

Company registration number 09506166 (England and Wales)

MOORDALE FOODS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

MOORDALE FOODS LIMITED

COMPANY INFORMATION

Directors	Mr C R Arnett Mr N Arnett Mr T Arnett Mr A Arnett Mr R Arnett
Company number	09506166
Registered office	Unicorn House Broad Lane Gilberdyke Brough HU15 2TS
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

MOORDALE FOODS LIMITED

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MOORDALE FOODS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

The principal activity of the company is that of a manufacturer and distributor of the Cartwright and Butler brand.

Following a strong year in the previous year, the year ended 31 March 2022 has seen further growth. The company has seen an increase in revenue of 23% versus the prior year. This shows that the company's brand is continuing to strengthen, especially in a year that was still impacted by Covid-19 and lockdowns. However, profit before tax reduced by 22% which is a result of increasing costs of products throughout the year along with increased carriage from the far east. Further to this, overheads grew by 29% due to the ongoing strengthening of the senior leadership team and strategic marketing campaigns. Although these costs increased, the company has a foundation, bringing in qualified people, to support the continued growth. This growth will be found by increasing market share but expanding into other markets at home and overseas.

Net assets have increased by over £670,000 in the year although cash has seen a reduction of £1.7m, decreasing to £1m. The main reason for this is the increased stock that the company is holding, especially packaging that has been strategically purchased due to ongoing supply chain issues arriving from the far east. This is enabling the company to ride demand, especially with further growth expected. Overall, the company is in a stable place, with a strong foundation, strong brand and resources to see further targeted growth of over 25% again in the next financial year.

The company incurs research and development expenses in order to advance the quality and range of the company's products and service offering. These plans are ongoing.

MOORDALE FOODS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties

Financial risk management

In the normal course of business, the company is exposed to foreign exchange risks, credit risks and liquidity risks. The company deals in foreign currency, mainly the US Dollar purchasing items from overseas. Forward contracts have been entered into post year end to look to mitigate this where necessary. Credit risk is always present by offering credit terms to some customers. Credit referencing agencies are used for any new and existing customers and internal company policies on offering credit is in place. The company has liquidity risk also, especially whilst increasing stock levels to dampen supply chain challenges. The company still has sufficient cash resources and facilities in place that these risks can be monitored and controlled.

Key markets

A downturn in one or more of the company's key markets could have an adverse impact on revenue and profitability. The markets the company operates in vary widely from online, in high street retailers to corporate gifting. As there are so many different markets, the company is able to ride fluctuations in demand from different customer groups and at the same time try to establish themselves in other increasing markets.

Competitor activity

Depending on what competitors develop and the size of the market share that they hold, this could have impact on the company's own market share. As there is no direct competitor that is situated in so many different markets, this should have little impact on the company.

Supply chain

Over the past year there have been difficulties sourcing the materials required and on the most efficient timescale. Delays from overseas for packaging or domestically from partnering bakeries can have a significant impact on being able to fulfil the sales that the brand is now demanding. The company has invested heavily however in inventory such as packaging in order to have more control over the demand for products.

Key personnel

It could limit the company's growth potential if key personnel are not recruited and retained. This could be from senior management through to shop floor workers who are needed during seasonal peaks in demand such as Christmas. The company is actively looking towards more efficient ways of working and is improving recruitment and training processes to attract and keep workers in all departments.

Ukraine

With recent events in Ukraine, this poses a risk across a variety of areas such as the economy in general, our customers disposable income and also the supply chain. The company continues to monitor events and has customers in numerous markets along with a number of different bakeries and products that would mean if there were any shortages in products, these could be sourced from other trusted suppliers.

Covid 19

There is still the continuing risk that there could be further lockdowns and the likelihood of reduced government support in future. The company has positioned itself within numerous business/selling channels that have and can continue to ride any future lockdowns. Very little government support has been required previously and it is anticipated the key performance indicators that the company reviews are predominantly operating profit, operating profit margin and net assets. The operating profit for the year ended 31st March 2022 was £1.5m (2021: £1.9m). This resulted in an operating margin of 10% (2021: 16%). The reduction in operating profit was predominantly due to increased administrative expenses in areas such as employment costs establishing a qualified team, plus increased marketing costs to obtain the increased revenue.

MOORDALE FOODS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

On behalf of the board

Mr A Arnett
Director

14 December 2022

MOORDALE FOODS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company is that of a manufacturer and distributor of the Cartwright and Butler brand.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £473,000. The directors do not recommend payment of a further dividend.

