

Company registration number 04584241 (England and Wales)

**FRESHCUT FOODS LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 29 JULY 2023**

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# FRESHCUT FOODS LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mr C F Copestake Mr D Gilman Mrs M Jones Mr M K Wood
<b>Company number</b>	04584241
<b>Registered office</b>	14-16 Lilac Grove Beeston Nottingham England NG9 1PF
<b>Auditor</b>	Grant Thornton UK LLP 17th Floor 103 Colmore Row Birmingham West Midlands United Kingdom B3 3AG

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**FRESHCUT FOODS LTD**

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# FRESHCUT FOODS LTD

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 29 JULY 2023

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The directors present the strategic report for the period ended 29 July 2023.

#### Principal activities

The principal activity of the company continued to be the supply of added-value plant-based ingredients.

#### Review of the business

The company had a successful year, experiencing significant growth in revenue from £35.4m in 2022 to £42.4m in 2023, a 20% increase year on year. Growth was predominantly seen within our Food Service and B2C sector customers, with some customers continuing to build back following the disruption caused by pandemic related lockdowns, development of existing customer relationships through market leading innovation and building and establishing new customer relationships. Looking further forward we will continue to drive sales through our current customer base and the continued development of new fast moving channels, in line with increasing consumer demand for plant based products.

The company was impacted by significant inflation in raw materials and energy costs. Whilst the business took action to manage and mitigate input cost pressures to the extent possible, the sustained and significant nature of the cost increases resulted in essential selling price increases being passed on to our customers, to guarantee the economic viability of products supplied. Overall these cost pressures did impact the profitability of the business with profit before tax decreasing from £710k in the prior period to £180k in the period ended July 2023. Many of these price pressures have now been resolved and we are confident that good improvement will be seen in the margins achieved in the next financial period.

A strong performance from a balance sheet perspective. Cash improved from £1,635k to £1,813k due to increased trading, a good result when taking into account capital expenditure of £1.4m. Total equity improved by 5.0%, increasing from £3,567k to £3,747k, driven by sales growth and strong margins. We expect this to improve further over the next financial year with additional sales growth anticipated.

Having successfully managed the challenges that 2023 has presented to the business, we enter 2024 on a strong footing and with positive momentum. The directors believe that whilst the marketplace will continue to remain challenging the company is well placed to deal with such economic demands. During the next financial period we expect to deliver sustained growth, primarily through innovation within our current customer base and by actively targeting new customer relationships. We will continue to invest in both production capacity and capability, creating significant added value opportunities, and ensuring we can capitalise upon new work streams in the ingredient sector and realise our potential.

#### Principal risks and uncertainties

The directors meet regularly to discuss the risks facing the business and ways to mitigate such risks, which have proven to be effective. The principal 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 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.

# FRESHCUT FOODS LTD

## STRATEGIC REPORT (CONTINUED)

**FOR THE PERIOD ENDED 29 JULY 2023**

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### Food safety, environmental and health and safety

As an ingredient manufacturer that uses 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.

### 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.

### 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.

Further information on financial risk management can be found in the Directors' Report.

### Key performance indicators

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

	Period ended 29th July 2023	Year ended 31st July 2022 as restated
	£'000	£'000
Turnover	42,402	35,444
Profit before tax	180	710
Shareholder's Funds	3,747	3,567

### Other information and explanations

#### Change in ownership

On 16 June 2023 Percy Topco Limited group was acquired in a management buyout and is now a member of the Hero Topco Limited group. The ultimate controlling party is Flywheel Hero LP. All trading operations will continue as normal

## **FRESHCUT FOODS LTD**

### **STRATEGIC REPORT (CONTINUED)**

#### ***FOR THE PERIOD ENDED 29 JULY 2023***

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##### **S172 statement**

Under the Companies Act 2006, directors have general duties to the company. One of these duties, commonly referred to as the 's172 duty', is 'to promote the success of the company'. Part 1 of that duty requires directors to do so 'for the benefit of its members as a whole', and in doing so, to have regard to the factors below.

