

Manifesto Foods Ltd

Registered number: 09820142

Annual Report

For the period ended 28 November 2020



COMPANIES HOUSE

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MANIFESTO FOODS LTD

COMPANY INFORMATION

Directors	GR Moir C V Wright AM Christiaanse J Fancourt
Registered number	09820142
Registered office	Number One Pride Place Pride Park Derby DE24 8QR
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD
Bankers	NatWest Drummond House PO Box 1727 1 Redheughs Avenue Edinburgh EH12 9JN Close Brothers 80 Mosley Street Manchester M2 3FX
Solicitors	Geldards LLP Number One Pride Place Pride Park Derby England DE24 8QR

MANIFESTO FOODS LTD

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GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 28 NOVEMBER 2020

The directors present their strategic report for the period ended 28 November 2020.

Principal activities

The principal activity of the company is that of a holding company.

The principal activity of the group is that of meat processors.

Principal risks and review of the business

Manifesto Foods Ltd is the parent company of A. K. Stoddart Limited and Manifesto Foods (Properties) Limited (the 'group'). The principal activity of A. K. Stoddart Limited is meat processing. The principal activity of Manifesto Foods (Properties) Limited is acting as landlord to A. K. Stoddart Limited in respect of properties occupied by the business.

The directors have assessed that the main risks facing the group continue to be animal disease, which they consider to be outwith their control, continuing pressure on margins due to the highly competitive nature of the sector and continued supply of cattle. The directors believe that the latter risk is mitigated by the strong relationships which exist with both customers and suppliers and continued diversification into new markets.

As part of the group's ongoing commercial strategy, the group continues to build on the quality and innovation work achieved in previous years albeit, the COVID 19 pandemic has resulted in a delay to some commercial projects into the future.

During the year the group has had to deal with the ongoing effects of the Covid 19 and has taken steps to protect its people and business. These measures have been well in excess both government guidelines and overall industry standards. This has been further acknowledged through audits carried out by Food Standard Scotland, the Health and Safety Executive and our insurers, NFU. All our protocols put in place throughout the pandemic will remain for the foreseeable future regardless of emerging Government relaxation of guidelines. This will include social distancing, wearing of facemasks, one way people movements around the business and our own covid testing regimes for our staff.

The group will continue to benefit from its substantial capital investments made over the year in an air purification system for all factory and office space as part of our commitment to deliver the safest working environment for our people.

Throughout the period the group saw a decline in sales with the shutdown of the foodservice sector albeit this was offset to a degree by increased sales in the independent butcher sector.

The group restructured its sales and operational activities to reflect market conditions and is seeing an increase in its operational margins as a result.

Export sales continued throughout the year and were largely unaffected by the pandemic, albeit there was a decline in some European Foodservice volume offset by continued volume from other countries. This sector continues to be of significant strategic interest to the group and as we emerge from lockdown the focus is back on our export commercial projects.

Final Brexit planning and preparation occupied the back half of the year and was undertaken by dedicating full time resources to the process. As a result, the group went into 2021 with a very robust process and at time of writing has had minimal disruption to our export business. Following the rigor applied to our Brexit programme, we are now supporting the UK Government with a mentoring programme for UK businesses looking to roll out their own export plans.

Labour shortage continues to be the single biggest fallout from the Brexit process, affecting the whole food

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 28 NOVEMBER 2020

supply chain and beyond. The group has further bolstered its labour plans by investing in a pay, grading scheme linked to skills to assist in both staff retention and recruitment.

During the period the group has started to see inflation rising in pay to general overheads and is expecting this trend to continue into the forthcoming year. These increased costs are being applied across the whole food supply chain and are not business specific cost. A range of cost reduction initiatives are under way to help to mitigate these oncosts. The group is confident as inflation continues, all costs increases will be passed on and reflected in higher selling prices being charged.

Given the very unusual and unique circumstances faced during the period, the Board is pleased with progress and the overall direction of travel. The group remains committed to its program of investment back into the business to ensure the group continues to thrive in the future. The group continues to recognise it's role within the Scottish beef industry and will remain committed to the ongoing development and promotion of Scottish beef for the mutual benefit of the business, its farming partners and the wider Scottish economy.

