

Registration number: 11830443

Bakkavor Desserts Leicester Limited

Annual Report and Financial Statements

for the Period from 27 December 2020 to 25 December 2021

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Bakkavor Desserts Leicester Limited

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Bakkavor Desserts Leicester Limited

Company Information

Directors A Gudmundsson
 B Waldron

Company Secretary A Tagoe-Bannerman

Registered Office Fitzroy Place
 5th Floor
 8 Mortimer Street
 London
 W1T 3JJ

Bankers Barclays Bank PLC
 Multinational Corporates
 One Churchill Place
 London
 E14 5HP

Independent Auditors PricewaterhouseCoopers LLP
 1 Embankment Place
 London
 WC2N 6RH

Bakkavor Desserts Leicester Limited

Directors' Report for the Period from 27 December 2020 to 25 December 2021

The Directors present their report and the audited Financial Statements for Bakkavor Desserts Leicester Limited (the 'Company') for the 52 week period from 27 December 2020 to 25 December 2021 ('2021'). Comparatives are for the 52 week period from 29 December 2019 to 26 December 2020 ('2020').

Matters of strategic importance included within the Strategic Report

The following items are requirements of a Directors' Report which are fully disclosed within the Strategic Report of this Annual Report:

- Fair review of the business;
- Dividends;
- Principal risks and uncertainties;
- Financial risk management; and
- Future development of the Company.

Principal activity

The principal activity of the Company was the production and manufacture of dessert products until the Company ceased trading in November 2020. The Company is a 100% owned subsidiary of Bakkavor Limited and operates within the Bakkavor Group plc group (the 'Group').

Going concern

The Company ceased trading and its trade and assets were hived up to Bakkavor Foods Limited at book value on 22 November 2020. There are no plans to liquidate the Company so the Director has prepared the Financial Statements under the going concern basis. The Company has a letter in place from the ultimate parent confirming that additional amounts will be advanced to the Company if needed, and intercompany creditor balances classified as repayable on demand will not be recalled by any fellow group company for at least twelve months from the date of signing of the Financial Statements unless alternative financing arrangements are available.

Directors of the Company

The Directors who held office during the period and up to the date of signing were as follows:

A Gudmundsson

B Waldron (appointed 27 December 2020)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the Directors which have been in force throughout the financial period and remain in force as at the date of this report.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, 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 Company will continue in business.

Bakkavor Desserts Leicester Limited

Directors' Report for the Period from 27 December 2020 to 25 December 2021 (continued)

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

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

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Approved by the Board on 12 September 2022 and signed on its behalf by:



B Waldron

Director

Bakkavor Desserts Leicester Limited

Strategic Report for the Period from 27 December 2020 to 25 December 2021

The Directors present their Strategic Report for the period from 27 December 2020 to 25 December 2021.

Section 172 (1) of the Companies Act 2006 ('the Act') Statement

The Company's key stakeholders are its immediate parent, Bakkavor Dormant Holdings Limited and its employees, customers and suppliers. The Company's Directors believe that individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act in the decisions taken during the year ended 25 December 2021.

Fair review of the business and Key Performance Indicators

The Company did not pay an interim dividend (2020: £1,722,000) in the period.

As shown in the Company's Profit and Loss Account, sales amounted to £nil (2020: £47,196,000). The profit for the period was £nil (2020: £2,165,000). The Directors do not recommend the payment of a final dividend (2020: £nil).

The Balance Sheet shows net assets and liabilities of £nil (2020: £nil).

The Directors consider the factors discussed in the fair review of the business to be the Company's key performance indicators. The key performance indicators of the Group are available on pages 26 to 29 of the Bakkavor Group plc Annual Report 2021.

Principal risks and uncertainties

The Company ceased trading and sold its assets and liabilities during the prior year, as such the Company has no Balance Sheet items at year-end and no trade going forward. Due to this the Directors do not consider the Company to have any principal risks or uncertainties.

Future development of the Company

The Company ceased trading and sold its assets and liabilities during the prior year, the Directors therefore intend for the Company to be a dormant company for the foreseeable future.