##### **The likely consequences of any decisions in the long term**

We engage with our investors on a regular basis to share our vision and strategy. Our investors have a wealth of knowledge and provide invaluable support to the company, sharing our belief that success is built on establishing long-term strategic and progressive relationships.

Monthly meetings with our investors include a review of financial performance, candid discussions with regard to any concerns raised, and collaborative dialogue to explore opportunities that drive sustainable and profitable growth. Meeting minutes are taken and agreed actions reviewed to ensure continual improvement and progression.

All decisions are made considering short, medium, and long term consequences and the impact on the stakeholders of the business. Financial planning models are regularly updated with actual results and the impact of decisions made, to ensure the business fully understands the consequences of such decisions.

##### **The interests of the company's employees**

We take great pride in our commitment to our staff, recognising that our people are our greatest asset. Our goals and values remain consistent throughout the business, and we continually strive to be an employer of choice.

We offer a competitive benefits package to our staff, and we actively encourage employees to improve and develop their skills through various training sessions and apprenticeships.

We are committed to equality and inclusion across the business. Our recruitment strategy and apprenticeship programme are always to employ the best talent and therefore is inclusive.

We passionately believe in rewarding and appreciating our staff. In the past 12 months we have created an employee appreciation committee whose objective is to improve and enhance the employee experience within our business. This includes issuing a regular bulletin to all employees in which specific employee achievements are recognised, organising regular staff events, including an employee appreciation day, summer barbeque and Christmas dinner, cooked by our team of chefs and served by the Senior Leadership team. We also actively engage our workforce through staff surveys, encouraging them to share the key issues affecting them, and ensuring that issues raised are taken into consideration and included in our decision making.

##### **The need to foster the company's business relationships with suppliers, customers, and others**

We believe in engaging and transacting with our customers and suppliers in a transparent and ethical manner.

It is our policy to agree terms with our suppliers appropriate for the market we operate in and abide by them. We continue to work with suppliers in a collaborative manner to foster relationships and ensure combined success.

We maintain dual supply for key materials and ensure technically approved, high quality contingency suppliers are in place for continuity of supply, to ensure a robust supply chain and maintain high service levels with our customers.

We continue to invest in our manufacturing capabilities to expand our customer offering and strive to be a market leader in product innovation, enhancing and developing our New Product Development and Commercial team, and making us a supplier of choice for our customers.

We firmly believe in creating and nurturing strategic partnerships for each business relationship and strive to understand each customer's specific needs, creating a bespoke offering to all our customers and developing a mutually beneficial, long-term relationship.

# FRESHCUT FOODS LTD

## STRATEGIC REPORT (CONTINUED)

### FOR THE PERIOD ENDED 29 JULY 2023

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#### **The impact of the company's operations on the community and the environment**

We are mindful of our impact on the environment and our local community. As part of our long-term objectives, our entire network is committed to becoming environmentally aware and responsible influencers. In the past 12 months we have:

- Engaged with an emission data management company to accurately measure our carbon footprint baseline and set meaningful climate objectives.
- Engaged with a solar panel specialist to carry out a feasibility study in relation to installing solar panels.
- Commenced a recycled water project, with the aim to significantly reduce our water usage.
- Supported the local FareShare charity, donating food that would otherwise go to waste.

#### **The reputation for a high standard of business conduct**

The Directors strive to maintain a reputation for high standards of business conduct. The senior team lead by example, creating a culture for high standards and high expectations, with a fair and honest approach to all aspects of the business.

We uphold the highest technical standards and refuse to compromise on quality. In the past 12 months we have:

- Maintained our AA BRC certification, demonstrating our commitment to quality.
- Continued to hold daily taste panels, constantly challenging the quality of our product, to ensure consistency and quality.
- Completed numerous customer audits, working collaboratively with our customers to continually improve our quality.

#### **The need to act fairly between members of the company**

The company is committed to acting fairly between all stakeholders and being transparent in its activities. We aim to ensure that their respective views are factored into our decision making processes, seeking to balance interests, and promote and maximise value for all parties in both the immediate and longer term. We strive to be a trusted partner of choice, delivering the highest standards of service, innovation, quality, and safety in an ethical, sustainable, and profitable manner.

