COMPANY REGISTRATION NUMBER: 04993423

Pipers Crisps Limited

Financial Statements

For the year ended

31 December 2020

Pipers Crisps Limited

Financial Statements

Year ended 31 December 2020

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Pipers Crisps Limited

Officers and Professional Advisers

The board of directors	J K Averiss V E Evans A J Macleod C E Stone
Registered office	Building 4 Chiswick Business Park 566 Chiswick High Road London W4 5YE
Auditor	KPMG LLP Chartered Accountants & Statutory Auditor 2 Forbury Place 33 Forbury Road Reading RG1 3AD
Banker	Barclays Bank PLC 81 High Street Scunthorpe North Lincolnshire DN15 6LZ

Pipers Crisps Limited

Strategic Report

Year ended 31 December 2020

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was the manufacture and distribution of potato crisps.

BUSINESS REVIEW

Turnover decreased by 8.7% to £10,493,658 (2019: £11,498,730), driven by a reduction in demand in the 'away from home' sector as a result of the COVID-19 pandemic.

Operating profit decreased to a loss of £1,633,519 (2019: £60,609 profit), driven primarily by a reduction in turnover and an increased cost base due to incurring COVID related costs.

The financial position of the company at the period end remains similar to the prior period, with key changes being movements between categories of working capital such as stocks, debtors and creditors.

The business monitors progress and performance against a number of Key Performance Indicators, those that communicate the financial performance and strength of the company as a whole, being turnover and gross profit.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks to the company are:

- Operational risks related to manufacture, sales and marketing of snack products.
- Increases in operating costs.
- Changes in interest rates.

The company anticipates, measures and manages its exposure to risk through strategic planning and management reporting. The company has limited exposure to foreign exchange rates as the majority of costs are incurred in GBP. Commodity prices are managed through pricing agreements with fellow group companies.

The company has utilised risk management tools to identify associated risks as a result of the UK's referendum to leave the European Union. The principal risks identified above are considered to represent the most prominent risks associated with such decision. The company has put in place measures to mitigate such risks and are well placed to navigate and mitigate through a period of both continued uncertainty and significant change.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Pipers Crisps Limited

Strategic Report ***(continued)***

Year ended 31 December 2020

Covid-19

We are closely monitoring the potential impact of COVID-19 on our 2021 financial results and cashflows. Our top priority remains the health and safety of our employees, contractors and visitors, and ensuring continuity of supply by maintaining production and service to our customers.

Based on information provided by the Government, the Health & Safety Executive (HSE), the World Health Organisation (WHO) and also information available publicly, we are taking a number of measures to reduce any potential impact on our operations to ensure business continuity through this period. This involves taking precautions across our supply chain, and continuing to work closely with authorities across our businesses to ensure the continued safety of our products and manufacturing locations.

Crisis management teams are in place to review and ensure we are following global standards to keep our business running and our employees safe, including protocols for dealing with potential exposure to COVID-19, and we're continuously re-evaluating and refining our ways of working to best serve the communities we operate in during this challenging time. As the scientific and medical guidance continues to evolve, we will continue to adjust our approach and response to ensure the health and safety of our products and employees.

As a result of measures implemented we currently do not expect any significant financial impacts on the business which would significantly impact on the amounts presented in these financial statements or on the going concern of the company.

Brexit

The United Kingdom "(UK)" left the European Union "(EU)" on 31 January 2020, with a transition period effective until 31 December 2020. Brexit has directly impacted the company, however any potential disruption has been mitigated by the Company's detailed contingency plan and the Directors' are taking reasonable steps to mitigate the potential disruption.

The principal risks, which could adversely affect demand for products, financial conditions and results of operations, are potential changes in laws, regulations and government policies including tariffs, taxes and movement of goods and people.

Pipers Crisps Limited

Strategic Report ***(continued)***

Year ended 31 December 2020

This report was approved by the board of directors on 21 September 2021 and signed on behalf of the board by:

C E Stone
Director

Registered office:
Building 4
Chiswick Business Park
566 Chiswick High Road
London
W4 5YE

Pipers Crisps Limited

Directors' Report

Year ended 31 December 2020

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

Directors

The directors who served the company during the year were as follows:

J K Averiss
V E Evans
A J Macleod
C E Stone

Dividends

No dividends were paid during the year (2019: £nil).

On 2 March 2021, a dividend of £14,200,000 was declared and paid following the sale of the Company's intellectual property to a fellow subsidiary. See note 27 for further details.

