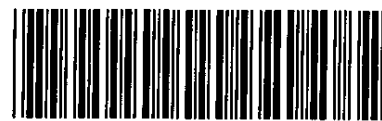


Kettle Group
Company Ltd
20/05/2020

**ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019
FOR
KETTLE FOODS LTD.**

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KETTLE FOODS LTD.

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FOR THE YEAR ENDED 31 JULY 2019**

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KETTLE FOODS LTD.

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2019**

DIRECTORS:	A J Hicks I C Ainsworth A D Driscoll
SECRETARY:	K S Atkinson
REGISTERED OFFICE:	38 Barnard Road Bowthorpe Employment Area Norwich Norfolk NR5 9JP
REGISTERED NUMBER:	02238320
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Maurice Wilkes Building St John's Innovation Park Cowley Road Cambridge CB4 0DS
BANKERS:	NatWest 21 Gentleman's Walk Norwich Norfolk NR2 1NA

KETTLE FOODS LTD.

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

The directors present their strategic report of the group for the year ended 31 July 2019.

REVIEW OF BUSINESS

On the 11th October 2019, Rowse Honey Limited acquired the entire share capital of DFKA Intermediate Limited. DFKA Intermediate Limited owns 100% of the share capital of DFKA UK Holdings Limited, who in turn own 100% of the share capital of Kettle Foods Limited.

As at this date, Valeo Foods Group Limited is the ultimate parent undertaking and controlling party.

The financial statements for the current year have been consolidated for the first time. The company has elected not to continue to take advantage of the exemption available to it as a parent in respect of consolidating the results of its subsidiaries. As such, the prior period has been retrospectively consolidated, which has given rise to an unaudited comparative period. Both the parent company and subsidiary company had audits of their individual financial statements, but not of their consolidation. The previously presented statement of comprehensive income for the company for the period to 31 July 2018 presented turnover of £51,097k and a loss on ordinary activities before taxation of £4,092k. The equivalent unaudited consolidated positions presented as comparatives in this set of financial statements for the group are turnover of £51,392k and a loss on ordinary activities before taxation of £4,021k.

The group's best-known product is the KETTLE® brand hand cooked potato chip which has been manufactured in the UK for 31 years. The brand enjoys an iconic status with its consumers and is a market leader in the UK premium/hand cooked snacks category. Distribution is through the grocery and impulse channels, and international distributors.

The directors monitor progress on the overall group strategy by reference to a number of KPIs. Performance during the period is set out in the table below.

	Year ended 31 July 2019	Period 01.01.2018 to 31.07.2018	2018 pro-rated to 12 months	Method of calculation
Financial Performance:				
Turnover	£88,960,000	£51,392,000	£88,101,000	Taken from profit and loss account
Operating (loss)	£(917,000)	£(4,272,000)	£(7,323,000)	Taken from profit and loss account
Market volume share	3.6%	3.1%		Provided by external consultant

Sales for the year totalled £88,960k (for the period ended 31 July 18: £51,392k). The results of the group show a loss on ordinary activities before taxation of £917k, this is a significant improvement on the prior period of £4,272k, reflecting improvements in both cost of manufacture and overhead spend. The group had net current assets of £6,357k (for the period ended 31 July 18: £6,684k) and net assets of £37,310k (for the period ended 31 July 18: £36,796k).

The 2019 results reflect the following key aspects:

- Competition within the snacks and crisp market has continued to be tough throughout the year to 31 July 2019, this has led to high levels of discounting and promotional spend to maintain KETTLE® brand volume and market share.
- Grocers supporting own label hand cooked alternatives have also increased choice for consumers. Kettle Foods Limited has won and maintained a number of own label contracts and this has helped to mitigate the increased competition.
- The directors have managed the group's cost base accordingly and have taken actions to reduce costs in certain areas of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of its strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them.

KETTLE FOODS LTD.

STRATEGIC REPORT - continued FOR THE YEAR ENDED 31 JULY 2019

Key Business Risks

Given the group's insistence on the use of all-natural ingredients, effective supplier selection and procurement practices are essential. Local suppliers are used, where appropriate, especially for potatoes, but widespread crop failure would have an effect on both prices and the availability of basic ingredients of the group's products. As such, the group works closely with all of its major suppliers to ensure continuity of supplies of sufficient quality.

The group operates in an aggressive market sector. It aims to remain competitive by recruiting and retaining skilled and experienced management and staff and through product innovation.

