

Company Registration No. 04584241 (England and Wales)

**FRESHCUT FOODS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**



**FRESHCUT FOODS LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	Mr D K Bondi	
	Mrs M Jones	
	Mr D Gilman	
	Mr D Sargent	(Resigned 21 <sup>st</sup> January 2022)
	Mr M K Wood	
	Mr C F Copestake	(Appointed 12 March 2021)
<b>Company number</b>	04584241	
<b>Registered office</b>	Units 14-16 Lilac Grove Beeston Nottingham NG9 1PF	
<b>Auditor</b>	Grant Thornton UK LLP 17th Floor 103 Colmore Row Birmingham West Midlands B3 3AG	

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## **FRESHCUT FOODS LIMITED**

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# **FRESHCUT FOODS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 JULY 2021**

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The directors present the strategic report for the year ended 31 July 2021.

#### **Fair review of the business**

The company's principal activity during the period continued to be the manufacture and processing of added-value vegetable products.

Following the national lockdown announced in March 2020 in response to the spread of Covid-19, the business was affected by the temporary closure of a number of our customers' outlets, resulting in a reduction in sales of 56%, from a run rate of £30.8m per annum, to £13.5m per annum. In order to manage this fall in sales we received £76,286 under the government's Job Retention Scheme to manage our cost base. Whilst certain customers were more heavily affected, we have adapted by successfully seeking out new fast growing channels. Since the easing of lockdown we have seen a continuing build back in sales with those customers impacted by COVID-19, this combined with sales made in new channels has seen the business operating at similar levels to pre-COVID-19. Looking further forward we expect strong sales growth to continue in line with increasing consumer demand for plant based products.

In addition to the external impact of Covid-19, we have continuously evolved our working practices in line with best practice guidelines to create a safe working environment for all our employees. We have invested in UVC filters in all working areas to help mitigate the risks of spreading the virus within the workplace.

The company faced uncertainty due to Brexit during the period, to date, this has not materially impacted the business.

The directors believe that whilst the market place will continue to remain challenging the company is well placed to deal with such economic demands due to its positive stance in the industry and its strengthening financial position.

#### **Principal risks and uncertainties**

The directors meet regularly to discuss the risks facing the business and ways to mitigate such risks. The principle risks and uncertainties facing the company are as follows:

##### **Competitor and Consumer Risks**

The company operates in a highly competitive market, driven by customer and consumer tastes. Significant product innovations, technical advances, raw material cost and availability issues and intensification of price competition could adversely affect the company's results. The company strives to continually develop innovative products of a high quality, that meet customer and consumer demands.

##### **Economic Uncertainty**

The company could be adversely affected by global business conditions, the impact of Brexit and a worsening of the economy both generally and specifically in the UK. Factors such as taxation, interest rates, inflation, the availability and cost of credit, could significantly affect the activity level of customers. Whilst general economic conditions are outside of the company's control, we are responding to the current economic conditions by continually reviewing products offered to the market to ensure that we meet the requirements of the consumer. Given the uncertain consumer outlook, the company also continues to closely manage costs, debtors and cashflow.

##### **Management of Procurement Costs**

The company uses forward foreign currency contracts and forward purchase contracts to reduce exposure to the variability of foreign exchange rates or commodity prices, by fixing the rate of any material payment in a foreign currency or providing certainty to raw material volumes and prices.

##### **Food safety, Environmental and Health and Safety**

As a processor of fresh vegetables, the company is subject to general market related risks, including product contamination and general food scares. Further, the company is also subject to rigorous and constantly evolving regulations and legislation in the areas of environmental protection and employee health and safety. The company maintains a strong technical department, which sets high standards for hygiene, health and safety systems and environmental controls. The company take external advice to ensure that they remain compliant with the ever-changing regulatory environment, particularly in the areas of health and safety.

## FRESHCUT FOODS LIMITED

### STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 JULY 2021**

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#### Principle risks and uncertainties (continued)

##### Suppliers

The company is dependent on the continuous supply of products from key suppliers. A loss of these suppliers could see short-term disruption to the production levels of the company. The company uses a range of suppliers in various locations to ensure that products can be sourced throughout the year. The accounts department rigorously check the financial strength of suppliers for long-term viability. Agreements are frequently entered into with suppliers to guarantee the availability of the quantity and quality of products.

##### Financial risk

##### Foreign currency risk

There is a risk of significant exposure to foreign currency movements, primarily euro, due to the company importing the majority of its products. As a result, foreign currency forward contracts are taken out to manage the risk. There was £3,148k worth of forward contracts outstanding at the year end.