Directors

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

Mr C R Arnett
Mr N Arnett
Mr T Arnett
Mr A Arnett
Mr R Arnett

Auditor

MHA Moore and Smalley were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company'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 financial risk management, future developments and research and development.

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.

On behalf of the board

Mr A Arnett
Director

14 December 2022

MOORDALE FOODS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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). 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.

MOORDALE FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MOORDALE FOODS LIMITED

Opinion

We have audited the financial statements of Moordale Foods Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

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 course of 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 this gives rise to 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.

MOORDALE FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MOORDALE FOODS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, are detailed below:

- Enquiries with management about any known or suspected instances of non-compliance laws and regulations and fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing board minutes;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Auditing the risk of management override of controls, including through testing journal entries for appropriateness and reviewing accounting estimates for bias.

Because of the field in which the client operates, we identified that employment law, health and safety and compliance with the UK Companies Act are the areas most likely to have a material impact on the financial statements.

MOORDALE FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MOORDALE FOODS LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

The comparatives were not audited, as the company was eligible to claim exemption from a statutory audit under section 477 of the Companies Act 2006.

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.

Jonathan Pinder (Senior Statutory Auditor)
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

14 December 2022

MOORDALE FOODS LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
Turnover	3	14,596,867	11,828,886
Cost of sales		(9,905,240)	(7,487,347)
Gross profit		4,691,627	4,341,539
Administrative expenses		(3,242,083)	(2,503,927)
Other operating income		16,700	40,373
Operating profit	4	1,466,244	1,877,985
Interest receivable and similar income	7	8,186	231
Interest payable and similar expenses	8	(29,441)	(30,307)
Profit before taxation		1,444,989	1,847,909
Tax on profit	9	(298,586)	(319,684)
Profit for the financial year		1,146,403	1,528,225
Retained earnings brought forward		2,855,546	1,832,221
Dividends	10	(473,000)	(504,900)
Retained earnings carried forward		3,528,949	2,855,546

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

MOORDALE FOODS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	11		98,793		182,926
Tangible assets	12		1,325,104		1,132,150
Investments	13		176,000		100,000
			<u>1,599,897</u>		<u>1,415,076</u>
Current assets					
Stocks	15	2,763,332		1,278,474	
Debtors	16	1,842,165		1,302,014	
Cash at bank and in hand		1,015,476		2,724,438	
			<u>5,620,973</u>		<u>5,304,926</u>
Creditors: amounts falling due within one year	17	(1,799,135)		(1,339,466)	
Net current assets			<u>3,821,838</u>		<u>3,965,460</u>
Total assets less current liabilities			<u>5,421,735</u>		<u>5,380,536</u>
Creditors: amounts falling due after more than one year	18		(621,344)		(1,292,484)
Provisions for liabilities					
Deferred tax liability	21	136,242		97,306	
			<u>(136,242)</u>		<u>(97,306)</u>
Net assets			<u>4,664,149</u>		<u>3,990,746</u>
Capital and reserves					
Called up share capital	23		1,135,200		1,135,200
Profit and loss reserves			3,528,949		2,855,546
Total equity			<u>4,664,149</u>		<u>3,990,746</u>

The financial statements were approved by the board of directors and authorised for issue on 14 December 2022 and are signed on its behalf by:

Mr A Arnett
Director

Company Registration No. 09506166

MOORDALE FOODS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27		(461,516)		1,970,861
Interest paid			(29,441)		(30,307)
Income taxes paid			(271,385)		(103,655)
Net cash (outflow)/inflow from operating activities			(762,342)		1,836,899
Investing activities					
Purchase of intangible assets		(80,285)		(225,126)	
Purchase of tangible fixed assets		(320,329)		(152,954)	
Proceeds on disposal of tangible fixed assets		12,448		-	
Purchase of associates		(30)		-	
Loans made		(75,970)		(105,395)	
Receipts arising from loans made		7,537		-	
Interest received		8,186		231	
Net cash used in investing activities			(448,443)		(483,244)
Financing activities					
Proceeds of new bank loans		-		750,000	
Repayment of bank loans		(12,500)		-	
Payment of finance leases obligations		(12,677)		(14,770)	
Dividends paid		(473,000)		(504,900)	
Net cash (used in)/generated from financing activities			(498,177)		230,330
Net (decrease)/increase in cash and cash equivalents			(1,708,962)		1,583,985
Cash and cash equivalents at beginning of year			2,724,438		1,140,453
Cash and cash equivalents at end of year			1,015,476		2,724,438

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Moordale Foods Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unicorn House, Broad Lane, Gilberdyke, Brough, HU15 2TS.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. In making this assessment, the directors have made reference to budgeted future performance and post year end performance, as well as current banking facilities.