Financial Risks

(a) Price risk

The group monitors changes in market conditions on an ongoing basis and tailors its pricing accordingly. The group is also exposed to commodity price risk as a result of its operations and this is mitigated through the contracting of key commodities when market conditions are considered favourable.

(b) Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. Reports are reviewed on an on-going basis detailing customers who have invoices which are overdue.

(c) Liquidity risk

The group regularly monitors the level of working capital to ensure the group has sufficient available funds for operations.

(d) Interest rate cash flow risk

The group receives interest on its cash deposits at a variable rate. The level of cash deposits is not considered significant enough to warrant entering into fixed interest or other hedging agreements. The group pays interest on leases at fixed rates.

EMPLOYEE MATTERS

The group puts significant emphasis on investment in employees. Training is a key element and the group ensures that all of its employees are fully trained to perform their duties and promote career development.

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its performance. This is achieved through regular briefings by senior management and an employee forum.

The group is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The group has a health and safety policy which is issued to every employee. The group also has a health and safety committee which meets on a regular basis. A health and safety report is presented and considered at each UK Executive team meeting.

The group operates employee incentive schemes based upon job roles and business targets set. These incentives are designed to involve employee at all levels of the business to contribute in positive and effective manner to the overall success of the group.

KETTLE FOODS LTD.

**STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 JULY 2019**

ENVIRONMENTAL MATTERS

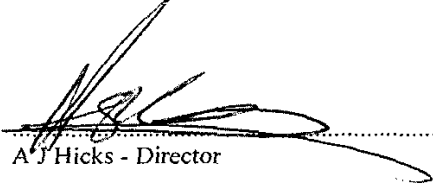
The year ended 31 July 2019 was very positive from an environmental perspective.

Kettle Foods Ltd. achieved the following improvements in relation to finished goods, compared to the prior period;

- Water consumption reduced from 3.16m³ per tonne to 2.90m³ per tonne.
- General waste reduced from 0.37m³ per tonne to 0.34m³ per tonne.

The group will continue to focus on these and other areas in order to improve the sustainability of the business.

ON BEHALF OF THE BOARD:



.....
A J Hicks - Director

Date:14/02/2020

KETTLE FOODS LTD.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019

The directors present their report with the audited financial statements of the company and group for the year ended 31 July 2019.

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of manufacturing and distributing snack foods in the UK and Europe.

DIVIDENDS

No dividends will be distributed or declared for the year ended 31 July 2019 (for the period ended 31 July 2018: no dividends distributed or declared).

EVENTS SINCE THE END OF THE YEAR

On 11th October 2019, Rowse Honey Limited acquired the entire share capital of DFKA Intermediate Limited, who owns 100% of the share capital of DFKA UK Holdings Limited, who in turn owns 100% of the share capital of Kettle Foods Ltd.

Information relating to events since the end of the year is given in the notes to the financial statements (see note 26).

DIRECTORS

The directors of the group shown below held office during the whole of the year from 1 August 2018 to the date of the report, unless otherwise stated.

A J Hicks

C A Abrams-Rivera (resigned 11 October 2019)

T Smith (resigned 11 October 2019)

P K Briant (appointed 11 October 2019, resigned 31 January 2020)

O Khelladi (appointed 11 October 2019, resigned 31 January 2020)

J S Rodrigues (appointed 11 October 2019, resigned 31 January 2020)

I C Ainsworth (appointed 31 January 2020)

A D Driscoll (appointed 31 January 2020)

GOING CONCERN

The directors have prepared cash flow and profit and loss forecasts for a period in excess of 12 months from the date of approval of these financial statements to assess the group's working capital requirements.

The directors have also considered the principal risks and uncertainties stated above.

On the basis of these forecasts, the directors believe they have reasonable grounds to assume that the group will be able to meet its obligations as they fall due, for a period of not less than 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

FUTURE DEVELOPMENTS

The group aims to accelerate the growth in its distribution of Kettle® and Metcalfes® brands, increasing volume whilst maintaining its premium position in the market.

As in previous years commodity prices continue to pose a risk to the group's performance, particularly with reference to oil, potatoes and utilities. The business continues to work closely with suppliers in order to manage cost increases and availability of supply.

The directors consider that the snacks and crisps market will continue to be highly competitive over the coming 12 months. The business aims to remain competitive through investing in the brands and increasing distribution through new product development.

DISCLOSURE IN THE STRATEGIC REPORT

Financial performance, financial risks, employee matters and key performance indicators are covered in relevant sections of the strategic report.

KETTLE FOODS LTD.

