

Company Registration No. 08822816 (England and Wales)

THE SWEET POTATO SPIRIT COMPANY LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2019**

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THE SWEET POTATO SPIRIT COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE SWEET POTATO SPIRIT COMPANY LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	3		60,957		8,560
Current assets					
Stocks		422,977		153,096	
Debtors	4	225,520		181,808	
Cash at bank and in hand		6,921		19,213	
		<u>655,418</u>		<u>354,117</u>	
Creditors: amounts falling due within one year	5	<u>(718,991)</u>		<u>(301,658)</u>	
Net current (liabilities)/assets			<u>(63,573)</u>		<u>52,459</u>
Total assets less current liabilities			<u>(2,616)</u>		<u>61,019</u>
Capital and reserves					
Called up share capital	6		300		300
Profit and loss reserves			<u>(2,916)</u>		<u>60,719</u>
Total equity			<u>(2,616)</u>		<u>61,019</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 29/06/2020 and are signed on its behalf by:



S J Smith
Director

THE SWEET POTATO SPIRIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

Company information

The Sweet Potato Spirit Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is St Philips Point, Temple Row, Birmingham, West Midlands, B2 5AF.

Basis of accounting

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

Going concern

At the year end the company had net current liabilities of £63,573 and net liabilities of £2,616, the directors recognise that the company is dependent on the support of group undertakings, and have received confirmation that this support will not be withdrawn for a period of at least 12 months from the date on which these financial statements are signed. Also, based on the long term business plans, the directors are confident that the company will continue to trade profitably in future periods and generate sufficient cash flows to meet its obligations as they fall due for payment.

On 11 March 2020, the World Health Organization declared the global coronavirus outbreak to be a pandemic. This has seen significant limitations placed on the movement of goods and people worldwide, with the United Kingdom implementing lockdown measures on 23 March 2020. The directors have reviewed the forecasts for the 12 month period from the date of signing these financial statements and considers the company to remain a going concern with no impact on the carrying value of the company's assets. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods 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.

Tangible fixed assets

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

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

Fixtures, fittings and equipment	20% straight line
Website development costs	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.

THE SWEET POTATO SPIRIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies (Continued)

Impairment of fixed assets

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

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

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

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

Stocks

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

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

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

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks.

Financial instruments

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

Financial instruments are recognised 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.

THE SWEET POTATO SPIRIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

THE SWEET POTATO SPIRIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2018: 2).

THE SWEET POTATO SPIRIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

3 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 October 2018	26,772
Additions	68,622
At 30 September 2019	95,394
Depreciation and impairment	
At 1 October 2018	18,212
Depreciation charged in the year	16,225
At 30 September 2019	34,437
Carrying amount	
At 30 September 2019	60,957
At 30 September 2018	8,560

4 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	86,440	156,220
Corporation tax recoverable	12,355	-
Amounts owed by group undertakings	-	91
Other debtors	126,725	25,497
	225,520	181,808

5 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	31,960	15,475
Amounts owed to group undertakings	673,531	258,472
Corporation tax	-	12,355
Other creditors	13,500	15,356
	718,991	301,658

THE SWEET POTATO SPIRIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

6 Called up share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
100 A Ordinary shares of £1 each	100	100
100 B Ordinary shares of £1 each	100	100
100 C Ordinary shares of £1 each	100	100
	<u>300</u>	<u>300</u>

7 Related party transactions

Included within creditors is an amount of £673,531 (2018: £258,472) due to Scott Farms (UK) Ltd, a group company. During the year The Sweet Potato Spirit Company Limited was advanced monies of £415,059 (2018: £Nil) and repaid monies totalling £Nil (2018: £224,195) to Scott Farms (UK) Ltd. During the year purchases and recharges totalling £147,194 (2018: £43,388) were made by Scott Farms (UK) Ltd.

During the year Scott Farms (UK) Ltd was charged management fees of £250,000 (2018: £250,000) in respect of the company's share of costs borne by them. During the year £250,000 (2018: £290,000) was received from Scott Farms (UK) Ltd. Included within debtors is an amount of £Nil (2018: £Nil) due from the same company.

8 Control

The company is a subsidiary of Washington Nelson and Smith Limited. There is no single controlling party of Washington Nelson and Smith Limited. The group accounts will be drawn up by Washington Nelson and Smith Limited, whose registered office is St Philips Point, Temple Row, Birmingham, West Midlands, B2, 5AF.

9 Events after the reporting date

Following preparation of these accounts, on 11 March 2020 the World Health Organization declared the global coronavirus outbreak to be a pandemic and the United Kingdom implemented lockdown measures on 23 March 2020 which is considered a non-adjusting post balance sheet event. Reduced customer demand and interruptions to normal working practices are expected in the short to medium term, however based on the most recent business forecast, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing the financial statements.

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Vivian Shadbolt FCA.

The auditor was RSM UK Audit LLP.