Financial key performance indicators

The directors of Manifesto Foods Ltd monitor and assess on a regular basis the key performance indicators of the business. The following KPI's are monitored closely:

- The company monitors cash flow related performance indicators including cash headroom and interest cover, in line with the funding requirements of the business.
- The company monitors operational performance and efficiency through a number of specific indicators and measures, which are regularly assessed.
- Raw material costs and pricing to customers is regularly reviewed to ensure gross margins are understood and controlled.
- The company continuously reviews and monitors technical performance to ensure all factories operate at the highest level of competence and operational integrity at all times.
- The company places great emphasis on the importance of Health & Safety within the business and regularly reviews KPI's to ensure the best possible environment for its employees and all legal requirements and processes are adhered to.
- The company monitors its Commercial KPI's as part of its continued commitment to ensure all customers are provided with the best possible level of service and account management.

MANIFESTO FOODS LTD

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 28 NOVEMBER 2020

Impact of Brexit

The impact of Brexit has been managed by the business and has not resulted in any serious disruption and/or impact on the group's ability to continue to export its products. The potential risks associated with exchange rate, sales and liquidity are being carefully managed and the directors believe the group is well positioned to manage these risks.

Impact of Covid 19

The group was quick to initiate through careful and thoughtful planning, the necessary policies and procedures to ensure all social distancing measures as recommended by the government and other bodies were delivered and where possible exceeded, ensuring the safety and welfare of our people. The UK currently appears to be moving towards the end of the COVID pandemic. Despite the relaxation of many government rules and recommendations, the company will continue with those protocols put in place throughout the pandemic will remain for the foreseeable future regardless of emerging Government relaxation of guidelines. This will include social distancing, wearing of facemasks, one way people movements around the business and our own covid testing regimes for our staff.

This report was approved by the board on 31 August 2021 and signed on its behalf.

G Moir

G Moir (Aug 31, 2021 13:56 GMT+1)

GR Moir
Director

MANIFESTO FOODS LTD

DIRECTORS' REPORT FOR THE PERIOD ENDED 28 NOVEMBER 2020

The directors present their report and the financial statements for the period ended 28 November 2020.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the period, after taxation, amounted to £367,934 (2019 - £192,879).

The directors do not recommend a dividend.

Directors

The directors who served during the period were:

GR Moir
C V Wright
AM Christiaanse
J Fancourt

Future developments

The board remains focused on ongoing development of its people processes and best practice, ensuring the highest levels of corporate governance are established and the adoption of the company's core values and good operating practice are implemented, as determined by its Board of Directors.

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DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 28 NOVEMBER 2020

Matters covered in the strategic report

The business review, principal risks and financial key performance indicators are included within the report on page 1 and 2.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

Post balance sheet events

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

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 August 2021 and signed on its behalf.

G Moir
G Moir (Aug 31, 2021 13:56 GMT+1)

GR Moir
Director

MANIFESTO FOODS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANIFESTO FOODS LTD

Opinion

We have audited the financial statements of Manifesto Foods Ltd (the 'company') for the period ended 28 November 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 Group and company's affairs as at 28 November 2020 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

MANIFESTO FOODS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANIFESTO FOODS LTD

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

MANIFESTO FOODS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANIFESTO FOODS LTD

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.

Fiona Martin

Fiona Martin (Aug 31, 2021 16:15 GMT+1)

Fiona Martin (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

31 August 2021

MANIFESTO FOODS LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 NOVEMBER 2020

	Note	53 weeks ended 28 November 2020 £	52 weeks ended 23 November 2019 £
Turnover	3	53,707,029	60,562,464
Cost of sales		(42,090,500)	(48,744,769)
Gross profit		11,616,529	11,817,695
Administrative expenses		(11,326,444)	(11,406,979)
Other operating income	4	406,493	60,853
Operating profit	5	696,578	471,569
Interest payable and similar expenses	9	(212,294)	(278,690)
Profit before taxation		484,284	192,879
Tax on profit	10	(116,350)	-
Profit for the period		367,934	192,879
 Total comprehensive income for the period		 367,934	 192,879

The notes on pages 16 to 34 form part of these financial statements.