DIRECTORS' REPORT - continued FOR THE YEAR ENDED 31 JULY 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
A.J. Hicks - Director

Date:14/02/2020.....

Independent auditors' report to the members of Kettle Foods Ltd.

Report on the audit of the financial statements

Opinion

In our opinion, Kettle Foods Ltd.'s group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 July 2019 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 July 2019; the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 group's and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

The consolidated financial statements for the period ended 31 July 2018, forming the corresponding figures of the consolidated financial statements for the year ended 31 July 2019, are unaudited.



Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

14 February 2020

KETTLE FOODS LTD.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2019**

		YEAR ENDED	Unaudited
		31.7.19	PERIOD
		£'000	1.1.18
	Notes		TO
			31.7.18
			£'000
TURNOVER	4	88,960	51,392
Raw materials and consumables		(40,113)	(23,775)
Other external expenses		<u>(4,269)</u>	<u>(2,446)</u>
		44,578	25,171
Staff costs	5	(18,433)	(11,639)
Depreciation		(3,756)	(2,214)
Other operating expenses		<u>(23,306)</u>	<u>(15,590)</u>
OPERATING LOSS	6	(917)	(4,272)
Interest receivable and similar income		7	15
Interest payable and similar expenses	8	<u>(151)</u>	<u>(38)</u>
LOSS BEFORE TAXATION		(1,061)	(4,295)
Tax on loss	9	<u>178</u>	<u>274</u>
LOSS FOR THE FINANCIAL YEAR/PERIOD		(883)	(4,021)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR/PERIOD		<u>(883)</u>	<u>(4,021)</u>
Loss attributable to:			
Owners of the parent		<u>(883)</u>	<u>(4,021)</u>
Total comprehensive expense attributable to:			
Owners of the parent		<u>(883)</u>	<u>(4,021)</u>


The notes on pages 16 to 29 form part of these financial statements

KETTLE FOODS LTD. (REGISTERED NUMBER: 02238320)

**CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2019**

	Notes	2019 £'000	Unaudited 2018 £'000
FIXED ASSETS			
Intangible assets	10	9,961	11,395
Tangible assets	11	<u>20,992</u>	<u>18,897</u>
		<u>30,953</u>	<u>30,292</u>
CURRENT ASSETS			
Stocks	13	5,585	5,099
Debtors	14	25,919	31,372
Cash at bank and in hand		<u>2,777</u>	<u>5,443</u>
		34,281	41,914
CREDITORS			
Amounts falling due within one year	15	<u>(27,924)</u>	<u>(35,230)</u>
NET CURRENT ASSETS		<u>6,357</u>	<u>6,684</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,310</u>	<u>36,976</u>
CAPITAL AND RESERVES			
Called up share capital	18	-	-
Share premium account	19	20,673	19,456
Retained earnings	19	<u>16,637</u>	<u>17,520</u>
TOTAL SHAREHOLDERS' FUNDS		<u>37,310</u>	<u>36,976</u>

The financial statements on pages 10 to 29 were approved by the Board of Directors on 14/02/2020 and were signed on its behalf by:


A J Hicks - Director

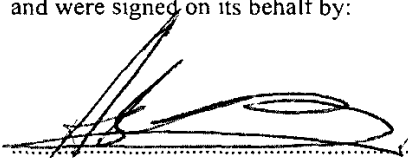
The notes on pages 16 to 29 form part of these financial statements

KETTLE FOODS LTD. (REGISTERED NUMBER: 02238320)

**COMPANY BALANCE SHEET
AS AT 31 JULY 2019**

	Notes	2019 £'000	2018 £'000
FIXED ASSETS			
Intangible assets	10	9,961	11,395
Tangible assets	11	20,966	18,852
Subsidiary undertakings	12	-	-
		<u>30,927</u>	<u>30,247</u>
CURRENT ASSETS			
Stocks	13	5,585	5,099
Debtors	14	25,908	31,367
Cash at bank and in hand		<u>2,777</u>	<u>5,443</u>
		34,270	41,909
CREDITORS			
Amounts falling due within one year	15	<u>(28,008)</u>	<u>(35,251)</u>
NET CURRENT ASSETS		<u>6,262</u>	<u>6,658</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,189</u>	<u>36,905</u>
CAPITAL AND RESERVES			
Called up share capital	18	-	-
Share premium account	19	20,673	19,456
Retained earnings	19	<u>16,516</u>	<u>17,449</u>
TOTAL SHAREHOLDERS' FUNDS		<u>37,189</u>	<u>36,905</u>
Company's loss for the financial year		<u>(933)</u>	<u>(4,092)</u>