Approved by the Board on 12 September 2022 and signed on its behalf by:



B Waldron

Director

Independent auditors' report to the members of Bakkavor Desserts Leicester Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bakkavor Desserts Leicester Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 25 December 2021 and of its result for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 25 December 2021; the Profit and Loss Account and the Statement of Changes in Equity for the period 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 company 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 period ended 25 December 2021 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 company and its 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 Directors' Responsibilities Statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent

manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Assessment of matters reported on the group's whistleblowing helpline, and the results of management's investigation of such matters;
- Identifying and testing journal entries which could manipulate the financial performance of the business; and
- Review of minutes of meetings of those charged with governance.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sandeep Dhillon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 September 2022

Bakkavor Desserts Leicester Limited**Profit and Loss Account for the Period from 27 December 2020 to 25 December 2021**

	Note	2021 £'000	2020 £'000
Turnover	4	-	47,196
Cost of sales		-	(31,793)
Gross profit		-	15,403
Distribution costs		-	(2,304)
Other administrative costs		-	(10,193)
Operating result/profit	5	-	2,906
Interest payable and similar expenses		-	(172)
Result/profit before tax		-	2,734
Tax	8	-	(569)
Result/profit for the period		-	2,165

The Company has no other comprehensive income other than the result/profit above and therefore no separate statement of other comprehensive income is presented.

The Notes on pages 11 to 19 form an integral part of these Financial Statements.

Bakkavor Desserts Leicester Limited**Statement of Changes in Equity for the Period from 27 December 2020 to 25 December 2021**

	Note	Share capital £'000	Profit and Loss Account £'000	Total shareholders' deficit £'000
Balance at 29 December 2019		-	(443)	(443)
Dividend paid		-	(1,722)	(1,722)
Profit for the period		-	2,165	2,165
Balance at 26 December 2020	12	-	-	-
Balance at 27 December 2020		-	-	-
Result for the period		-	-	-
Balance at 25 December 2021	12	-	-	-

The Notes on pages 11 to 19 form an integral part of these Financial Statements.

Bakkavor Desserts Leicester Limited

(Registration number: 11830443)

Balance Sheet as at 25 December 2021

	Note	25 December 2021 £'000	26 December 2020 £'000
Capital and reserves			
Called up share capital	12	-	-
Profit and Loss Account		-	-
Total shareholders' deficit		-	-

The Financial Statements of Bakkavor Desserts Leicester Limited, company number 11830443, were approved by the Board on 12 September 2022 and signed on its behalf by:



B Waldron

Director

The Notes on pages 11 to 19 form an integral part of these Financial Statements.

Bakkavor Desserts Leicester Limited

Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021

1 General information

Bakkavor Desserts Leicester Limited is a private company limited by share capital, incorporated and domiciled in the United Kingdom and registered in England and Wales. The Company's registered office address can be found page 1.

The principal activity of the Company was the production and manufacture of dessert products until the Company ceased trading in November 2020. The Company is a 100% owned subsidiary of Bakkavor Dormant Holdings Limited and operates within the Bakkavor Group plc group (the 'Group').

New standards, interpretations and amendments effective

In the current period, the Company has adopted the following Standards and Interpretations.

IFRS 17 Insurance Contracts

Amendments to IFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Amendments to IAS 1 Presentation of Financial Statements' on classification of liabilities

Annual Improvements to IFRS Standards 2018-2020 Cycle

Narrow scope amendments to IFRS 3, IAS 16 and IAS 37

Narrow scope amendments to IAS 1, IAS 8 and IFRS Practice statement 2

The Directors anticipate that the adoption of these Standards and Interpretations will have no material impact on the Financial Statements of the Company.

The Company has elected to early adopt amendments to IFRS 9, IAS 39, IFRS 7 - Interest Rate Benchmark Reform Phase 2 and IFRS 16 - COVID-19 Related Rent Concessions as issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

2

Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

These Financial Statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act as applicable to companies using FRS 101. As permitted under section 390 (3) of the Companies Act 2006, the Company has taken the option to end its financial period on the Saturday of or immediately before 31 December, as this is not more than 7 days before the end of the period dated 31 December. Where the fiscal year 2021 is quoted in these Financial Statements this relates to the 52 week period ended 25 December 2021. The fiscal year 2020 relates to the 52 week period ended 26 December 2020.