Employee communication and policy

The company follows an employment policy of non-discrimination on the grounds of gender, race or age and gives full and fair consideration to the employment of disabled persons.

The company promotes a positive attitude by ensuring that recruitment staff are fully conversant with the statutory provisions on discrimination and by giving full and fair consideration to applications for employment by disabled people, having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made to retain and assist employees who become disabled during service. Furthermore, disabled employees have equal opportunities than other employees in relation to training, career progression and promotion.

The company provides all employees with information on its financial and economic progress in regular internal newspapers, videos and business update meetings. Group briefings and individual employee consultations are also held.

Creditor payment policy

The company values its relationship with its many suppliers. As part of meeting its obligations under each purchase transaction the company's policy is to pay amounts due for settlement in accordance with the negotiated terms of trade.

Environmental policy

In order for the business to grow sustainably, the company is actively seeking to reduce its environmental impact. Efforts have been focused on addressing climate change, resource depletion and water shortages, issues the company believes it has the greatest ability to influence. Addressing these issues will help the business achieve its longer term strategy of having a net positive impact on the environment.

Political donations

The company has made no political donations in the period (2019: £nil).

Pipers Crisps Limited

Directors' Report *(continued)*

Year ended 31 December 2020

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

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

This report was approved by the board of directors on 21 September 2021 and signed on behalf of the board by:

Claire Stone

C E Stone
Director

Registered office:
Building 4
Chiswick Business Park
566 Chiswick High Road
London
W4 5YE

Pipers Crisps Limited

Statement of directors' responsibilities in respect of the annual report and the financial statements

Year ended 31 December 2020

The directors are responsible for preparing the strategic report, 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 period. Under that law they have elected to prepare the financial in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgments 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Pipers Crisps Limited

Year ended 31 December 2020

Opinion

We have audited the financial statements of Pipers Crisps Limited ("the company") for the year ended 31st December 2020 which comprise the statement of income and retained earnings and statement of financial position, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

Independent Auditor's Report to the Members of Pipers Crisps Limited

Year ended 31 December 2020

- Enquiring of directors and management and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board minutes.

- Considering remuneration incentive schemes and performance targets for management and sales staff.

- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment and understanding of the entity's processes, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Cut-off procedures that include obtaining supporting documentation for the date revenues should be recognized and then comparing it to the date it was actually recognized by management

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

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

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

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

Independent Auditor's Report to the Members of Pipers Crisps Limited

Year ended 31 December 2020

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

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

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

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, 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

Independent Auditor's Report to the Members of Pipers Crisps Limited

Year ended 31 December 2020

We have nothing to report in these respects.

Directors' responsibilities

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

Auditor's responsibilities

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

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

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

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

Cerys Doughty

Cerys Doughty (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Two Forbury Place
33 Forbury Road
Reading
RG1 3AD

24 September 2021

Pipers Crisps Limited

Statement of Income and Retained Earnings

Year ended 31 December 2020

	Note	Year to 31 Dec 20 £	Period from 2 Feb 19 to 31 Dec 19 £
Turnover	4	**10,493,658**	11,498,730
Cost of sales		**(4,846,460)**	(4,698,034)
Gross profit		**5,647,198**	6,800,696
Administrative expenses		**(7,374,531)**	(6,799,820)
Other operating income	5	**93,814**	59,733
Operating (loss)/profit	6	**(1,633,519)**	60,609
Other interest receivable and similar income	9	**–**	57
Interest payable and similar expenses	10	**(30,974)**	(19,008)
(Loss)/profit before taxation		**(1,664,493)**	41,658
Tax on (loss)/profit	11	**96,109**	–
(Loss)/profit for the financial year and total comprehensive income		**(1,568,384)**	41,658
Retained earnings at the start of the year		**1,216,163**	1,174,505
Retained (losses)/earnings at the end of the year		**(352,221)**	1,216,163

All the activities of the company are from continuing operations.