MANIFESTO FOODS LTD
REGISTERED NUMBER: 09820142

CONSOLIDATED BALANCE SHEET
AS AT 28 NOVEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible fixed assets	12	1,323,046	1,411,249
Tangible fixed assets	13	2,200,514	2,348,299
		<u>3,523,560</u>	<u>3,759,548</u>
Current assets			
Stocks	15	1,305,114	1,924,428
Debtors	16	3,511,895	5,659,477
Cash and cash equivalents	17	863,851	989,907
		<u>5,680,860</u>	<u>8,573,812</u>
Creditors: amounts falling due within one year	18	(5,898,274)	(9,828,971)
Net current liabilities		<u>(217,414)</u>	<u>(1,255,159)</u>
Total assets less current liabilities		<u>3,306,146</u>	<u>2,504,389</u>
Creditors: amounts falling due after more than one year	19	(1,962,118)	(1,754,705)
Provisions for liabilities			
Provisions	20	(526,598)	(300,188)
		<u>(526,598)</u>	<u>(300,188)</u>
Net assets		<u>817,430</u>	<u>449,496</u>
Capital and reserves			
Called up share capital	25	1,328	1,328
Share premium account	26	148,500	148,500
Revaluation reserve	26	159,800	163,200
Capital redemption reserve	26	171	171
Profit and loss account	26	507,631	136,297
Equity attributable to owners of the parent company		<u>817,430</u>	<u>449,496</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 August 2021.

GR Moir *G. Moir*
G. Moir (Aug 31, 2021 13:56 GMT+1)
 Director

The notes on pages 16 to 34 form part of these financial statements.

MANIFESTO FOODS LTD
REGISTERED NUMBER: 09820142

COMPANY BALANCE SHEET
AS AT 28 NOVEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	14	6,855,018	6,855,018
Current assets			
Debtors: amounts falling due within one year	16	432,874	216,833
Cash and cash equivalents	17	461,094	349,370
		<u>893,968</u>	<u>566,203</u>
Creditors: amounts falling due within one year	18	(7,163,898)	(6,654,520)
Net current liabilities		<u>(6,269,930)</u>	<u>(6,088,317)</u>
Total assets less current liabilities		585,088	766,701
Creditors: amounts falling due after more than one year	19	(572,523)	(862,523)
Net assets		<u>12,565</u>	<u>(95,822)</u>
Capital and reserves			
Called up share capital	25	1,328	1,328
Share premium account	26	148,500	148,500
Capital redemption reserve	26	171	171
Profit and loss account	26	(137,434)	(245,821)
		<u>12,565</u>	<u>(95,822)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 August 2021.

G Moir
G Moir (Aug 31, 2021 13:56 GMT+1)

GR Moir
Director

The notes on pages 16 to 34 form part of these financial statements.

MANIFESTO FOODS LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 NOVEMBER 2020

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 November 2018	1,328	148,500	171	166,600	(59,982)	256,617
Comprehensive income for the year						
Profit for the year	-	-	-	-	192,879	192,879
Transfer to/from profit and loss account	-	-	-	(3,400)	3,400	-
At 29 November 2019	1,328	148,500	171	163,200	136,297	449,496
Comprehensive income for the period						
Profit for the period	-	-	-	-	367,934	367,934
Transfer to/from profit and loss account	-	-	-	(3,400)	3,400	-
At 28 November 2020	1,328	148,500	171	159,800	507,631	817,430

The notes on pages 16 to 34 form part of these financial statements.

MANIFESTO FOODS LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 NOVEMBER 2020

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 November 2018	1,328	148,500	171	(192,616)	(42,617)
Comprehensive income for the year					
Loss for the year	-	-	-	(53,205)	(53,205)
At 29 November 2019	1,328	148,500	171	(245,821)	(95,822)
Comprehensive income for the year					
Profit for the period	-	-	-	108,387	108,387
At 28 November 2020	1,328	148,500	171	(137,434)	12,565