On behalf of the board

*Matthew Wood*

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Mr M K Wood

**Director**

15/2/2024

Date: .....

# **FRESHCUT FOODS LTD**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 29 JULY 2023**

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The directors present their annual report and financial statements for the period ended 29 July 2023.

#### **Principal activities**

The principal activity of the company continued to be the supply of added-value plant-based ingredients.

#### **Directors**

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

Mr D K Bondi	(Resigned 16 June 2023)
Mr C F Copestake	
Mr D Gilman	
Mrs M Jones	
Mr M K Wood	

#### **Results and dividends**

The results for the period are set out on page 13.

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

#### **Financial instruments**

##### **Credit risk**

The predominant risk to cashflow is the timely collection of outstanding receivables and the risk of bad debt. Rigorous checks are carried out on customers to determine their long-term viability and credit limits are set and monitored regularly, to limit the company's exposure. Outstanding debt is managed on a daily basis with strict credit control policies in place. Tight credit control procedures have ensured that bad debts are minimal.

##### **Price risk**

The company continues to monitor and manage the impact from the current cost of living crisis within the economy. We work closely with our suppliers to negotiate best prices and secure long term contracts in order to mitigate this risk. The company has also been successful in securing customer price increases where absolutely necessary.

##### **Foreign currency risk**

There is a risk of significant exposure to foreign currency movements, primarily euro, due to the company importing a significant amount of its products. As a result, foreign currency forward contracts are taken out to manage the risk. There was £660k worth of forward contracts outstanding at the year end.

##### **Interest rate risk**

The company is party to a group wide funding arrangement through financing facilities incurring interest at a margin over the SONIA interest rate.

The Board regularly reviews the risk to the company of movement in interest rates and enters into interest rate swaps if required to protect against significant rate rises.

#### **Research and development**

As at 29 July 2023 the Company were engaged in research and development involving the product development of exciting on trend and new dishes, to make "veg the hero".

#### **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.



## **FRESHCUT FOODS LTD**

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

#### **FOR THE PERIOD ENDED 29 JULY 2023**

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##### **Employee involvement**

The company's policy is to consult and discuss with employees, 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.

The Company values communication between management and employees on all matters affecting the welfare of the business. Regular meetings are held between management and employees to allow a free flow of information and ideas.

##### **Business relationships**

The Company views its suppliers, customers, and employees as its principal stakeholders, and is committed to engaging with them. Stakeholders are directly engaged with to discuss any concerns or proposals, which are discussed at Board level.

The Company are invested in long term strategic relationships with all our stakeholders, working in partnership to be as efficient and effective as possible. Every decision we make is taken with our stakeholders in mind, considering what is best for the relationship in the long term.

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

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

##### **Post reporting date events**

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

##### **Future developments**

We are confident that the company is well positioned for growth. We continue to invest in both production capacity and capability, creating significant added value opportunities, and ensuring we can capitalise upon new work streams in the food sector and realise our potential.

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

##### **Auditor**

In accordance with the company's articles, a resolution proposing that Grant Thornton UK LLP be reappointed as auditor of the company will be put at a General Meeting.

##### **Energy and carbon report**

The company has taken the exemption available under S20A of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 not to produce an Energy and Carbon Report on the grounds that is a wholly owned subsidiary that is incorporated into the consolidated financial statements Percy Topco Ltd, which produces a consolidated Energy and Carbon Report for the group as a whole.

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

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments, employee engagement and suppliers, customers & others engagement within the S172 statement.

The business review and financial risk management, business KPIs, objectives, policies and going concern have been included in the strategic report.

## FRESHCUT FOODS LTD

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE PERIOD ENDED 29 JULY 2023

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

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

##### **Going Concern**

In assessing the appropriateness of the going concern assumption, the directors have reviewed detailed profit and cash flow forecasts considering reasonably foreseeable potential scenarios and uncertainties in relation to income, expenditure, and cash flows for a period of 12 months from the sign off of these financial statements. The company is party to a Hero Topco Limited group, group wide funding arrangement, which is repayable in April 2029 and requires specific covenants to be met. In assessing the going concern of the group as a whole, the directors have also assessed 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 12 months from the signing of these financial statements and to meet all relevant covenants tests and as such have deemed it appropriate for the financial statements to be prepared on the going concern basis.