##### Loss of Key Personnel

The ongoing success of the company is dependent on attracting and retaining high quality management and senior employees to manage the operations effectively. The risk is mitigated by the recruitment processes used, long-term management incentives and providing senior staff with access to development training.

##### Taxation

The company is subject to taxation and change in tax legislation, which could impact on the results and cashflow. The directors regularly monitor changes in tax legislation and obtain external advice to respond to such changes.

The key financial performance indicators during the year were as follows:

	Year ended 31 <sup>st</sup> July 21 £'000	Year ended 31 <sup>st</sup> July 20 £'000
Turnover	25,460	25,680
Loss after tax	(1,439)	(55)
Shareholders' Funds	3,409	4,848
Investment in tangible fixed assets	2,205	1,522

On behalf of the board

*Matthew Wood*

Mr M K Wood  
Director  
28<sup>th</sup> April 2022

## **FRESHCUT FOODS LIMITED**

### **DIRECTORS' REPORT**

#### ***FOR THE YEAR ENDED 31 JULY 2021***

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

#### **Principal activities**

The principal activity of the company continued to be that of a fresh vegetable processor.

#### **Directors**

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

Mr D Bondi

Mrs M Jones

Mr D Gilman

Mr D Sargent

(Resigned 21<sup>st</sup> January 2022)

Mr M K Wood

Mr C F Copestake

(Appointed 12 March 2021)

#### **Results and dividends**

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Financial instruments**

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

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

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

#### **Matters covered in the strategic report**

The business review, principle risks and uncertainties, future developments and KPIs have been included in the strategic report.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

## **FRESHCUT FOODS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 JULY 2021**

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##### **Directors' report (continued)**

##### **Future developments**

We are confident that the company is well positioned for growth. We continue to invest in the business to ensure that we can capitalise upon new opportunities in the food sector and realise our potential even during these uncertain economic times.

The company's overall strategy continues to be the supply of quality products, with focus on commitments to high standards of food safety.

##### **Auditor**

During the year, Azets Audit Services Limited resigned as auditors and Grant Thornton UK LLP were appointed as auditors. The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

##### **Statement of disclosure to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and,
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

##### **Going Concern and COVID-19**

In March 2020 the impact of the Covid-19 pandemic was apparent globally. At the balance sheet date the company had net assets of £3,408,758 (2020 - £4,847,875) which includes cash at bank of £988,533 (2020 - £2,021,500).

In assessing the appropriateness of the going concern assumption, the directors have reviewed detailed profit and cashflow forecasts considering reasonably foreseeable potential scenarios and uncertainties in relation to income, expenditure and cashflows for a period of at least 12 months from the sign off of these financial statements. The company is party to a Percy Topco Limited Group, group wide funding arrangement, which is repayable in March 2024 and requires specific covenants to be met. In assessing the going concern of the Group as a whole, the directors have also assessed the potential scenarios and uncertainties in relation to such covenants. The directors are confident that the group and company, after considering downside scenarios, have the ability to pay debts as they fall due for at least the next 12 months and to meet all relevant covenant tests and as such have deemed it appropriate for the financial statements to be prepared on the going concern basis.

##### **Qualifying third party indemnity provisions**

The Company has provided third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

##### **Post balance sheet events**

There have been no significant events affecting the Company since the year end.

On behalf of the board

*Matthew Wood*

Mr M K Wood

Director

28<sup>th</sup> April 2022

**FRESHCUT FOODS LIMITED**

**DIRECTORS RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 JULY 2021***

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The directors are responsible for preparing the Company 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

*Matthew Wood*

Mr M K Wood  
**Director**

28<sup>th</sup> April 2022



**FRESHCUT FOODS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
***FOR THE YEAR ENDED 31 JULY 2021***

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**Independent auditor's report to the members of Freshcut Foods Limited**

**Opinion**

We have audited the financial statements of Freshcut Foods Limited (the 'company') for the year ended 31<sup>st</sup> July 2021, which comprise Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, 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 31<sup>st</sup> July 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**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 auditor's report thereon. Our opinion on the financial

**FRESHCUT FOODS LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 JULY 2021***

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**Independent auditor's report (continued)**

**Other information (continued)**

statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

**Matter on which we are required to report under the Companies Act 2006**

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.