The financial statements on pages 10 to 29 were approved by the Board of Directors on 14/02/2020 and were signed on its behalf by:


A J Hicks - Director

The notes on pages 16 to 29 form part of these financial statements

KETTLE FOODS LTD.**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019**

	Called up share capital £'000	Retained earnings £'000	Share premium account £'000	Total equity £'000
Unaudited balance at 1 January 2018	-	21,541	19,456	40,997
Changes in equity				
Total comprehensive expense	-	(4,021)	-	(4,021)
Unaudited balance at 31 July 2018	-	17,520	19,456	36,976
Changes in equity				
Issue of share capital	-	-	1,217	1,217
Total comprehensive expense	-	(883)	-	(883)
Balance at 31 July 2019	-	16,637	20,673	37,310

The notes on pages 16 to 29 form part of these financial statements

KETTLE FOODS LTD.**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019**

	Called up share capital £'000	Retained earnings £'000	Share premium account £'000	Total equity £'000
Balance at 1 January 2018	-	21,541	19,456	40,997
Changes in equity				
Total comprehensive expense	-	(4,092)	-	(4,092)
Balance at 31 July 2018	-	17,449	19,456	36,905
Changes in equity				
Issue of share capital	-	-	1,217	1,217
Total comprehensive expense	-	(933)	-	(933)
Balance at 31 July 2019	-	16,516	20,673	37,189

The notes on pages 16 to 29 form part of these financial statements

KETTLE FOODS LTD.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2019**

		YEAR ENDED	Unaudited PERIOD
		31.7.19	1.1.18 TO 31.7.18
	Notes	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	20	1,904	6,131
Tax paid		<u>(7)</u>	<u>136</u>
Net cash from operating activities		<u>1,897</u>	<u>6,267</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(4,421)	(2,215)
Sale of tangible fixed assets		2	-
Interest received		<u>7</u>	<u>15</u>
Net cash from investing activities		<u>(4,412)</u>	<u>(2,200)</u>
Cash flows from financing activities			
Interest paid		(20)	(38)
Finance costs paid		<u>(131)</u>	<u>-</u>
Net cash from investing activities		<u>(151)</u>	<u>(38)</u>
		<u> </u>	<u> </u>
Decrease in cash and cash equivalents		(2,666)	4,029
Cash and cash equivalents at beginning of year	21	5,443	1,414
		<u> </u>	<u> </u>
Cash and cash equivalents at end of year	21	<u>2,777</u>	<u>5,443</u>

The notes on pages 16 to 29 form part of these financial statements

KETTLE FOODS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

1. GENERAL INFORMATION

Kettle Foods Ltd. ("the company") and its subsidiary undertakings (together "the group") produces and sells a range of crisps and snacks across the UK and internationally.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 38 Barnard Road, Bowthorpe Employment Area, Norwich, Norfolk, NR5 9JP.

2. STATEMENT OF COMPLIANCE

The group and company financial statements of Kettle Foods Ltd. have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparing the financial statements

The consolidated and separate financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and financial liabilities measured at fair value.

The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

Financial Reporting Standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirement to disclose Key Management Personnel Compensation (FRS 102 paragraph 33.7).
- the requirement to prepare a company cash flow (FRS 102 paragraph 1.12(b)).

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings up to the period end.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where the subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply group's accounting policies when preparing the consolidated financial statements.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the group control is accounted for as a business combination. Thereafter where the group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

KETTLE FOODS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2019

3. ACCOUNTING POLICIES – continued

Basis of consolidation - continued

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the group's interest in the entity.

The group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the group's products; and (b) the availability of the bank finance for the foreseeable future. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Notwithstanding the loss in the year, the group therefore continues to adopt the going concern basis in preparing its financial statements.

Turnover

Turnover is measured at fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Sales of goods are recognised on sale to the customer, which is considered the point of delivery.

Intangible assets

Intangible assets represent goodwill, trademarks and customer lists and are stated at cost less accumulated amortisation and accumulated impairment losses. Goodwill, trademarks and customer lists are amortised over their useful economic life of 10 years on a straight-line basis. The assets are reviewed for impairment where factors indicate that the carrying amount may be impaired.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and any costs directly attributable to bringing the asset to a working condition for its intended use.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold land and buildings	30 year life - Straight line
Plant and machinery	5 to 10 year life - Straight line
Office equipment	3 to 5 year life - Straight line

Assets under construction are not depreciated until they are commissioned and transferred to another category of tangible assets.