On behalf of the board

*Matthew Wood*

.....  
Mr M K Wood

**Director**

15/2/2024

Date: .....

## FRESHCUT FOODS LTD

### DIRECTORS' RESPONSIBILITIES STATEMENT

***FOR THE PERIOD ENDED 29 JULY 2023***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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.

On behalf of the board

*Matthew Wood*

.....  
Mr M K Wood

**Director**

.....  
15/2/2024

# **FRESHCUT FOODS LTD**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FRESHCUT FOODS LTD**

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#### **Opinion**

We have audited the financial statements of Freshcut Foods Limited (the 'company') for the period ended 29 July 2023, which comprise the profit and loss account, the statement of financial position and the 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 29 July 2023 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the '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 the Russia-Ukraine war and cost of living crisis, 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.

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

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

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

## **FRESHCUT FOODS LTD**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FRESHCUT FOODS LTD**

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#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

## **FRESHCUT FOODS LTD**

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

#### **TO THE MEMBERS OF FRESHCUT FOODS LTD**

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 applicable to the company and we determined that the laws and regulations most directly relevant to specific assertions in the financial statements are those related to the reporting framework (being FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' and the Companies Act 2006) and relevant tax legislation in the UK. In addition, we concluded that there are certain significant laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements such as health and safety regulations, employment law and anti-bribery legislation.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance, and updating our understanding of the company's operations, financial reporting obligations and control environment, including around compliance with laws and regulations. We considered the risk of fraud to be higher through the potential for management override of controls.
- Audit procedures performed by the engagement team included:
  - identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud, particularly around journal processing;
  - journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business;
  - challenging assumptions and judgements made by management relating to its areas of significant estimation and judgement;
  - reviewing legal and professional expenditure in the year to assess for any indicators of non-compliance with relevant laws and regulations; and
  - completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- 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.
- Assessment by the engagement partner of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - knowledge of the industry in which the company operates and understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and
  - understanding of the legal and regulatory requirements specific to the company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## FRESHCUT FOODS LTD

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FRESHCUT FOODS LTD

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

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.

**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**

**Chartered Accountants**  
**Statutory Auditor**

15/2/2024

Date: .....

**FRESHCUT FOODS LTD****PROFIT AND LOSS ACCOUNT****FOR THE PERIOD ENDED 29 JULY 2023**

		<b>Period ended 29 July 2023 £</b>	<b>Year ended 31 July 2022 £</b>
	<b>Notes</b>		
<b>Turnover</b>	<b>3</b>	42,401,823	35,443,756
Cost of sales		(29,776,907)	(24,010,801)
<b>Gross profit</b>		12,624,916	11,432,955
Distribution costs		(2,549,408)	(2,100,904)
Administrative expenses		(9,918,121)	(8,645,652)
Other operating income	<b>3</b>	23,482	23,937
<b>Operating profit</b>	<b>5</b>	180,869	710,336
Interest payable and similar expenses	<b>7</b>	(769)	(769)
<b>Profit before taxation</b>		180,100	709,567
Tax on profit	<b>8</b>	(830)	(550,950)
<b>Profit for the financial period</b>		179,270	158,617

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

The notes on pages 16 to 28 form part of these financial statements.



**FRESHCUT FOODS LTD****STATEMENT OF FINANCIAL POSITION****AS AT 29 JULY 2023**

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Tangible assets	10		6,601,514		6,954,826
<b>Current assets</b>					
Stocks	11	1,531,887		1,311,954	
Debtors	12	6,930,601		4,972,399	
Cash at bank and in hand		1,812,856		1,634,919	
		10,275,344		7,919,272	
<b>Creditors: amounts falling due within one year</b>	13	(12,606,744)		(10,748,292)	
<b>Net current liabilities</b>			(2,331,400)		(2,829,020)
<b>Total assets less current liabilities</b>			4,270,114		4,125,806
<b>Creditors: amounts falling due after more than one year</b>	14		(3,623)		(7,481)
<b>Provisions for liabilities</b>					
Deferred tax liability	16	(519,846)		(550,950)	
			(519,846)		(550,950)
<b>Net assets</b>			3,746,645		3,567,375
<b>Capital and reserves</b>					
Called up share capital	18		6,233		6,233
Share premium account			130,133		130,133
Capital redemption reserve	19		40		40
Profit and loss reserves			3,610,239		3,430,969
<b>Total equity</b>			3,746,645		3,567,375

The notes on pages 16 to 28 form part of these financial statements.