**Matters on which we are required to report by exception**

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 for the financial statements**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

## **FRESHCUT FOODS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 JULY 2021**

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##### **Independent auditor's report (continued)**

##### **Auditor's responsibilities for the audit of the financial statements (continued)**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

##### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006);
  - We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.
  - We enquired of management and those charged with governance, concerning the Company's policies and procedures relating to:
    - the identification, evaluation and compliance with laws and regulations; and
    - the detection and response to the risks of fraud.
  - We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
  - We corroborated the results of our enquiries to relevant supporting documentation.
  - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
  - Audit procedures performed by the engagement team included;
    - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
    - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
    - identifying and testing related party transactions.
  - Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
    - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
    - knowledge of the industry in which the client operates;
    - understanding of the legal and regulatory requirements specific to the Company
      - the provisions of the applicable legislation;
      - the applicable statutory provisions.
  - In assessing the potential risks of material misstatement, we obtained an understanding of;
    - the Company's operations, including the nature of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
    - the applicable statutory provisions;
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## **FRESHCUT FOODS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2021**

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#### **Independent auditor's report (continued)**

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

- the Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, the adequacy of the procedures for authorisation of transactions, internal review procedures over the Company's compliance with regulatory requirements.

#### **Use of our report**

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

*Grant Thornton UK LLP*

**Matthew Buckingham BSc ACA**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
**Birmingham**

**28<sup>th</sup> April 2022**

**FRESHCUT FOODS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 JULY 2021**

	Notes	Year ended 31 July 2021 £	Year ended 31 July 2020 £
<b>Turnover</b>	<b>3</b>	25,459,609	25,679,661
Cost of sales		(17,820,094)	(17,903,437)
<b>Gross profit</b>		<b>7,639,515</b>	<b>7,776,224</b>
Distribution costs		(1,404,234)	(1,384,371)
Administrative expenses		(7,801,814)	(7,330,444)
Other operating income	<b>4</b>	127,964	621,032
<b>Operating loss</b>	<b>5</b>	<b>(1,438,569)</b>	<b>(317,559)</b>
Interest receivable and similar income	<b>8</b>	-	2,071
Interest payable and similar expenses	<b>9</b>	(548)	(528)
<b>Loss before taxation</b>		<b>(1,439,117)</b>	<b>(316,016)</b>
Tax on loss	<b>10</b>	-	261,371
<b>Loss for the financial year</b>		<b>(1,439,117)</b>	<b>(54,645)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive expense for the year</b>		<b>(1,439,117)</b>	<b>(54,645)</b>

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

The notes on pages 13 to 28 form part of these financial statements.

**FRESHCUT FOODS LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 JULY 2021**

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	12		6,438,137		5,593,836
<b>Current assets</b>					
Stocks	13	845,900		558,112	
Debtors	14	4,526,411		2,909,659	
Cash at bank and in hand		988,533		2,021,500	
		<u>6,360,844</u>		<u>5,489,271</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(9,376,915)</u>		<u>(6,225,391)</u>	
<b>Net current liabilities</b>			<u>(3,016,072)</u>		<u>(736,120)</u>
<b>Total assets less current liabilities</b>			3,422,065		4,857,716
<b>Creditors: amounts falling due after more than one year</b>	16		(13,307)		(9,841)
<b>Provisions for liabilities</b>					
Deferred tax liability	19	<u>-</u>		<u>-</u>	
			<u>-</u>		<u>-</u>
<b>Net assets</b>			<u>3,408,758</u>		<u>4,847,875</u>
<b>Capital and reserves</b>					
Called up share capital	22		6,233		6,233
Share premium account			130,133		130,133
Capital redemption reserve	23		40		40
Profit and loss reserves			<u>3,272,352</u>		<u>4,711,469</u>
<b>Total equity</b>			<u>3,408,758</u>		<u>4,847,875</u>

The financial statements were approved by the board of directors and authorised for issue on 28<sup>th</sup> April 2022 and are signed on its behalf by:

*Matthew Wood*

Mr M K Wood  
Director

Company Registration No. 04584241

The notes on pages 13 to 28 form part of these financial statements.

**FRESHCUT FOODS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 JULY 2021**

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 31 July 2019</b>	6,233	130,133	40	4,766,114	4,902,520
<b>Year ended 31 July 2020:</b>					
Loss and total comprehensive income for the year	-	-	-	(54,645)	(54,645)
<b>Balance at 31 July 2020</b>	6,233	130,133	40	4,711,469	4,847,875
<b>Year ended 31 July 2021</b>					
Loss and total comprehensive income for the year	-	-	-	(1,439,117)	(1,439,117)
<b>Balance at 31 July 2021</b>	<u>6,233</u>	<u>130,133</u>	<u>40</u>	<u>3,272,352</u>	<u>3,408,758</u>

# **FRESHCUT FOODS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 JULY 2021**

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#### **1 Accounting policies**

##### **Company information**

Freshcut Foods Limited is a private company limited by shares incorporated in England and Wales. The registered office is Units 14-16 Lilac Grove, Beeston, Nottingham, NG9 1PF.