Pipers Crisps Limited

Statement of Financial Position

As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	12		68,148		121,760
Tangible assets	13		2,831,435		3,273,449
			2,899,583		3,395,209
Current assets					
Stocks	14	630,877		590,063	
Debtors	15	1,606,075		2,199,887	
Cash at bank and in hand		692,797		640,615	
		2,929,749		3,430,565	
Creditors: amounts falling due within one year	16	(5,835,979)		(4,837,554)	
Net current liabilities			(2,906,230)		(1,406,989)
Total assets less current liabilities			(6,647)		1,988,220
Creditors: amounts falling due after more than one year	17		(345,568)		(772,051)
Net (liabilities)/assets			(352,215)		1,216,169
Capital and reserves					
Called up share capital	22		6		6
Profit and loss account	23		(352,221)		1,216,163
Shareholders funds			(352,215)		1,216,169

These financial statements were approved by the board of directors and authorised for issue on 21 September 2021, and are signed on behalf of the board by:

Claire Stone

C E Stone
Director

Company registration number: 04993423

Pipers Crisps Limited

Notes to the Financial Statements

As at 31 December 2020

1. General information

The company is a private company limited by shares, registered and incorporated in England and Wales. The address of the registered office is Building 4, Chiswick Business Park, 566 Chiswick High Road, London, W4 5YE.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard appliable in the UK and Republic of Ireland'.

3. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

(b) Going concern

The financial statements have been prepared on the going concern basis which the Directors consider to be appropriate for the following reasons.

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review in the Strategic Report. The financial position of the company, its cash flows, liquidity position and borrowing facilities are directly related to the consolidated position of PepsiCo, Inc. As such, details of this Group wide position are described in the consolidated financial statements of PepsiCo, Inc., available to the public from the address in note 26.

In addition, the notes to the consolidated financial statements of PepsiCo, Inc. include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Directors have assessed the impact of the ongoing COVID-19 situation on the company's business. Whilst the company has seen a reduction in demand in the 'away from home' sector during the year, particularly during the second UK lockdown, there are not deemed to be any significant impacts of these subsequent events on the company's liquidity, the valuation of its assets, the completeness of its liabilities and its ability to continue as a going concern until at least a year from the issuance of the financial statements for the period ended December 31, 2020. During the second UK lockdown in the winter of 2020, the company was able to continue to operate with support from the group although there was still a knock on impact on demand in the 'away from home' sector.

Notwithstanding net current liabilities of £2,906,230 as at 31 December 2020 and a loss for the year then ended of £1,568,384, the Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of plausible downsides on the operations and its financial resources, the Company will have sufficient funds through funding from its fellow subsidiary company, Walkers Snacks Limited, to meet its liabilities as they fall due for that period.

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

3. Accounting policies *(continued)*

In preparing the forecasts the Directors have considered the following:

- Cashflows including plausible downside scenarios resulting from the impact of COVID-19, including significant reductions in demand in the 'away from home' sales channel through 2021 and 2022 due to the risk of closures in the pubs/clubs sector. If the 'away from home' demand were to be commensurate with the same level as the March/April 2020 lockdown throughout the going concern period the company will continue to operate within its facilities.

- An intercompany funding facility of £2.5 million with a fellow subsidiary company, Walkers Snacks Limited, of which £NIL is drawn down at the point of signing these financial statements, and which does not expire during the forecast period. The amount of this facility is more than the amount needed by the company during 2020 to continue to operate.

- The repayment of an intercompany loan in March 2021 of £2 million.

Those forecasts are dependent on PepsiCo Inc. controlled companies maintaining levels of support currently provided. PepsiCo Inc. has indicated its intention to continue to make available such funds as are needed by the company, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

(c) Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of PepsiCo, Inc which can be obtained from the registered office - see note 30. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) No cash flow statement has been presented for the company.
(b) No disclosure has been given for the aggregate remuneration of key management personnel.
(c) The company has taken advantage of the exemptions provided in FRS 102 from reporting transactions between wholly owned members of the group.

(d) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

3. Accounting policies *(continued)*

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(e) Plant and equipment

The company's accounting policy for plant and equipment is set out below. Estimated useful economic lives of plant and equipment are based on management's judgement and historical experience with similar assets.

(f) Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue is reduced for rebates, the measurement of which is determined by contractual arrangements with customers. Sales rebates are recognised in the same period as the revenue is recorded.

(g) Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

3. Accounting policies *(continued)*

(h) Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

(i) Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Stamp Duty	-	10% straight line
Computer software	-	20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

(j) Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

(k) Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Crisp Production Equipment	-	10% straight line
Fixtures & Fittings	-	20% straight line
Office Equipment	-	33% straight line

(l) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

3. Accounting policies *(continued)*

(m) Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Work in progress and finished goods are valued on the basis of direct costs plus attributable labour based on normal level of activity. Provision is made for foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress or finished goods.

