice financing	USD	1.2%+base	-	(126)	-
Loan 4	GBP	2.5%+base	2024	3,500	4,500
Loan 5	GBP	2.5%+base	2025	6,710	6,964
Loan 6	GBP	3.2%	2021	-	2,000
				10,284	15,324
Company	Currency	Nominal interest rate	Year of maturity	2021	2020
				£000	£000
Loan 4	GBP	2.5%+base	2024	3,500	4,500
Loan 5	GBP	2.5%+base	2025	6,710	6,964
				10,210	11,464

Each loan is due to be repaid in full at the end of the loan term. Where prior year comparatives are disclosed, the terms remain unchanged from the previous period.

Notes (continued)

17 Provisions for liabilities

Group

	Deferred taxation £000
Balance at 1 January 2021	(992)
Credit to the profit and loss for the year	114
Balance at 31 December 2021	(878)

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 £000	2020 £000	Liabilities 2021 £000	2020 £000	Net 2021 £000	2020 £000
Arising on business combinations	-	-	(751)	(909)	(751)	(909)
Accelerated capital allowances	3	-	(208)	(142)	(205)	(142)
Other timing differences	78	51	-	-	78	51
Losses and other deductions	-	8	-	-	-	8
Tax (assets) / liabilities	81	59	(959)	(1,051)	(878)	(992)

Company

	Deferred taxation £000
Balance at beginning of the year	(95)
Credit to the profit and loss account for the year	(57)
Balance at end of the year	(152)

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 £000	2020 £000	Liabilities 2021 £000	2020 £000	Net 2021 £000	2020 £000
Accelerated capital allowances	-	-	208	147	208	147
Other timing differences	(56)	(44)	-	-	(56)	(44)
Losses and other deductions	-	(8)	-	-	-	(8)
Tax (assets) / liabilities	(56)	(52)	208	147	152	95

Notes (continued)

18 Capital and reserves

Group and Company

	2021 £000	2020 £000
<i>Allotted, called up and fully paid:</i>		
271,200 (2020: 271,200) ordinary shares of £1 each	271	271

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

Capital redemption reserve

This reserve maintains the nominal value of the equity share capital of the Company when shares are repurchased or cancelled.

19 Financial instruments

Group

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2021 £000	2020 £000
<i>Assets measured at amortised cost</i>		
Cash at bank and in hand	1,343	1,165
Trade debtors (including group undertakings)	17,169	49,064
<i>Liabilities measured at amortised cost</i>		
Trade creditors (including group undertakings)	14,552	46,476
Bank loans and overdrafts	10,284	15,324

Valuation method

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

Notes (continued)

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group

	Land and buildings		Other	
	2021	2020	2021	2020
	£000	£000	£000	£000
Operating lease payments:				
Less than one year	584	555	125	99
Between one and five years	1,278	1,101	206	169
Over five years	-	-	-	-
	<u>1,862</u>	<u>1,656</u>	<u>331</u>	<u>268</u>

Company

	Land and buildings		Other	
	2021	2020	2021	2020
	£000	£000	£000	£000
Operating lease payments:				
Less than one year	458	455	77	63
Between one and five years	1,197	1,101	103	91
Over five years	-	-	-	-
	<u>1,655</u>	<u>1,556</u>	<u>180</u>	<u>154</u>

During the year £599,000 was recognised as an expense in the profit and loss account in respect of operating leases (2020: £357,000).

21 Contingent liabilities

The group has given guarantees in favour of the following as at the year-end:

HM Revenue & Customs £nil (2020: £4,000,000)

Rural Payments Agency £4,200,000 (2020: €242,000,000)

The above guarantees have been given for the purpose of quota and duty applications.

The Company is currently party to two historical legal cases brought about by the Belgium Customs regarding certain trading transactions relating to imports, and subsequently the preferential tariffs on those trades. The directors believe that they have a strong defence against these two cases and therefore note these as a contingent liability rather than considering the need for a provision. At this early stage, the directors have not been able to estimate reliably, the potential penalties or additional duties which could be imposed, were the company's defence against these cases unsuccessful.

Notes (continued)

22 Pension scheme

Group

The Group operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the Group to the scheme and amounted £420,000 (2020: £477,000).

There were outstanding contributions of £41,604 (2020 restated: £66,885) at the end of the financial year.

23 Related party transactions

Group

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

Related party transactions

Group	Sales to		Purchases from	
	2021 £000	2020 £000	2021 £000	2020 £000
Entities with control, joint control or significant influence	51,905	49,231	36,844	68,197
	<u>51,905</u>	<u>49,231</u>	<u>36,844</u>	<u>68,197</u>
Company	Sales to		Purchases from	
	2021 £000	2020 £000	2021 £000	2020 £000
Entities with control, joint control or significant influence	52,440	49,875	37,060	68,197
	<u>52,440</u>	<u>49,875</u>	<u>37,060</u>	<u>68,197</u>

24 Ultimate parent company and parent company of large group

The Company is a subsidiary undertaking of CPF Europe Limited, incorporated in Belgium. The ultimate controlling party is Charoen Pokphand Foods Public Company Limited, incorporated in Thailand.

The largest group in which the results of the Company and its group are consolidated is that headed by Charoen Pokphand Foods Public Company Limited, 313, CP Tower, Silom Road, Bangrak, Bangkok 10500, Thailand. The smallest group in which they are consolidated is that headed by CPF Europe Limited, Avenue Belle Vue 17, 1410 Waterloo, Belgium. The consolidated financial statements of these groups are available to the public.