##### **1.1 Accounting convention**

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of PW Mey UK Limited. These consolidated financial statements are available from its registered office, 8 Hanover Square, Mayfair, London, UK, W1S 1HQ.

##### **1.2 Going concern**

In assessing the appropriateness of the going concern assumption, the directors have reviewed detailed profit and cashflow forecasts considering reasonably foreseeable potential scenarios and uncertainties in relation to income, expenditure and cashflows for a period of at least 12 months from the sign off of these financial statements. The company is party to a Percy Topco Limited Group, group wide funding arrangement, which is repayable in March 2024 and requires specific covenants to be met. In assessing the going concern of the Group as a whole, the directors have also assessed the potential scenarios and uncertainties in relation to such covenants. The directors are confident that the group and company, after considering downside scenarios, have the ability to pay debts as they fall due for at least the next 12 months and to meet all relevant covenant tests and as such have deemed it appropriate for the financial statements to be prepared on the going concern basis.



## **FRESHCUT FOODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 JULY 2021**

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#### **1 Accounting policies (continued)**

##### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, 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.

##### **1.4 Tangible fixed assets**

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

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

Plant and equipment	10 - 25% straight line
Fixtures and fittings	33% straight line

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

##### **1.5 Impairment of fixed assets**

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## **FRESHCUT FOODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 JULY 2021**

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#### **1 Accounting policies (continued)**

##### **1.6 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### **1.7 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **1.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### **Basic financial assets**

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

##### **Other financial assets**

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

## **FRESHCUT FOODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 JULY 2021**

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#### **1 Accounting policies (continued)**

##### **1.8 Financial instruments (continued)**

###### ***Impairment of financial assets***

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

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

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

###### ***Derecognition of financial assets***

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

###### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

###### ***Basic financial liabilities***

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

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

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

## FRESHCUT FOODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 JULY 2021

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#### 1 Accounting policies (continued)

##### 1.8 Financial instruments (continued)

###### **Other financial liabilities**

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

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

###### **Derecognition of financial liabilities**

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

##### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### 1.10 Taxation

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

###### **Current tax**

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

###### **Deferred tax**

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

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

## **FRESHCUT FOODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 JULY 2021**

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#### **1 Accounting policies (continued)**

##### **1.11 Employee benefits**

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

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

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

##### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.13 Leases**

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease's asset are consumed.

##### **1.14 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### **1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# FRESHCUT FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2021

#### 2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

##### Useful economic lives

Tangible fixed assets are depreciated over the useful lives of the related assets taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### Intercompany Loans

The Director's make an assessment over the recoverability of the amount owed by Group undertakings based on their knowledge of those entities and make provision for any amount considered unrecoverable.

#### 3 Turnover and other revenue

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

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Sale of goods	25,459,609	25,679,661
	<u>25,459,609</u>	<u>25,679,661</u>
	2021 £	2020 £
<b>Turnover analysed by territory</b>		
UK	25,385,235	25,679,661
EU	74,374	-
<b>Total Turnover</b>	<u>25,459,609</u>	<u>25,679,661</u>

#### 4. Other operating income

	2021 £	2020 £
Grants received	127,964	621,032
	<u>127,964</u>	<u>621,032</u>

**FRESHCUT FOODS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****5 Operating loss**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	3,497	2,290
Government grants	(127,964)	(621,032)
Fees payable to the company's auditor for the audit of the company's financial statements	37,500	10,000
Depreciation of owned tangible fixed assets	1,355,673	1,299,517
Depreciation of tangible fixed assets held under finance leases	4,543	4,385
Operating lease charges	311,965	320,116
	<u>                    </u>	<u>                    </u>

**6 Auditors remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor for the audit of the company's financial statements	37,500	10,000
	<u>                    </u>	<u>                    </u>

**Non audit services**

Corporation tax compliance	8,750	1,500
Research and Development tax services	16,500	13,750
Services relating to capital allowances	12,000	-
Employer related services	2,500	
Fees payable for the preparation of the financial statements	-	2,250
	<u>                    </u>	<u>                    </u>
Total	39,750	17,500
	<u>                    </u>	<u>                    </u>

**7 Employees**

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Production staff	159	212
Administration staff	43	51
Management staff	3	2
	<u>                    </u>	<u>                    </u>
Total	205	265
	<u>                    </u>	<u>                    </u>

**FRESHCUT FOODS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****7 Employees (continued)**

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	4,736,004	5,479,688
Social security costs	396,631	428,467
Pension costs	91,008	107,927
	<u>5,223,643</u>	<u>6,016,082</u>

None of the directors received any remuneration during the year, (2020: £nil).