The Financial Statements have been prepared on the historical cost basis. For the purpose of the Financial Statements, the results and financial position are expressed in Pounds Sterling, which is the functional currency of the Company.

Bakkavor Desserts Leicester Limited

Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021 (continued)

2 Accounting policies (continued)

Statement of disclosure exemptions

As permitted by Financial Reporting Standard 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets, share based payments, presentation of a third balance sheet for retrospective restatements and related party transactions. Where relevant, equivalent disclosures have been given in the group Financial Statements of Bakkavor Group plc. The group Financial Statements of Bakkavor Group plc are available to the public and can be obtained as set out in the controlling party note (see Note 16).

Going concern

The Directors have reviewed the historical trading performance of the Company and the forecasts through to September 2023, to assess the level of finance required by the Company. The going concern basis has been adopted in preparing these Financial Statements. Reference should be made to the Directors' report for the Directors' consideration of going concern. The Company ceased trading and its trade and assets were hived up to Bakkavor Foods Limited at book value on 22 November 2020. There are no plans to liquidate the Company so the Director has prepared the Financial Statements under the going concern basis. The Company has a letter in place from the ultimate parent confirming that additional amounts will be advanced to the Company if needed, and intercompany creditor balances classified as repayable on demand will not be recalled by any fellow group company for at least twelve months from the date of signing of the Financial Statements unless alternative financing arrangements are available.

Revenue recognition

The Company sells fresh prepared foods and fresh produce, and revenue is recognised as the performance obligation to deliver goods to customers is satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligation. Revenue on the sale of goods is recognised when control of the goods has passed to the buyer upon delivery to the customer and represents the value of sales to customers net of customer deductions and discounts, VAT and other sales-related taxes.

Upon completion of delivery (the performance obligation), the terms of the order allow 30 to 75 days for payment, dependent on the customer contract.

Many of the Company's revenue contracts include an element of variable consideration, such as customer deductions for rebate arrangements or other incentives to customers. The arrangements can take the form of volume rebates, marketing fund contributions or promotional fund contributions. The Company recognises revenue net of customer deductions and discounts in the period in which the arrangement applies only when it is highly probable a significant reversal in the cumulative amount of revenue will not occur. Volume based rebates are calculated on the Company's estimate of rebates expected to be paid to customers using the 'most likely amount' in line with IFRS 15 requirements, whereas fixed rebates are accounted for as a reduction in revenue over the life of the contract. When the Company has satisfied its performance obligations, the customer will make payment in line with agreed payment terms. The Company does not expect to have any contracts where the period between transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money. For goods returned, the Company will recognise an obligation and reduce revenue accordingly at the time of notification.

Bakkavor Desserts Leicester Limited

Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021 (continued)

2 Accounting policies (continued)

Customer Deductions

Consistent with standard industry practice, the Company has arrangements with its customers providing volume-related rebates, marketing and promotional funding contributions, discounts or lump sum incentives. These costs are recognised as a reduction to revenue as they are considered to be an adjustment to the selling price for the Company's products. Sometimes, the payment of this support is subject to the Company's customers performing specified actions or satisfying certain performance conditions associated with the purchase of products from the Company. These include achieving agreed purchase volume targets and providing promotional marketing materials/activities. Whilst there is no standard definition, these amounts payable to customers are generally termed "customer deductions".

The Company recognises these costs as a deduction from revenue based upon the terms of the relevant arrangement in place. Amounts payable relating to customer deduction arrangements are recognised within accruals except in cases where the Company has a legal right of set-off and intends to offset against amounts due from that customer.

Research and development

Research and development costs comprise all directly attributable costs necessary to create and produce new products which may be either new in design or modifications of existing products. Expenditure on research and development is recognised as an expense in the period in which it is incurred, except where development expenditure meets the criteria to be capitalised.