(n) Finance leases and hire purchase contracts

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

(o) Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

3. Accounting policies *(continued)*

(p) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

(q) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

3. Accounting policies *(continued)*

(r) Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	Year to 31 Dec 20 £	Period from 2 Feb 19 to 31 Dec 19 £
Sale of goods	**10,493,658**	11,498,730

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	Year to 31 Dec 20 £	Period from 2 Feb 19 to 31 Dec 19 £
United Kingdom	**9,199,647**	10,429,861
Europe	**1,067,126**	859,026
Rest of world	**226,885**	209,843
	10,493,658	11,498,730

5. Other operating income

	Year to 31 Dec 20 £	Period from 2 Feb 19 to 31 Dec 19 £
Government grant income	**93,814**	59,733

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	Year to 31 Dec 20 £	Period from 2 Feb 19 to 31 Dec 19 £
Amortisation of intangible assets	**53,612**	38,366
Depreciation of tangible assets	**593,053**	528,150
Loss on disposal of tangible assets	**39,131**	–
Impairment of trade debtors	**68,139**	2,110
Foreign exchange differences	**–**	(47)

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

7. Auditor's remuneration

	Year to 31 Dec 20	Period from 2 Feb 19 to 31 Dec 19
	£	£
Fees payable for the audit of the financial statements	32,000	31,650

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Production staff	27	35
Administrative staff	51	59
Management staff	4	9
	82	103

The aggregate payroll costs incurred during the year, relating to the above, were:

	Year to 31 Dec 20	Period from 2 Feb 19 to 31 Dec 19
	£	£
Wages and salaries	3,529,438	3,213,798
Social security costs	264,933	271,988
Contributions to defined contribution plans	50,097	46,266
	3,844,468	3,532,052

No directors were remunerated for their services by Pipers Crisps Limited. The directors principally work for other group companies and there were no qualifying services attributable to the company. Their emoluments, in both periods, have been borne by the group company where the majority of the directors time is expended.

9. Other interest receivable and similar income

	Year to 31 Dec 20	Period from 2 Feb 19 to 31 Dec 19
	£	£
Interest on cash and cash equivalents	–	57

10. Interest payable and similar expenses

	Year to 31 Dec 20	Period from 2 Feb 19 to 31 Dec 19
	£	£
Interest on obligations under finance leases and hire purchase contracts	28,015	19,008
Interest due to group undertakings	2,959	–
	30,974	19,008

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

11. Tax on (loss)/profit

Major components of tax income

	Year to 31 Dec 20 £	Period from 2 Feb 19 to 31 Dec 19 £
Deferred tax:		
Origination and reversal of timing differences	**(96,109)**	–
Tax on (loss)/profit	**(96,109)**	–

Reconciliation of tax income

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	Year to 31 Dec 20 £	Period from 2 Feb 19 to 31 Dec 19 £
(Loss)/profit on ordinary activities before taxation	**(1,664,493)**	41,658
(Loss)/profit on ordinary activities by rate of tax	**(316,254)**	7,915
Effect of expenses not deductible for tax purposes	**35,612**	12,815
Effect of different UK tax rates on some earnings	**-**	(999)
Utilisation of tax losses	**-**	(40,461)
Movement in losses for which no deferred tax was recognised	**(83,555)**	20,730
Losses group relieved	**268,088**	–
Tax on (loss)/profit	**(96,109)**	–

As at 31 December 2020 the company had unused tax losses, for which no deferred tax asset was recognised, of £nil (2019 - £440,000).

Factors that may affect future tax charge

The corporation tax rate will increase from 19% to 25% from 1 April 2023 on profits in excess of £250,000. A small profits rate of 19% will apply to profits of £50,000 or less. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by marginal relief providing a gradual increase in the effective corporation tax rate.

The finance bill was introduced in March 2021 and substantively enacted in July 2021, subsequent to the receipt of royal ascent. As such, the deferred tax has been calculated at a rate of 19% being the enacted rate at the balance sheet date.

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

12. Intangible assets

	Stamp Duty	Computer software	**Total**
	£	£	**£**
Cost			
At 1 January 2020 and 31 December 2020	10,601	268,280	**278,881**
Amortisation			
At 1 January 2020	3,976	153,145	**157,121**
Charge for the year	1,060	52,552	**53,612**
At 31 December 2020	5,036	205,697	**210,733**
Carrying amount			
At 31 December 2020	5,565	62,583	**68,148**
At 31 December 2019	6,625	115,135	121,760

Amortisation of intangible assets is included in administrative expenses.