Government grants

Grants related to the purchase of assets are treated as deferred income and allocated to the profit and loss account over the useful lives of the related assets.

Stocks

Stocks and work in progress are valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow-moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

KETTLE FOODS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2019

3. ACCOUNTING POLICIES – continued

Financial instruments

(a) Financial assets

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 assets original effective interest rate. The impairment loss is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes on fair value are recognised in profit or loss, except that investments in equity instruments are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when either the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party or control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(b) Financial liabilities

Basic financial liabilities, including trade creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. 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. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Research and development expenditure is written off as incurred.

KETTLE FOODS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2019

3. ACCOUNTING POLICIES – continued

Foreign exchange

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. 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 profit and loss account.

Leased assets

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability. Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Finance costs

Finance costs directly attributable to the acquisition or construction of qualifying assets are capitalised up until the date at which the asset is brought into use. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use. All other finance costs are recognised in the profit and loss account in the period to which they relate.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Useful economic lives of tangible and intangible assets

The annual depreciation/amortisation charge for tangible/intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 10 and 11 for the carrying value of the intangible and tangible assets and note 3 for the useful economic lives for each class of assets.

ii) Inventory provisioning

As the group is subject to changing consumer demands, it is necessary to consider the estimated recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 13 for the net carrying amount of the inventory and associated provision.

iii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

KETTLE FOODS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2019

4. TURNOVER

Turnover derives solely from the group's principal activity, undertaken in the United Kingdom, in the current year and prior period. Turnover by geographical segment by destination has not been disclosed as the directors consider that such disclosure would be seriously prejudicial to the interests of the company.

5. STAFF COSTS

	YEAR ENDED 31.7.19	Unaudited PERIOD 1.1.18 TO 31.7.18
	£'000	£'000
Wages and salaries	16,329	10,293
Social security costs	1,437	937
Other pension costs	<u>667</u>	<u>409</u>
	<u>18,433</u>	<u>11,639</u>

The average monthly number of employees during the year was as follows:

	YEAR ENDED 31.7.19	Unaudited PERIOD 1.1.18 TO 31.7.18
Production	399	411
Administration	<u>92</u>	<u>84</u>
	<u>491</u>	<u>495</u>

	YEAR ENDED 31.7.19	Unaudited PERIOD 1.1.18 TO 31.7.18
	£	£
Directors' remuneration	319,910	757,620
Directors' pension contributions to money purchase schemes	<u>24,477</u>	<u>14,120</u>

The number of directors to whom retirement benefits were accruing was as follows:

	YEAR ENDED 31.7.19	Unaudited PERIOD 1.1.18 TO 31.7.18
Money purchase schemes	<u>1</u>	<u>1</u>

One director received shares under a long-term incentive scheme issued in and by the ultimate parent company as at the balance sheet date, Campbells Soup Company (for the period to 31 July 2018 - one director).

KETTLE FOODS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2019

5. STAFF COSTS – continued

Information regarding the highest paid director is as follows:

	YEAR ENDED 31.7.19 £	Unaudited PERIOD 1.1.18 TO 31.7.18 £
Emoluments	280,680	169,768
Long term incentive scheme	39,230	587,852
Pension contributions to money purchase schemes	<u>24,477</u>	<u>14,120</u>

The highest paid director exercised share options during the year.

6. OPERATING LOSS

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

	YEAR ENDED 31.7.19 £'000	Unaudited PERIOD 1.1.18 TO 31.7.18 £'000
Operating lease charges - plant and machinery	286	187
Operating lease charges - other	896	506
Depreciation - owned assets	2,326	1,391
Profit on disposal of fixed assets	(2)	-
Goodwill amortisation	736	429
Trademarks amortisation	468	272
Customer lists amortisation	230	134
Foreign exchange differences	-	139
Impairment of trade debtors	100	234
Impairment of inventory	<u>765</u>	<u>399</u>

7. AUDITORS' REMUNERATION

	YEAR ENDED 31.7.19 £'000	Unaudited PERIOD 1.1.18 TO 31.7.18 £'000
Fees payable to the company's auditors and their associates for the audit of the consolidated financial statements.	<u>106</u>	<u>94</u>

There were no non-audit fees in the current financial year (for the period ended 31 July 2018: none).

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	YEAR ENDED 31.7.19 £'000	Unaudited PERIOD 1.1.18 TO 31.7.18 £'000
Interest payable	20	38
Foreign exchange	<u>131</u>	-
	<u>151</u>	<u>38</u>

Interest was paid during the year on amounts owed to group undertakings.