1.3 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. 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 (being on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Software

Straight line over 2 years

1.5 Tangible fixed assets

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

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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

Freehold land and buildings	Straight line over 50 years
Property improvements	Straight line over the life of the lease
Plant and machinery	Straight line over 5 years
Fixtures and fittings	Straight line over 6 years
Computer equipment	Straight line over 3 years
Motor vehicles	Straight line over 4 years

Freehold land is not depreciated.

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.

1.6 Fixed asset investments

Investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in 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). 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.

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. Cost is calculated based on the cost of purchase using the weighted average basis.

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 at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Other financial assets

All of the company's financial assets are basic financial instruments.

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.

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, 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. Trade creditors are recognised initially at transaction price.

Other financial liabilities

All of the company's financial liabilities are basic financial instruments.

Derecognition of financial liabilities

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

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 profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

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.

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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 balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

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.

1.18 Research and development

Research expenditure is written off against profits in the year in which it is incurred.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Stock provision

At each balance sheet date, management undertake an assessment of the value at which stock items are held within the accounts. Making reference to expiry dates on products and expected future orders, an estimation is made by management as to whether the value of the stock is impaired and if a provision is required. The carrying value of stocks are shown in note 15.

Impairment of trade debtors

At each balance sheet date, management undertake a review of the outstanding debtors balances and estimate the balance that should either be impaired or provided against. This calculation is based on the financial position of the customers, the historical speed of payment and any ongoing discussions. The carrying value of trade debtors are shown in note 16.

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Attributable to the principal activity of the company	14,596,867	11,828,886
	<u>14,596,867</u>	<u>11,828,886</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	12,006,365	9,396,434
Overseas	2,590,502	2,432,452
	<u>14,596,867</u>	<u>11,828,886</u>
	2022 £	2021 £
Other revenue		
Interest income	8,186	231
Grants received	-	12,173
	<u>8,186</u>	<u>12,404</u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(117,397)	33,276
Government grants	-	(12,173)
Fees payable to the company's auditor for the audit of the company's financial statements	14,275	-
Depreciation of owned tangible fixed assets	150,614	71,376
Depreciation of tangible fixed assets held under finance leases	5,626	13,848
Profit on disposal of tangible fixed assets	(7,121)	-
Amortisation of intangible assets	164,418	42,200
Operating lease charges	37,307	-
	<u>37,307</u>	<u>-</u>

5 Employees

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

	2022 Number	2021 Number
Warehouse and operations	40	17
Administration	33	27
	<u>73</u>	<u>44</u>
Total	73	44

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2022	2021
		£	£
	Wages and salaries	2,328,066	1,616,825
	Social security costs	178,826	86,875
	Pension costs	31,000	16,813
		<u>2,537,892</u>	<u>1,720,513</u>
6	Directors' remuneration		
		2022	2021
		£	£
	Remuneration for qualifying services	39,000	45,000
7	Interest receivable and similar income		
		2022	2021
		£	£
	Interest income		
	Other interest income	8,186	231
8	Interest payable and similar expenses		
		2022	2021
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	256	-
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	826	1,298
	Other interest	28,359	29,009
		<u>29,441</u>	<u>30,307</u>
9	Taxation		
		2022	2021
		£	£
	Current tax		
	UK corporation tax on profits for the current period	261,746	273,481
	Adjustments in respect of prior periods	(2,096)	-
	Total current tax	<u>259,650</u>	<u>273,481</u>

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

9 Taxation

(Continued)

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	5,943	40,151
Changes in tax rates	32,698	6,016
Adjustment in respect of prior periods	295	36
	<u>38,936</u>	<u>46,203</u>
Total deferred tax		
	<u>38,936</u>	<u>46,203</u>
Total tax charge	<u>298,586</u>	<u>319,684</u>

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

	2022 £	2021 £
Profit before taxation	<u>1,444,989</u>	<u>1,847,909</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	274,548	351,103
Tax effect of expenses that are not deductible in determining taxable profit	909	1,029
Effect of change in corporation tax rate	32,698	6,016
Permanent capital allowances in excess of depreciation	(11,937)	-
Depreciation on assets not qualifying for tax allowances	4,169	899
Research and development tax credit	-	(39,399)
Under/(over) provided in prior years	(2,096)	-
Deferred tax adjustments in respect of prior years	295	36
	<u>298,586</u>	<u>319,684</u>
Taxation charge for the year		
	<u>298,586</u>	<u>319,684</u>

The Chancellor stated his intention to maintain the main rate of corporation tax at 19%. This change to previously announced policy was substantively enacted on 17 March 2020. The Chancellor subsequently announced his intention to increase the headline rate of corporation tax to 25% from 1 April 2023, this policy was substantively enacted on 25 May 2021.