15/2/2024

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

*Matthew Wood*

Mr M K Wood  
Director

Company Registration No. 04584241

**FRESHCUT FOODS LTD****STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 29 JULY 2023**

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 August 2021</b>	6,233	130,133	40	3,272,352	3,408,758
<b>Period ended 31 July 2022:</b>					
Profit for the period	-	-	-	158,617	158,617
<b>Balance at 31 July 2022</b>	6,233	130,133	40	3,430,969	3,567,375
<b>Period ended 29 July 2023:</b>					
Profit for the period	-	-	-	179,270	179,270
<b>Balance at 29 July 2023</b>	6,233	130,133	40	3,610,239	3,746,645

The notes on pages 16 to 28 form part of these financial statements.

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 29 JULY 2023

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#### 1 Accounting policies

##### Company information

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

#### 1.1 Reporting period

The directors have prepared these financial statements as permitted by Section 390 of the Companies Act 2006 for a period within 7 days of the accounting reference date, namely for a period of 363 days to 29th July 2023 to coincide with internal reporting requirements.

#### 1.2 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. 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 financial instruments not measured at fair value; 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 Percy Topco Limited. These consolidated financial statements are available from its registered office, Units 14-16 Lilac Grove, Beeston, Nottingham, England, NG9 1PF.

#### 1.3 Going concern

In assessing the appropriateness of the going concern assumption, the directors have reviewed detailed profit and cash flow forecasts considering reasonably foreseeable potential scenarios and uncertainties in relation to income, expenditure and cash flows for a period of 12 months from the sign off of these financial statements. The company is party to a Hero Topco Limited group, group wide funding arrangements, which is repayable in April 2029 and requires specific covenants to be met. In assessing the going concern of the group as a whole, the directors have also assessed 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 12 months from the signing of these financial statements and to meet all relevant covenants tests and as such have deemed it appropriate for the financial statements to be prepared on the going concern basis.

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 JULY 2023

#### 1 Accounting policies

(Continued)

##### 1.4 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.

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.

##### 1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

##### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost 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.

##### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

##### 1.8 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.

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.

##### 1.9 Cash and cash equivalents

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

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 JULY 2023

#### 1 Accounting policies

(Continued)

##### 1.10 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 statement of financial position 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. Financial assets classified as receivable within one year are not amortised.

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

Financial assets 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.

##### **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.

##### **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, loans from fellow group companies and from related parties, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

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

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

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

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

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 JULY 2023

#### 1 Accounting policies

(Continued)

##### 1.11 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.

##### 1.12 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 income statement 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 income statement, 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.

##### 1.13 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.

##### 1.14 Retirement benefits

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

##### 1.15 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 statement of financial position 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.

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 JULY 2023

#### 1 Accounting policies

(Continued)

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 leases asset are consumed.

##### 1.16 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.

##### 1.17 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.

#### 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

###### *Intercompany loans*

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

#### 3 Turnover and other revenue

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
Sale of goods	42,401,823	35,443,756

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 29 JULY 2023**

3 Turnover and other revenue	(Continued)	
	2023 £	2022 £
<b>Turnover analysed by geographical market</b>		
UK	42,262,823	35,346,756
EU	139,000	97,000
	<u>42,401,823</u>	<u>35,443,756</u>
	2023 £	2022 £
<b>Other revenue</b>		
Grants received	<u>23,482</u>	<u>23,937</u>
4 Auditor's remuneration		
	2023 £	2022 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	<u>50,355</u>	<u>28,500</u>
<b>For other services</b>		
Taxation compliance services	6,000	5,000
Other taxation services	-	11,750
All other non-audit services	-	10,500
	<u>6,000</u>	<u>27,250</u>
5 Operating profit		
	2023 £	2022 £
Operating profit for the period is stated after charging/(crediting):		
Exchange losses/(gains)	3,049	(85,868)
Government grants	(23,482)	(23,937)
Fees payable to the company's auditor for the audit of the company's financial statements	50,355	28,500
Depreciation of owned tangible fixed assets	1,703,363	1,628,867
Depreciation of tangible fixed assets held under finance leases	6,275	6,275
Operating lease charges	<u>412,193</u>	<u>422,055</u>



# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 JULY 2023

### 6 Employees

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

	2023 Number	2022 Number
Production staff	214	179
Administration staff	60	56
Management staff	5	3
Total	279	238

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	6,761,140	5,420,170
Social security costs	583,059	494,825
Pension costs	122,007	108,909
	7,466,206	6,023,904

None of the directors received any remuneration during the year, (2022: £nil).

### 7 Interest payable and similar expenses

	2023 £	2022 £
Interest on finance leases and hire purchase contracts	769	769

### 8 Taxation

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	31,934	-

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 29 JULY 2023**

<b>8 Taxation</b>	<b>(Continued)</b>	
	<b>2023</b> <b>£</b>	<b>2022</b> <b>£</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(31,104)	104,607
Adjustment in respect of prior periods	-	446,343
	<u>(31,104)</u>	<u>446,343</u>
Total deferred tax	<u>(31,104)</u>	<u>550,950</u>
	<u>830</u>	<u>550,950</u>
Total tax charge		

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

	<b>2023</b> <b>£</b>	<b>2022</b> <b>£</b>
Profit before taxation	<u>180,100</u>	<u>709,567</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 21.01% (2022: 19.00%)	37,831	134,818
Tax effect of expenses that are not deductible in determining taxable profit	1,981	(4,362)
Adjustments in respect of prior years	(4,970)	25,106
Group relief	-	473,525
Research and development tax credit	-	(172,900)
Deferred tax adjustments in respect of prior years	-	446,343
Fixed asset differences	(34,012)	(350,754)
Additional deduction for land remediation expenditure	-	(826)
	<u>830</u>	<u>550,950</u>
Taxation charge for the period		

**9 Intangible fixed assets**

	<b>Goodwill</b> <b>£</b>
<b>Cost</b>	
At 1 August 2022 and 29 July 2023	<u>313,508</u>
<b>Amortisation and impairment</b>	
At 1 August 2022 and 29 July 2023	<u>313,508</u>
<b>Carrying amount</b>	
At 29 July 2023	<u>-</u>
At 31 July 2022	<u>-</u>

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 JULY 2023

#### 10 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 August 2022	14,497,770	488,686	14,986,456
Additions	1,304,041	52,285	1,356,326
At 29 July 2023	15,801,811	540,971	16,342,782
<b>Depreciation and impairment</b>			
At 1 August 2022	7,584,001	447,629	8,031,630
Depreciation charged in the period	1,679,969	29,669	1,709,638
At 29 July 2023	9,263,970	477,298	9,741,268
<b>Carrying amount</b>			
At 29 July 2023	6,537,841	63,673	6,601,514
At 31 July 2022	6,913,769	41,057	6,954,826

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

	2023 £	2022 £
Plant and equipment	7,705	13,980

#### 11 Stocks

	2023 £	2022 £
Raw materials and consumables	1,083,189	1,033,483
Finished goods and goods for resale	448,698	278,471
	1,531,887	1,311,954

A stock provision totalling £165,217 (2022:£120,587) has been made against the carrying value of the stock in the balance sheet to reflect expected net realisable value.

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 JULY 2023

### 12 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Trade debtors	5,433,648	4,005,629
Amounts owed by group undertakings	877,477	163,827
Other debtors	410,951	549,399
Prepayments and accrued income	208,525	253,544
	<u>6,930,601</u>	<u>4,972,399</u>

### 13 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Obligations under finance leases	15	3,858	5,826
Trade creditors		4,825,886	4,090,211
Amounts owed to group undertakings		5,900,514	4,653,395
Corporation tax		31,934	-
Other taxation and social security		188,009	148,581
Other creditors		310,297	448,118
Accruals and deferred income		1,346,246	1,402,161
		<u>12,606,744</u>	<u>10,748,292</u>

Amounts owed to the 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.