13. Tangible assets

	Plant and machinery	Fixtures and fittings	Equipment	**Total**
	£	£	£	**£**
Cost				
At 1 January 2020	5,714,741	167,731	602,625	**6,485,097**
Additions	136,166	42,212	39,123	**217,501**
Disposals	(246,477)	–	–	**(246,477)**
At 31 December 2020	5,604,430	209,943	641,748	**6,456,121**
Depreciation				
At 1 January 2020	2,599,118	65,817	546,713	**3,211,648**
Charge for the year	525,707	39,550	27,796	**593,053**
Disposals	(180,015)	–	–	**(180,015)**
At 31 December 2020	2,944,810	105,367	574,509	**3,624,686**
Carrying amount				
At 31 December 2020	2,659,620	104,576	67,239	**2,831,435**
At 31 December 2019	3,115,623	101,914	55,912	3,273,449

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery
	£
At 31 December 2020	**1,051,730**
At 31 December 2019	1,400,297

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

14. Stocks

	2020	2019
	£	£
Raw materials and consumables	**511,029**	327,974
Finished goods and goods for resale	**119,848**	262,089
	630,877	590,063

15. Debtors

	2020	2019
	£	£
Trade debtors	**1,287,097**	1,863,586
Deferred tax asset (see note 19)	**96,109**	–
Corporation tax repayable	**56,265**	56,265
Other debtors	**166,604**	280,036
	1,606,075	2,199,887

16. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	**1,054,842**	994,726
Amounts owed to group undertakings	**2,627,582**	1,999,623
Accruals and deferred income	**1,621,236**	1,141,914
Social security and other taxes	**174,391**	339,290
Obligations under finance leases and hire purchase contracts	**357,928**	362,001
	5,835,979	4,837,554

Amounts owed to group undertakings includes and intercompany loan facility of £602,959 (2019: £nil), attracting an interest rate of 12 months LIBOR + 0.5%.

Obligations under finance leases are secured on the associated asset.

17. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Accruals and deferred income	**125,301**	193,856
Obligations under finance leases and hire purchase contracts	**220,267**	578,195
	345,568	772,051

Obligations under finance leases are secured on the associated asset.

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2020	2019
	£	£
Not later than 1 year	**385,559**	389,997
Later than 1 year and not later than 5 years	**243,012**	628,571
	628,571	1,018,568
Less: future finance charges	**(50,376)**	(78,372)
Present value of minimum lease payments	**578,195**	940,196

19. Deferred tax

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
Assets	£	£
Unrelieved tax losses	**326,901**	243,346
Total assets	**326,901**	243,346
Liabilities		
Accelerated capital allowances	**(230,792)**	(243,346)
Total liabilities	**(230,792)**	(243,346)
Net deferred tax asset / (liability) recognised (included in debtors see note 15)	**96,109**	-

The reversal of deferred tax liabilities in the year commencing 1 January 2021 is not expected to be material.

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £50,097 (2019: £46,266).

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

21. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2020	2019
	£	£
Recognised in creditors:		
Deferred government grants due within one year	**32,958**	58,214
Deferred government grants due after more than one year	**125,301**	193,856
	158,259	252,070
Recognised in other operating income:		
Government grants recognised directly in income	**93,814**	59,733

22. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	**3**	**3**	3	3
B Ordinary shares of £0.01 each	**100**	**1**	100	1
C Ordinary shares of £0.01 each	**100**	**1**	100	1
D Ordinary shares of £0.01 each	**50**	**1**	50	1
	253	**6**	253	6

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

23. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

24. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	**243,404**	243,404
Later than 1 year and not later than 5 years	**486,808**	730,212
	730,212	973,616

During the year £243,404 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £243,404).

25. Related party transactions

The company has taken advantage of the exemptions provided in FRS 102 from reporting transactions between wholly owned members of the group.

Pipers Crisps Limited

Notes to the Financial Statements (continued)

As at 31 December 2020

26. Controlling party

The company is a subsidiary undertaking of PepsiCo Holdings. The ultimate parent company is PepsiCo, Inc which is registered and incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that head by PepsiCo Inc, whose registered office is at 700 Anderson Hill Road, Purchase, New York 10577, United States of America.

The consolidated financial statements of this group are available to the public and may be obtained from their registered office as noted above.

No other group financial statements include the results of the company.

27. Subsequent events

On 1 March 2021, the Company sold intellectual property rights and its customer list to a fellow subsidiary for £22,000,000. These assets were not recognised on the Company's balance sheet.