10 Dividends

	2022 £	2021 £
Final paid	<u>473,000</u>	<u>504,900</u>

MOORDALE FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022****11 Intangible fixed assets**

	Software £
Cost	
At 1 April 2021	225,126
Additions	80,285
	<u> </u>
At 31 March 2022	305,411
	<u> </u>
Amortisation and impairment	
At 1 April 2021	42,200
Amortisation charged for the year	164,418
	<u> </u>
At 31 March 2022	206,618
	<u> </u>
Carrying amount	
At 31 March 2022	98,793
	<u> </u>
At 31 March 2021	<u>182,926</u>

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

12 Tangible fixed assets

	Freehold land and buildings	Property improvements	Plant and machinery	Fixtures and fittings	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 April 2021	869,743	-	354,707	81,967	143,304	26,413	1,476,134
Additions	92,801	13,462	123,969	36,122	40,181	47,986	354,521
Disposals	-	-	(20,230)	-	(1,791)	-	(22,021)
At 31 March 2022	962,544	13,462	458,446	118,089	181,694	74,399	1,808,634
Depreciation and impairment							
At 1 April 2021	30,876	-	185,849	50,088	59,555	17,616	343,984
Depreciation charged in the year	7,459	3,006	86,692	16,075	41,552	1,456	156,240
Eliminated in respect of disposals	-	-	(16,106)	-	(588)	-	(16,694)
At 31 March 2022	38,335	3,006	256,435	66,163	100,519	19,072	483,530
Carrying amount							
At 31 March 2022	924,209	10,456	202,011	51,926	81,175	55,327	1,325,104
At 31 March 2021	838,867	-	168,858	31,879	83,749	8,797	1,132,150

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Tangible fixed assets

(Continued)

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

	2022 £	2021 £
Plant and machinery	14,534	20,160
Motor vehicles	46,788	8,797
	<u>61,322</u>	<u>28,957</u>

13 Fixed asset investments

	Notes	2022 £	2021 £
Investments in associates	14	30	-
Loans		175,970	100,000
		<u>176,000</u>	<u>100,000</u>

Movements in fixed asset investments

	Shares in associates £	Loans £	Total £
Cost			
At 1 April 2021	-	100,000	100,000
Additions	30	75,970	76,000
	<u>30</u>	<u>175,970</u>	<u>176,000</u>
At 31 March 2022	30	175,970	176,000
Carrying amount			
At 31 March 2022	30	175,970	176,000
	<u>30</u>	<u>175,970</u>	<u>176,000</u>
At 31 March 2021	-	100,000	100,000
	<u>-</u>	<u>100,000</u>	<u>100,000</u>

14 Associates

Details of the company's associates at 31 March 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Rokit Health Limited	Calvia High Street, South Moreton, Didcot, OX11 9AG	Ordinary	30.00

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15 Stocks

	2022 £	2021 £
Finished goods and goods for resale	2,763,332	1,278,474

16 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,350,242	961,317
Other debtors	181,474	22,819
Prepayments and accrued income	310,449	317,878
	1,842,165	1,302,014

17 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	19	150,000	25,000
Obligations under finance leases	20	14,269	12,677
Trade creditors		626,926	589,058
Corporation tax		261,746	273,481
Other taxation and social security		43,596	33,393
Other creditors		477,749	268,739
Accruals and deferred income		224,849	137,118
		1,799,135	1,339,466

Hire purchase obligations totalling £14,269 (2021: £12,677) have been secured over the assets to which they relate. Bank loans totalling £150,000 (2021: £25,000) have been secured by way of a personal guarantee by one of the directors limited to a total of £75,000.

18 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	19	587,500	725,000
Obligations under finance leases	20	33,844	13,921
Other creditors		-	553,563
		621,344	1,292,484

Hire purchase obligations totalling £33,844 (2021: £13,921) have been secured over the assets to which they relate. Bank loans totalling £587,500 (2021: £725,000) have been secured by way of a personal guarantee by one of the directors limited to a total of £75,000.