The notes on pages 16 to 34 form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 NOVEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial period	367,934	192,879
Adjustments for:		
Amortisation of intangible assets	88,203	88,203
Depreciation of tangible assets	258,679	247,182
Loss/(profit) on disposal of tangible assets	-	(11,500)
Government grants	(365,786)	(60,853)
Interest payable	212,294	278,690
Taxation charge	116,350	-
Decrease in stocks	619,314	500,646
Decrease/(increase) in debtors	2,122,156	(180,190)
(Decrease) in creditors	(1,227,788)	(703,944)
Increase in provisions	-	110,000
Corporation tax received/(paid)	27,470	(59,617)
Net cash generated from operating activities	2,218,826	401,496
Cash flows from investing activities		
Purchase of tangible fixed assets	(77,029)	(130,017)
Sale of tangible fixed assets	784	11,500
Government grants received	567,195	161,103
HP interest paid	(13,679)	(11,452)
Net cash from investing activities	477,271	31,134
Cash flows from financing activities		
New/(repayment of) loans	645,385	(276,108)
Repayment of finance leases	(106,001)	(71,713)
Movements on invoice discounting	(3,162,922)	665,212
Interest paid	(198,615)	(267,238)
Net cash (used in)/generated from financing activities	(2,822,153)	50,153
Net (decrease)/increase in cash and cash equivalents	(126,056)	482,783
Cash and cash equivalents at beginning of period	989,907	507,124
Cash and cash equivalents at the end of period	863,851	989,907
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	863,851	989,907

MANIFESTO FOODS LTD

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 NOVEMBER 2020

(i) Analysis of changes in net debt:

	At 29 November 2019 £	Cash flows £	New finance leases £	Other non- cash changes £	At 28 November 2020 £
Cash at bank and in hand	989,907	(126,056)	-	-	863,851
Debt due after 1 year	(640,300)	-	-	(567,475)	(1,207,775)
Debt due within 1 year	(192,750)	(645,385)	-	567,475	(270,660)
Finance leases	(347,140)	-	71,352	-	(275,788)
Invoice discounting	(4,515,650)	3,162,922	-	-	(1,352,728)
	<u>(4,705,933)</u>	<u>2,391,481</u>	<u>71,352</u>	<u>-</u>	<u>(2,243,100)</u>

The notes on pages 16 to 34 form part of these financial statements.

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

Manifesto Foods Ltd is a private company limited by shares and registered in England & Wales. The registered office is Number One Pride Place, Pride Park, Derby, Derbyshire, DE24 8QR.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Going concern

COVID-19, competition in the labour market and inflation have impacted the company in the previous year. The directors have revised the group's financial forecasts downwards to take account of these and, based on these forecasts and the cash reserves of the group, believe that the group will continue to meet its liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis.

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

1. Accounting policies (continued)

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life of 20 years.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to consolidated statement of comprehensive income during the period in which they are incurred.

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Heritable property	- 2%
Plant & machinery	- 10% to 25%
Motor vehicles	- 15% to 25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid..

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

1. Accounting policies (continued)

1.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

1.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

1.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

1. Accounting policies (continued)

1.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

1.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP. The monetary amounts are rounded to the nearest £.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

1.16 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

1. Accounting policies (continued)

1.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

The company operates two defined contribution pension schemes. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between the contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.18 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.19 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider the key source of judgement and estimation uncertainty to be the valuation of stock. This is reviewed on a monthly basis by the directors in conjunction with the sales team, based on their knowledge of recent selling prices and current market conditions.

The directors consider that the carrying value of tangible fixed assets to be areas subject to management judgement and uncertainty, and the need for potential provisions for impairment. The directors review the underlying value of the fixed assets on a regular basis which provides comfort over the values within the accounts, and they are reviewed on an annual basis for any indications of impairment.