**8 Interest receivable and similar income**

	2021	2020
	£	£
<b>Interest income</b>		
Interest on bank deposits	-	2,071
	<u>-</u>	<u>2,071</u>

**9 Interest payable and similar expenses**

	2021	2020
	£	£
Interest on finance leases and hire purchase contracts	548	528
	<u>548</u>	<u>528</u>

**10 Taxation**

	2021	2020
	£	£
<b>Current tax</b>		
Adjustments in respect of prior periods	-	(254,779)
	<u>-</u>	<u>(254,779)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(6,592)
	<u>-</u>	<u>(6,592)</u>
<b>Total tax credit</b>	<u>-</u>	<u>(261,371)</u>



**FRESHCUT FOODS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****10 Taxation (continued)**

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

	2021 £	2020 £
Loss before taxation	(1,439,117)	(316,016)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(273,432)	(60,043)
Tax effect of expenses that are not deductible in determining taxable profit	113	192,623
Fixed asset differences	(77,782)	-
Group relief surrendered / (claimed)	391,433	93,022
Research and development tax credit	(111,150)	(138,910)
Deferred tax not recognised	107,076	(94,060)
Remeasurement of deferred tax for changes in tax rates	(36,258)	-
Adjustments in respect of prior years	-	(254,779)
Taxation credit for the year	-	(261,371)

In the Spring Budget 2021, the government announced that from 1<sup>st</sup> April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are also not included in these financial statements.

**11 Intangible fixed assets**

	Goodwill £
<b>Cost</b>	
At 1 August 2020 and 31 July 2021	313,508
<b>Amortisation and impairment</b>	
At 1 August 2020 and 31 July 2021	313,508
<b>Carrying amount</b>	
At 31 July 2021	-
At 31 July 2020	-

**FRESHCUT FOODS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****12 Tangible fixed assets**

	Plant and equipment £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 August 2020	10,192,103	438,005	10,630,108
Additions	2,187,252	18,072	2,205,324
Disposals	(807)	-	(807)
At 31 July 2021	12,378,548	456,077	12,834,625
<b>Depreciation and impairment</b>			
At 1 August 2020	4,686,992	349,280	5,036,272
Depreciation charged in the year	1,302,339	57,877	1,360,216
At 31 July 2021	5,989,331	407,157	6,396,488
<b>Carrying amount</b>			
At 31 July 2020	5,505,111	88,725	5,593,836
At 31 July 2021	6,389,217	48,920	6,438,137

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

	2020 £	2019 £
Plant and equipment	20,255	15,348
<b>13 Stocks</b>		
	2020 £	2019 £
Raw materials and consumables	671,266	489,762
Finished goods and goods for resale	174,634	68,350
	845,900	558,112

Stock recognised in the cost of sale during the year as an expense was credit £231,262 (2020: £207,509). A stock provision totalling £124,580 (2020: £169,040) has been made against the carrying value of the stock in the balance sheet to reflect expected net realisable value.

**FRESHCUT FOODS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****14 Debtors**

		2021	2020
Amounts falling due within one	Notes	£	£
Trade debtors		3,339,055	2,145,275
Corporation tax recoverable		-	-
Amounts owed by group undertakings		-	77,108
Amounts owed by other related parties		518,052	126,093
Other debtors		205,511	419,508
Prepayments and accrued income		463,793	141,675
		<u>4,526,411</u>	<u>2,909,659</u>

**15 Creditors: amounts falling due within one year**

		2021	2020
	Notes	£	£
Obligations under finance leases	18	5,826	3,936
Trade creditors		4,210,984	1,892,264
Amounts owed to group undertakings		3,728,753	2,884,761
Amounts owed to other related parties		6,000	18,000
Corporation tax		-	-
Other taxation and social security		128,902	101,613
Other creditors		507,969	530,575
Accruals and deferred income		788,481	794,242
		<u>9,376,915</u>	<u>6,225,391</u>

Amounts owed to group undertakings within the group are owed by way of an interest free, non-secured loan with no fixed repayment date which is repayable on demand.