### 14 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Obligations under finance leases	15	<u>3,623</u>	<u>7,481</u>

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

### 15 Finance lease obligations

	2023 £	2022 £
<b>Future minimum lease payments due under finance leases:</b>		
Within one year	3,858	5,826
In two to five years	3,623	7,481
	<u>7,481</u>	<u>13,307</u>

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 JULY 2023

### 15 Finance lease obligations

(Continued)

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.

### 16 Deferred taxation

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

	Liabilities 2023 £	Liabilities 2022 £
<b>Balances:</b>		
Accelerated capital allowances	525,120	555,471
Short term timing differences	(5,274)	(4,521)
	<u>519,846</u>	<u>550,950</u>
		<b>2023 £</b>
<b>Movements in the period:</b>		
Liability at 1 August 2022		550,950
Credit to profit or loss		(31,104)
		<u>519,846</u>
Liability at 29 July 2023		<u>519,846</u>

In addition to the deferred tax liability above, the Company has additional unrecognised gross tax losses of £nil, (2022: £nil).

### 17 Retirement benefit schemes

	2023 £	2022 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>122,007</u>	<u>108,908</u>

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

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 JULY 2023

#### 18 Share capital

	2023 Number	2022 Number	2023 £	2022 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary A shares of £1 each	-	5,680	-	5,680
Ordinary C shares of £1 each	-	280	-	280
Ordinary D shares of £1 each	-	40	-	40
Ordinary E shares of £1 each	-	72	-	72
Ordinary F shares of £1 each	-	161	-	161
Ordinary shares of £1 each	6,233	-	6,233	-
	<u>6,233</u>	<u>6,233</u>	<u>6,233</u>	<u>6,233</u>

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

During the period the following took place:

5,680 Ordinary A shares of £1 per share were re-designated as 5,680 Ordinary shares of £1 each.  
 280 Ordinary C shares of £1 per share were re-designated as 280 Ordinary shares of £1 each.  
 40 Ordinary D shares of £1 per share were re-designated as 40 Ordinary shares of £1 each.  
 72 Ordinary E shares of £1 per share were re-designated as 72 Ordinary shares of £1 each.  
 161 Ordinary F shares of £1 per share were re-designated as 161 Ordinary shares of £1 each.

#### 19 Capital redemption reserve

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

#### 20 Financial commitments, guarantees and contingent liabilities

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

#### 21 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:

	2023 £	2022 £
Within one year	430,022	390,706
Between two and five years	1,388,208	1,477,655
In over five years	-	124,640
	<u>1,818,230</u>	<u>1,993,001</u>

# FRESHCUT FOODS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 JULY 2023

#### 22 Related party transactions

##### Transactions with related parties

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

	Sales 2023 £	Sales 2022 £	Purchases 2023 £	Purchases 2022 £
SCA Investments Limited	1,821,156	2,257,000	-	-
Braeside Marle Properties Limited	-	-	137,271	146,000
Altech Ltd	-	-	51,035	29,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

	2023 £	2022 £
<b>Amounts due to related parties</b>		
SCA Investments Limited	624	-
Braeside Marle Properties Limited	-	21,600
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

	2023 £	2022 £
<b>Amounts due from related parties</b>		
SCA Investments Limited	-	238,048
	<u>          </u>	<u>          </u>

##### Other information

The company has taken advantage of the exemption available under FRS 102 from disclosing transactions and balances with other wholly owned group companies that form part of the Percy Topco Limited group.

#### 23 Ultimate controlling party

The immediate parent undertaking is Percy Bidco Limited. The smallest and largest group in which the company is consolidated is Percy Topco Limited. The registered office of Percy Topco Limited is Units 14-16 Lilac Grove, Beeston, Nottingham, England, NG9 1PF. The consolidated financial statements of Percy Topco Limited are available from Companies House.

The ultimate controlling party is Flywheel Hero, L.P..