Tax

The tax expense for the period comprises current tax and deferred tax. The tax expense is recognised in the Profit and Loss Account, except that an amount attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Payments for intragroup transfer of tax losses

Where the Company surrenders tax losses to or receives tax losses from another Group company, an amount of compensation is received from or paid to that respective Group company ('group relief payments'). Group policy is to ensure that the surrendering company is reimbursed for tax losses at the prevailing UK corporate tax rate.

Bakkavor Desserts Leicester Limited

Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021 (continued)

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

Asset class	Depreciation method and rate
<i>Buildings</i>	<i>maximum period of 50 years</i>
<i>Plant and machinery</i>	<i>1 to 20 years</i>
<i>Fixtures and equipment</i>	<i>3 to 5 years</i>

Reviews of the estimated remaining useful lives of and residual values of individual productive assets are performed annually, taking account of commercial and technological obsolescence as well as normal wear and tear. All items of property, plant and equipment are reviewed for impairment when there are indications that the carrying value may not be recoverable.

If in a subsequent period, the amount of impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Profit and Loss Account.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Stock

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting 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 the Profit and Loss Account.

Leases

From the start of 2019 the Company has adopted IFRS 16 Leases and transitioned to this standard by applying the modified retrospective asset equals liability approach for lease commitments in place at that time.

IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 30 December 2018.

Bakkavor Desserts Leicester Limited

Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021 (continued)

2 Accounting policies (continued)

Under IFRS 16, all leases (except as noted below), are accounted as follows:

- Recognise right-of-use assets and lease liabilities in the Balance Sheet, initially measured at the present value of future lease payments. Future lease payments are discounted at the Company's weighted average incremental borrowing rate;
- Use the lease term specified in the contract. Where there are termination options in the contract it is assumed that these will not be exercised and when there are extension options the Company assumes that these will be exercised; and
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the Profit and Loss Account.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities, whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets and any impairment is provided for by writing down the asset value.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognise a lease expense on a straight-line basis over the lease term as permitted by IFRS 16 paragraph 6. This expense is presented within other expenses in the Profit and Loss Account.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligations

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity, which then invests the contributions to buy annuities for the pension liabilities as they become due based on the value of the fund, and hence the Company has no legal or constructive obligations to pay further contributions. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Profit and Loss Account as employee service is received. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the amount of the obligation cannot be measured reliably. A contingent liability is not recognised but it is disclosed in the Notes to the Financial Statements. When an outflow becomes probable, it is recognised as a provision.

3 Critical accounting judgements and key sources of estimation uncertainty

There are no significant areas where critical accounting judgements have been applied in the compilation of these Finance Statements.

4 Turnover

All turnover is from the sale of goods to United Kingdom customers.

Bakkavor Desserts Leicester Limited

Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021 (continued)

5 Operating result/profit

Operating result/profit for the period has been arrived at after charging:

	2021 £'000	2020 £'000
Depreciation of owned property, plant and equipment	-	1,249
Depreciation of leased assets	-	385
Research and development costs	-	101
Cost of stock	-	19,301
Write down of stock	-	77
Staff costs (see Note 6)	-	10,753
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6 Staff costs

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

	2021 No.	2020 No.
Production	-	432
Management and administration	2	22
	<hr/>	<hr/>
	2	454
	<hr/>	<hr/>

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	-	9,623
Social security costs	-	766
Other pension costs (see Note 14)	-	364
	<hr/>	<hr/>
	-	10,753
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7 Directors', employees' and auditors' remuneration

The Directors have received no emoluments (2020: £nil) for their services to the Company in the financial period presented. The Directors are considered to be the key management personnel of the Company.

The Company had two employees (including directors) for the period ended 25 December 2021 (2020: two).

Fees of £15,000 payable to the Company's auditors in respect of the statutory audit of the Company's Financial Statements for the period ended 25 December 2021 (2020: £5,000) have been borne by Bakkavor Foods Limited.

No non-audit fees were charged to the Company for the period ended 25 December 2021 (2020: £nil).