KETTLE FOODS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2019

9. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss for the year was as follows:

	YEAR ENDED 31.7.19 £'000	Unaudited PERIOD 1.1.18 TO 31.7.18 £'000
Current tax:		
UK corporation tax	<u>9</u>	<u>(8)</u>
Deferred tax:		
Origination and reversal of timing differences	(751)	(407)
Adjustments in respect of previous years	<u>564</u>	<u>141</u>
Total deferred tax	<u>(187)</u>	<u>(266)</u>
Tax on loss	<u>(178)</u>	<u>(274)</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	YEAR ENDED 31.7.19 £'000	Unaudited PERIOD 1.1.18 TO 31.7.18 £'000
Loss before tax	<u>(1,061)</u>	<u>(4,295)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(202)	(816)
Effects of:		
Expenses not deductible for tax purposes	(14)	86
Capital allowances in excess of depreciation	(111)	-
Depreciation in excess of capital allowances	-	114
Other timing differences	(730)	(562)
Adjustments in respect of previous years	564	134
Tax losses carried forward	315	807
Group relief for nil consideration	<u>-</u>	<u>(37)</u>
Total tax credit	<u>(178)</u>	<u>(274)</u>

Future tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016), these include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

KETTLE FOODS LTD.
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**
10. INTANGIBLE ASSETS
Group and Company

	Goodwill £'000	Trademarks £'000	Customer lists £'000	Totals £'000
COST				
At 1 August 2018 and 31 July 2019	<u>7,354</u>	<u>4,673</u>	<u>2,300</u>	<u>14,327</u>
ACCUMULATED AMORTISATION				
At 1 August 2018	1,235	1,256	441	2,932
Amortisation for year	<u>736</u>	<u>468</u>	<u>230</u>	<u>1,434</u>
At 31 July 2019	<u>1,971</u>	<u>1,724</u>	<u>671</u>	<u>4,366</u>
NET BOOK VALUE				
At 31 July 2019	<u>5,383</u>	<u>2,949</u>	<u>1,629</u>	<u>9,961</u>
At 31 July 2018	<u>6,119</u>	<u>3,417</u>	<u>1,859</u>	<u>11,395</u>

11. TANGIBLE ASSETS
Group

	Freehold land and buildings £'000	Assets under construction £'000	Plant and machinery £'000	Office equipment £'000	Totals £'000
COST					
At 1 August 2018	13,680	2,677	39,344	3,469	59,170
Additions	-	4,421	-	-	4,421
Transfers	<u>2,144</u>	<u>(6,463)</u>	<u>3,847</u>	<u>472</u>	<u>-</u>
At 31 July 2019	<u>15,824</u>	<u>635</u>	<u>43,191</u>	<u>3,941</u>	<u>63,591</u>
ACCUMULATED DEPRECIATION					
At 1 August 2018	5,535	-	32,100	2,638	40,273
Charge for year	<u>309</u>	<u>-</u>	<u>1,492</u>	<u>525</u>	<u>2,326</u>
At 31 July 2019	<u>5,844</u>	<u>-</u>	<u>33,592</u>	<u>3,163</u>	<u>42,599</u>
NET BOOK VALUE					
At 31 July 2019	<u>9,980</u>	<u>635</u>	<u>9,599</u>	<u>778</u>	<u>20,992</u>
At 31 July 2018	<u>8,145</u>	<u>2,677</u>	<u>7,244</u>	<u>831</u>	<u>18,897</u>

Included in cost of land and buildings is freehold land of £4,770,000 (2018 - £4,770,000) which is not depreciated.

KETTLE FOODS LTD.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

11. TANGIBLE ASSETS - continued

Company	Freehold land and buildings £'000	Assets under construction £'000	Plant and machinery £'000	Office equipment £'000	Totals £'000
COST					
At 1 August 2018	13,680	2,677	39,298	3,450	59,105
Additions	-	4,421	-	-	4,421
Transfers	<u>2,144</u>	<u>(6,463)</u>	<u>3,847</u>	<u>472</u>	<u>-</u>
At 31 July 2019	<u>15,824</u>	<u>635</u>	<u>43,145</u>	<u>3,922</u>	<u>63,526</u>
ACCUMULATED DEPRECIATION					
At 1 August 2018	5,535	-	32,083	2,635	40,253
Charge for year	<u>309</u>	<u>-</u>	<u>1,484</u>	<u>514</u>	<u>2,307</u>
At 31 July 2019	<u>5,844</u>	<u>-</u>	<u>33,567</u>	<u>3,149</u>	<u>42,560</u>
NET BOOK VALUE					
At 31 July 2019	<u>9,980</u>	<u>635</u>	<u>9,578</u>	<u>773</u>	<u>20,966</u>
At 31 July 2018	<u>8,145</u>	<u>2,677</u>	<u>7,215</u>	<u>815</u>	<u>18,852</u>

Included in cost of land and buildings is freehold land of £4,770,000 (2018 - £4,770,000) which is not depreciated.

12. SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings are as follows:

Subsidiaries

Kettle Grower Services Limited

Registered office: 38 Barnard Road, Bowthorpe Employment Area, Norwich, Norfolk, NR5 9JP

Nature of business: Agricultural and farming

Class of shares:	%
Ordinary	holding
No. of shares	100.00
Nominal value	100
	£1

Cornpoppers Limited

Registered office: 38 Barnard Road, Bowthorpe Employment Area, Norwich, Norfolk, NR5 9JP

Nature of business: Snack foods manufacture

Class of shares:	%
Ordinary	holding
No. of shares	100.00
Nominal value	2
	£1

Cornpoppers Limited was dissolved on 30 October 2018.

The subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of s479A.

KETTLE FOODS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2019

13. STOCKS

	Group		Company	
	2019	Unaudited 2018	2019	2018
	£'000	£'000	£'000	£'000
Raw materials	2,728	2,884	2,728	2,884
Work-in-progress	148	174	148	174
Finished goods	<u>2,709</u>	<u>2,041</u>	<u>2,709</u>	<u>2,041</u>
	<u>5,585</u>	<u>5,099</u>	<u>5,585</u>	<u>5,099</u>

The replacement cost of stocks does not differ materially from the values disclosed above.

Stocks are stated after provisions for impairment of £158,378 (for the period ended 31 July 2018: £172,287).

14. DEBTORS

	Group		Company	
	2019	Unaudited 2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	21,734	26,256	21,734	26,256
Amounts owed by group undertakings	699	1,659	699	1,659
Other debtors	342	1	342	-
Deferred tax asset	1,576	1,389	1,570	1,385
Prepayments and accrued income	<u>1,568</u>	<u>2,067</u>	<u>1,563</u>	<u>2,067</u>
	<u>25,919</u>	<u>31,372</u>	<u>25,908</u>	<u>31,367</u>

Deferred tax asset

	Group		Company	
	2019	Unaudited 2018	2019	2018
	£'000	£'000	£'000	£'000
Accelerated capital allowances	390	610	384	606
Other timing differences	<u>1,186</u>	<u>779</u>	<u>1,186</u>	<u>779</u>
	<u>1,576</u>	<u>1,389</u>	<u>1,570</u>	<u>1,385</u>

Amounts owed by group undertakings are unsecured, interest is charged at 3% and are repayable on demand.

Trade debtors are stated after provisions for impairment of £393,797 (for the period ended 31 July 2018: £385,873).

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	Unaudited 2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	9,970	15,896	9,970	15,896
Amounts owed to group undertakings	3,014	5,031	3,268	5,250
Other taxation and social security	2,151	2,308	2,150	2,308
Accruals and deferred income	<u>12,789</u>	<u>11,995</u>	<u>12,620</u>	<u>11,797</u>
	<u>27,924</u>	<u>35,230</u>	<u>28,008</u>	<u>35,251</u>

Amounts owed to group undertakings are unsecured, interest is charged at 3.288% and are repayable on demand.

KETTLE FOODS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2019

16. FINANCIAL INSTRUMENTS

The group has the following financial instruments:

	2019 £'000	Unaudited 2018 £'000
Financial assets at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	21,734	26,256
- Amounts owed by group undertakings	699	1,659
	22,433	27,915
Financial assets that are equity instruments measured at cost less impairment	-	-
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost		
- Trade creditors	9,970	15,896
- Amounts owed to group undertakings	3,014	5,031
	12,984	20,927

17. DEFERRED TAX

Group

	£'000
Balance at 1 August 2018	(1,389)
Credit to Statement of Comprehensive Income during year	(187)
Balance at 31 July 2019	<u>(1,576)</u>

Company

	£'000
Balance at 1 August 2018	(1,385)
Credit to Statement of Comprehensive Income during year	(185)
Balance at 31 July 2019	<u>(1,570)</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2019	Unaudited 2018
Number:	Class:			
		value:	£	£
103 (2018: 102)	Ordinary	£1	<u>103</u>	<u>102</u>