**16 Creditors: amounts falling due after more**

		2021	2020
	Notes	£	£
Obligations under finance leases	18	<u>13,307</u>	<u>9,841</u>

Amounts due under finance leases and hire purchase agreements are secured by fixed and floating charges over the assets.

**FRESHCUT FOODS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****17 Financial Instruments**

	2021	2020
	£	£
<b>Financial assets measured at amortised cost</b>		
Trade debtors	3,339,055	2,145,275
Other debtors	205,511	419,508
Amounts owed by group undertakings	-	77,108
Amounts owed by other related parties	518,052	126,093
Prepayments and accrued income	463,793	141,675
	<u>2021</u>	<u>2020</u>
	£	£
<b>Financial liabilities measured at amortised</b>		
Trade creditors	4,210,984	1,892,264
Amounts owed to group undertakings	3,728,753	2,884,761
Amounts owed to other related parties	6,000	18,000
Other creditors	507,969	530,575
Accruals and deferred income	788,481	794,242
	<u>2021</u>	<u>2020</u>
	£	£

**18 Finance lease obligations**

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	5,826	3,936
In two to five years	13,307	9,841
	<u>19,133</u>	<u>13,777</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**FRESHCUT FOODS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****19 Deferred taxation**

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

	<b>Liabilities 2021 £</b>	<b>Liabilities 2020 £</b>
<b>Balances:</b>		
Fixed Asset timing differences	(51,494)	(94,203)
Short term timing differences	4,426	-
Tax losses and other deductions	47,068	94,203
	<u>-</u>	<u>-</u>
		<b>2021 £</b>
<b>Movements in the year:</b>		
Liability at 1 August 2020		-
Credit to profit or loss		-
		<u>-</u>
Liability at 31 July 2021		<u>-</u>

In addition to the deferred tax liability above, the Company has additional unrecognised gross tax losses of £792,559, (2020: £727,364).

**20 Related party transactions****Transactions with related parties**

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

	<b>2021 £</b>	<b>2020 £</b>
<b>Sales to related parties</b>		
SCA Investments Limited	<u>2,472,727</u>	<u>309,392</u>

The following amounts were outstanding at the reporting end date:

	<b>2021 £</b>	<b>2020 £</b>
<b>Amounts due from related parties</b>		
SCA Investments Limited	<u>518,052</u>	<u>126,093</u>

**FRESHCUT FOODS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****20 Related party transactions (continued)**

	2021 £	2020 £
<b>Purchases from related parties</b>		
Braeside Marle Properties Limited	133,889	113,517

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
<b>Amounts due to related parties</b>		
Braeside Marle Properties Limited	6,000	18,000

**21 Retirement benefit schemes**

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution	91,007	107,927

**22 Share capital**

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary A Shares of £1 each	5,680	5,680	5,680	5,680
Ordinary C Shares of £1 each	280	280	280	280
Ordinary D Shares of £1 each	40	40	40	40
Ordinary E Shares of £1 each	72	72	72	72
Ordinary F Shares of £1 each	161	161	161	161
	6,233	6,233	6,233	6,233

The shares have attached to them full voting, dividend and capital distribution, including on winding up, rights and are not redeemable.

**23 Capital redemption reserve**

The capital redemption reserve represents a non-distributable reserve into which amounts have been transferred following the redemption or purchase of the company's own shares.

**24 Financial commitments, guarantees and contingent liabilities**

During the year cross guarantees in relation to the bank facilities were in place between Freshcut Foods Limited and Fresh Mediterranean Foods Limited, a company in which the directors have an interest. There was no liability at the year end.

**FRESHCUT FOODS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JULY 2021****25 Operating lease commitments****Lessee**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Within one year	309,064	275,000
Between two and five years	1,146,370	1,100,000
In over five years	410,625	793,750
	<u>1,866,059</u>	<u>2,168,750</u>

**26 Ultimate controlling party**

The immediate parent company is deemed to be Percy Bidco Limited by virtue of their 100% shareholding in the company. The ultimate controlling party is deemed to be PW Mey UK Limited which is the parent of both the smallest and largest group of which the company is a member. Copies of the consolidated financial statements of PW Mey UK Limited are available from the company secretary at 8 Hanover Square, Mayfair, London, United Kingdom, W1S 1HQ.