3. Turnover

The whole of the turnover is attributable to the group's principal activity.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	47,350,276	54,142,180
– Rest of the world	6,356,753	6,420,284
	<u>53,707,029</u>	<u>60,562,464</u>

4. Other operating income

	2020 £	2019 £
Government grants receivable	<u>406,493</u>	<u>60,853</u>

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

5. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible fixed assets	258,679	247,181
Amortisation of intangible fixed assets, including goodwill	88,203	88,203
Exchange differences	(4,514)	5,583
	<u>258,679</u>	<u>247,181</u>

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the group's auditor for the audit of the group's annual accounts	1,100	1,100
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of the annual accounts of subsidiaries	8,425	8,225
All other services	25,112	21,994
	<u>33,537</u>	<u>30,219</u>

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	5,585,738	5,525,645
Social security costs	449,288	468,706
Cost of defined contribution scheme	168,612	150,280
	<u>6,203,638</u>	<u>6,144,631</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2020 No.	2019 No.
Production staff	194	204
Office and management staff	41	43
	<u>235</u>	<u>247</u>

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	436,505	396,528
Company contributions to defined contribution pension schemes	37,017	37,074
	<u>473,522</u>	<u>433,602</u>

During the period retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £197,159 (2019 - £189,669).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,136 (2019 - £19,507).

The directors of the group are considered key management personnel.

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

9. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	187,257	256,595
Other loan interest payable	11,358	10,643
Hire purchase interest payable	13,679	11,452
	<u>212,294</u>	<u>278,690</u>

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	116,350	-
Taxation on profit on ordinary activities	<u>116,350</u>	<u>-</u>

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%) The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>484,284</u>	<u>192,879</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	92,014	36,647
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,956	19,900
Fixed asset timing differences	(812)	(46,654)
Utilisation of tax losses	25,424	10,109
Non-taxable income	(9,232)	(11,105)
Group relief	-	(8,897)
Total tax charge for the period/year	<u>116,350</u>	<u>-</u>

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

10. Taxation (continued)

Factors that may affect future tax charges

Subsequent to the balance sheet date, it was announced in the Budget on 3 March 2021 the rate of corporation tax would be increased to 25% with effect from 1 April 2023. The effect of this change would be to increase the deferred tax asset at 28 November 2020 by £4,271. Legislation is intended to be included in the Finance Bill 2021 to effect this change.

11. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the period was £108,388 (2019 - loss £53,205).

12. Intangible assets

Group and Company

	Goodwill £
Cost	
At 24 November 2019	1,852,264
At 28 November 2020	<u>1,852,264</u>
Amortisation	
At 24 November 2019	441,015
Charge for the period	88,203
At 28 November 2020	<u>529,218</u>
Net book value	
At 28 November 2020	<u><u>1,323,046</u></u>
At 28 November 2019	<u><u>1,411,249</u></u>

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

13. Tangible fixed assets

Group

	Heritable property £	Plant & machinery £	Motor vehicles £	Total £
Cost				
At 24 November 2019	1,685,000	5,464,867	426,716	7,576,583
Additions	-	111,679	-	111,679
Disposals	-	(21,206)	(45,926)	(67,132)
At 28 November 2020	1,685,000	5,555,340	380,790	7,621,130
Depreciation				
At 24 November 2019	67,400	4,852,125	308,760	5,228,285
Charge for the period on owned assets	33,700	193,223	12,752	239,675
Charge for the period on financed assets	-	-	19,004	19,004
Disposals	-	(20,422)	(45,926)	(66,348)
At 28 November 2020	101,100	5,024,926	294,590	5,420,616
Net book value				
At 28 November 2020	1,583,900	530,414	86,200	2,200,514
At 23 November 2019	1,617,600	612,742	117,957	2,348,299

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Motor vehicles	63,756	63,222

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 24 November 2019	6,855,018
At 28 November 2020	<u>6,855,018</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
A K Stoddart Limited	Meat processing	Ordinary	100%
Manifesto Foods (Properties) Limited	Property investment	Ordinary	100%

15. Stocks

	Group 2020 £	Group 2019 £
Raw materials and consumables	113,451	168,915
Work in progress	319,656	481,715
Finished goods	872,007	1,273,798
	<u>1,305,114</u>	<u>1,924,428</u>

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

16. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	3,232,310	5,364,482	-	-
Other debtors	61,683	55,139	3,300	1,833
Prepayments and accrued income	208,328	204,856	420,000	180,000
Deferred taxation	9,574	35,000	9,574	35,000
	<u>3,511,895</u>	<u>5,659,477</u>	<u>432,874</u>	<u>216,833</u>

17. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	<u>863,851</u>	<u>989,907</u>	<u>461,094</u>	<u>349,370</u>

18. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans (note 21)	270,660	192,750	-	-
Trade creditors	2,661,188	3,893,379	3,600	3,796
Amounts owed to group undertakings (note 28)	-	-	6,783,505	6,403,241
Corporation tax	93,394	-	-	-
Taxation and social security	116,434	120,901	-	-
Obligations under hire purchase contracts (note 23)	93,968	95,258	-	-
Invoice discounting and revolving stock facility	1,352,728	4,515,650	-	-
Other creditors	435,642	373,659	240,713	180,713
Accruals and deferred income	874,260	637,374	136,080	66,770
	<u>5,898,274</u>	<u>9,828,971</u>	<u>7,163,898</u>	<u>6,654,520</u>

The invoice discounting facility is secured over the trade debtors. The revolving stock facility is secured by a floating charge over the assets of the company.

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

19. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans (note 21)	1,207,775	640,300	-	-
Net obligations under hire purchase contracts (note 23)	181,820	251,882	-	-
Other creditors	572,523	862,523	572,523	862,523
	<u>1,962,118</u>	<u>1,754,705</u>	<u>572,523</u>	<u>862,523</u>

20. Provisions

Group

	Government grants £	Other provisions £	Total £
At 29 November 2019	190,188	110,000	300,188
Additions	250,000	25,000	275,000
Charged to profit or loss	(48,590)	-	(48,590)
At 28 November 2020	<u>391,598</u>	<u>135,000</u>	<u>526,598</u>

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

21. Loans

	Group 2020 £	Group 2019 £
Amounts falling due within one year	270,660	192,750
Amounts falling due 1-2 years	389,150	101,100
Amounts falling due 2-5 years	303,300	303,300
Amounts falling due after more than 5 years	515,325	235,900
	<u>1,478,435</u>	<u>833,050</u>

The bank borrowings are secured by a standard security over the heritable properties at 9 Old Farm Road, Heathfield Industrial Estate, Ayr; 16 Dunnet Way, East Mains Industrial Estate, Broxburn; and 37A Simpson Road, East Mains Industrial Estate, Broxburn. They are also secured by a bond and floating charge over the assets of the company. The bank loans bear interest at 2.5%, 3.3% and 4.5% above the bank base rate and are repayable by monthly instalments.

22. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>4,786,173</u>	<u>6,614,385</u>	<u>884,394</u>	<u>531,203</u>
	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(6,297,839)</u>	<u>(6,947,125)</u>	<u>(7,736,421)</u>	<u>(7,517,043)</u>

Financial assets measured at amortised cost comprise trade and other debtors, cash and accrued income.

Financial liabilities comprise trade and other creditors, amounts owed to group undertakings, bank loans and overdrafts, hire purchase creditors and accruals.

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £
Within one year	93,968	95,258
Between 1-2 years	114,305	150,101
Between 2-5 years	67,515	101,780
	<u>275,788</u>	<u>347,139</u>

Hire purchase liabilities are secured on the assets to which they relate.

24. Deferred taxation

Group

	28 November 2020 £
At beginning of period	35,000
Movement in period	(25,426)
At end of period	<u>9,574</u>

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

24. Deferred taxation (continued)

Company

	28 November 2020 £
At beginning of period	35,000
Movement in period	(25,426)
At end of period	9,574

The deferred tax asset is made up as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Tax losses carried forward	9,574	35,000	9,574	35,000

25. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
132,800 (2019 - 132,800) Ordinary shares of £0.01 each	1,328	1,328

26. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Revaluation reserve

This reserve records the surplus on revaluation of the group's property.

Capital redemption reserve

This reserve is a result of the repurchase of the company's own shares.

Profit & loss account

This reserve includes all retained profits and losses.

MANIFESTO FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 NOVEMBER 2020

27. Commitments under operating leases

At 28 November 2020 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £
Plant, Vehicles and Other leases		
Not later than 1 year	63,055	78,332
Later than 1 year and not later than 5 years	126,084	156,372
Total	<u>189,139</u>	<u>234,704</u>

28. Related party transactions

The company has taken advantage of the exemption provided by FRS 102 s33.1A whereby disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

29. Controlling party

In the opinion of the directors, there is no ultimate controlling party.