MOORDALE FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****18 Creditors: amounts falling due after more than one year (Continued)**

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	125,000
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19 Loans and overdrafts

	2022 £	2021 £
Bank loans	737,500	750,000
Payable within one year	150,000	25,000
Payable after one year	587,500	725,000

Bank loans are repayable in monthly instalments of £12,500, with interest charged at 3.99% above the Bank of England base rate.

20 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	15,902	13,503
In two to five years	40,105	15,771
	56,007	29,274
Less: future finance charges	(7,894)	(2,676)
	48,113	26,598

Finance lease payments represent rentals payable by the company for certain items of fixed assets. The average lease term is 3-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	136,242	97,647
Short term timing differences	-	(341)
	<u>136,242</u>	<u>97,306</u>
Movements in the year:		2022 £
Liability at 1 April 2021		97,306
Charge to profit or loss		5,943
Effect of change in tax rate - profit or loss		32,698
Other		295
Liability at 31 March 2022		<u>136,242</u>

As the company has not finalised its capital expenditure plans for the next financial year, it is not possible to clarify the unwinding of the net deferred tax liability over the next 12 months.

22 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	31,000	16,813

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.

23 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	200	200	1,135,200	1,135,200
Preference shares of £1 each	1,135,000	1,135,000	-	-

The ordinary shares consist of 100 Ordinary £1 shares, 5 Ordinary A £1 shares, 10 Ordinary B £1 shares, 10 Ordinary C £1 shares, 10 Ordinary D £1 shares, 10 Ordinary E £1 shares, 10 Ordinary F £1 shares, 10 Ordinary G £1 shares, 10 Ordinary H £1 shares, 10 Ordinary I £1 shares, 10 Ordinary J £1 shares and 5 Ordinary K £1 shares.

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

23 Share capital

(Continued)

Only the Ordinary £1 shares have voting rights and each class of shares has different rights to dividends. All class of shares rank pari passu in all other respects.

24 Operating lease commitments

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:

	2022 £	2021 £
Within one year	55,960	-
Between two and five years	69,950	-
	<u>125,910</u>	<u>-</u>

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	<u>39,000</u>	<u>45,000</u>

Transactions with related parties

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

Category	Description of transaction	Income		Expenditure	
		2022 £	2021 £	2022 £	2021 £
Other related parties	Sales	<u>12,214</u>	<u>9,491</u>	<u>-</u>	<u>-</u>

Balances with related parties

Category	Amounts owed by related parties		Amounts owed to related parties	
	2022 £	2021 £	2022 £	2021 £
Key management personnel	11,722	19,259	166,797	323,563
Other related parties	<u>154,852</u>	<u>-</u>	<u>12,360</u>	<u>160,804</u>

MOORDALE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

26 Directors' transactions

Dividends totalling £249,000 (2021 - £204,700) were paid in the year in respect of shares held by the company's directors.

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Mr A Arnett - Advance	2.25	15,045	25,289	202	(28,814)	11,722
Mr R Arnett - Advance	-	4,215	2,335	-	(6,550)	-
		<u>19,260</u>	<u>27,624</u>	<u>202</u>	<u>(35,364)</u>	<u>11,722</u>

The advances are unsecured and are repayable on demand.

27 Cash (absorbed by)/generated from operations

	2022 £	2021 £
Profit for the year after tax	1,146,403	1,528,225
Adjustments for:		
Taxation charged	298,586	319,684
Finance costs	29,441	30,307
Investment income	(8,186)	(231)
Gain on disposal of tangible fixed assets	(7,121)	-
Amortisation and impairment of intangible assets	164,418	42,200
Depreciation and impairment of tangible fixed assets	156,240	85,224
Movements in working capital:		
(Increase)/decrease in stocks	(1,484,858)	20,484
Increase in debtors	(547,688)	(528,217)
(Decrease)/increase in creditors	(208,751)	473,185
Cash (absorbed by)/generated from operations	<u>(461,516)</u>	<u>1,970,861</u>

28 Analysis of changes in net funds

	1 April 2021 £	Cash flows £	New finance leases £	31 March 2022 £
Cash at bank and in hand	2,724,438	(1,708,962)	-	1,015,476
Borrowings excluding overdrafts	(750,000)	12,500	-	(737,500)
Obligations under finance leases	(26,598)	12,677	(34,192)	(48,113)
	<u>1,947,840</u>	<u>(1,683,785)</u>	<u>(34,192)</u>	<u>229,863</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.