Bakkavor Desserts Leicester Limited

Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021 (continued)

8 Tax

	2021 £'000	2020 £'000
Group loss relief charge – current period	-	(457)
Total current tax	-	(457)
Deferred tax charge – current period	-	(94)
Deferred tax charge – prior period	-	(18)
Total tax charge	-	(569)

Corporation tax is calculated at 19% (2020: 19%) of the estimated assessable loss for the period. The charge for the period can be reconciled to the loss per the Profit and Loss Account as follows:

	2021 £'000	2020 £'000
Result/profit before tax	-	2,734
Tax at the UK corporation tax rate	-	(519)
Effect of expenses not deductible in determining taxable profit/loss	-	(32)
Deferred tax adjustment – prior period	-	(18)
Tax charge and effective tax rate for the period	-	(569)

The Government announced on 3 March 2021, and substantively enacted on 24 May 2021, that the UK corporation tax rate will increase to 25% effective from 1 April 2023. Deferred tax assets and liabilities are valued at 25% at the Balance Sheet date, up from 19% at 26 December 2020.

9 Deferred tax asset

The following are the major deferred tax provisions recognised by the Company and movements thereon during the prior period.

	Accelerated tax depreciation £'000
At 29 December 2019	23
Recognised in income	(112)
Transferred on hive-up	89
At 26 December 2020	-

Bakkavor Desserts Leicester Limited

Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021 (continued)

9 Deferred tax asset (continued)

The following are the major deferred tax provisions recognised by the Company and movements thereon during the current period.

	Accelerated tax depreciation £'000
At 27 December 2020	-
At 25 December 2021	-

10 Leases

The Company previously leased assets including land and buildings and plant and machinery that are held within property, plant and equipment. During the prior period, the Company transferred its lease liabilities and Right of Use assets as part of the hive-up to Bakkavor Foods Limited.

Amounts recognised in the Profit and Loss Account

	2021 £'000	2020 £'000
Interest on lease liabilities	-	172
	-	172

11 Hive Up of Company to Bakkavor Foods Limited

In the prior period, the Company paid an interim dividend of £1,722,000 to Bakkavor Limited. On 22 November 2020 the company was hived-up to Bakkavor Foods Limited; its assets and were sold at book value of £1,722,000. This transaction resulted in a receivable from Bakkavor Foods Limited of £1,722,000 in the prior period. Bakkavor Foods Limited then assumed the liability to Bakkavor Limited created by the aforementioned dividend, resulting in a nil position for the company.

12 Called up share capital and reserves

Allotted, called up and fully paid shares	2021 £	2020 £
1 Ordinary share of £1 each	1	1

13 Contingent liabilities

The Company may from time to time, and in the normal course of business, be subject to claims from customers and counterparties. The Company reviews any claims to determine if there is any potential financial loss to the Company. As at 25 December 2021 and 26 December 2020, there were no legal claims or potential claims against the Company and therefore no provision is considered necessary in the Financial Statements.

Bakkavor Desserts Leicester Limited

Notes to the Financial Statements for the Period from 27 December 2020 to 25 December 2021 (continued)

14 Retirement benefit schemes

Defined contribution scheme

The Company participates in the Bakkavor Group plc's defined contribution scheme. The assets of the pension scheme are held separately from those of the Company. The total cost charged to income amounted to £nil (2020: £364,000) and represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. The Company has paid this in the prior period by way of a recharge from another group company. At 25 December 2021 and 26 December 2020, no amounts were outstanding for the defined contribution scheme.

15 Events after the Balance Sheet date

There are no significant events after the Balance Sheet date to report.

16 Parent and ultimate parent undertaking

The immediate parent of the Company is Bakkavor Dormant Holdings Limited.

The Company's ultimate parent company and ultimate controlling party is Bakkavor Group plc, a company registered in the United Kingdom.

The parent undertaking of the largest and smallest group, which includes the Company and for which group financial statements are prepared, is Bakkavor Group plc. These Financial Statements are available upon request from Bakkavor Group plc's registered office, Fitzroy Place 5th Floor, 8 Mortimer Street, London, W1T 3JJ, United Kingdom.