On 17th December 2018, DFKA Ltd completed a restructure which involved the sale of its subsidiary company, Kettle Foods Holdings, Inc. to its immediate parent company, Snyder's Lance, Inc. and settlement of all intercompany debt. During the restructure share premium was issued to Kettle Foods Ltd. totalling £1,217,000 for £1 of share capital.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

KETTLE FOODS LTD.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

19. RESERVES

Group

	Retained earnings £'000	Share premium account £'000	Totals £'000
At 1 August 2018	17,520	19,456	36,976
Loss for the year	(883)	-	(883)
Issue of share capital	-	1,217	1,217
At 31 July 2019	<u>16,637</u>	<u>20,673</u>	<u>37,310</u>

Company

	Retained earnings £'000	Share premium account £'000	Totals £'000
At 1 August 2018	17,449	19,456	36,905
Loss for the year	(933)	-	(933)
Issue of share capital	-	1,217	1,217
At 31 July 2019	<u>16,516</u>	<u>20,673</u>	<u>37,189</u>

20. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	YEAR ENDED 31.7.19 £'000	Unaudited PERIOD 1.1.18 TO 31.7.18 £'000
Loss before taxation	(883)	(4,021)
Depreciation and amortisation charges	3,760	2,226
Finance costs	151	38
Finance income	(7)	(15)
Taxation	<u>(178)</u>	<u>(274)</u>
	2,843	(2,046)
(Increase) in stocks	(487)	(257)
Decrease in trade and other debtors	5,637	6,159
(Decrease)/increase in trade and other creditors	<u>(6,089)</u>	<u>2,275</u>
Cash generated from operations	<u>1,904</u>	<u>6,131</u>

KETTLE FOODS LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019****21. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 July 2019

	31.7.19	1.8.18
	£'000	£'000
Cash and cash equivalents	<u>2,777</u>	<u>5,443</u>

Period ended 31 July 2018

	31.7.18	1.1.18
	£'000	£'000
Cash and cash equivalents	<u>5,443</u>	<u>1,414</u>

22. PENSION COMMITMENTS

Kettle Foods Ltd. operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to the profit and loss account in the year ended 31 July 2019 was £662,000 (for the period ended 31 July 2018: £405,000).

The amount outstanding as at 31 July 2019 was £88,000 (for the period ended 31 July 2018: £76,000).

Kettle Grower Services Limited operates a defined contribution retirement benefit scheme for all qualifying employees. The total expense charged to the profit or loss account in the year ended 31 July 2019 was £4,577 (for the period ended 31 July 2018: £3,570).

The amount outstanding as at 31 July 2019 was £452 (for the period ended 31 July 2018: £nil)

23. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2019	Unaudited 2018
	£'000	£'000
Within one year	1,071	1,034
Between one and five years	2,435	2,969
In more than five years	<u>51</u>	<u>73</u>
	<u>3,557</u>	<u>4,076</u>

KETTLE FOODS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2019

24. CAPITAL COMMITMENTS

	2019 £'000	Unaudited 2018 £'000
Contracted but not provided for in the financial statements	<u>482</u>	<u>-</u>

25. RELATED PARTY DISCLOSURES

The group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

26. EVENTS AFTER THE REPORTING PERIOD

On the 11th October 2019, Rowse Honey Limited acquired the entire share capital of DFKA Intermediate Limited. DFKA Intermediate Limited owns 100% of the share capital of DFKA UK Holdings Limited, who in turn own 100% of the share capital of Kettle Foods Ltd. As at this date, Valeo Foods Group Limited is the ultimate parent undertaking and controlling party. The company is incorporated in Jersey, with its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG.

As part of the acquisition which occurred post year end; Valeo Foods group made an equity contribution to Kettle Foods Ltd. totalling £9,052,000 by way of share capital and share premium. £5,710,00 was received in cash, the remaining £3,342,000 was used to repay the intercompany liabilities that Kettle Foods Ltd. owed to Campbell's Soup Company.

27. ULTIMATE PARENT COMPANY

Valeo Foods group is regarded by the directors as being the company's ultimate parent company.

The company's immediate parent undertaking is DFKA UK Holdings Limited, which is incorporated in the United Kingdom.

As at the balance sheet date, Campbell Soup Company was regarded as being the company's ultimate parent company. Campbell Soup Company is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated group financial statements of Campbell Soup Company are available from its registered office at One Campbell Place, MS 37, Camden, New Jersey 08103-1799.