

HALO FOODS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021



HALO FOODS LIMITED

COMPANY INFORMATION

Directors	J P Tague (resigned 15 March 2022) J Beardwood (resigned 12 May 2021) P K Bradshaw (appointed 12 May 2021) M Allen (appointed 15 March 2022)
Company secretary	P Bradshaw (appointed 12 May 2021)
Registered number	02411911
Registered office	Unit 26 Estuary Road Queensway Meadows Industrial Estate Newport Gwent Wales NP19 4XA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 6th Floor 3 Callaghan Square Cardiff CF10 5BT

HALO FOODS LIMITED

CONTENTS

	Page
Strategic Report	1 - 4
Directors' Report	5 - 8
Independent Auditor's Report	9 - 13
Statement of Comprehensive Income	14
Balance Sheet	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17 - 38

HALO FOODS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors present their Strategic Report for the period 3 January 2021 to 31 December 2021.

Principal activities

The Company's principal activities during the period continued to be the development, manufacturing and distribution of natural healthy snack foods.

The Company's financial and other performance indicators during the period were as follows for all continuing operations:

	Period ended 31 December 2021	Period ended 2 January 2021	Change
	£m	£m	%
Turnover	45.9	43.1	6.5
Underlying Operating Profit*	7.3	6.1	20
Asset Revaluation**	-	(1.2)	-
Restructuring costs and legal expenses***	(0.1)	(0.5)	(80%)
Depreciation	(1.9)	(2.0)	5
Final profit before tax	5.3	2.4	120.0
Average number of employees	302	290	4.14%

* Underlying operating profit excludes depreciation, one-off costs and asset adjustments

** In the period ended 2 January 2021 £1.2m of plant & machinery fixed assets were written off due to a change of accounting estimate

***In the period ended 2 January 2021 one-off re-structuring charges, legal case related and COVID-19 related expenses were allocated to administrative expenses

The period ended 31 December 2021 was another period of significant progress for Halo Foods, driven by the development of new products, range extensions and a focus expanding our market segments. Our strategy is driven by understanding changing consumer needs and reacting faster than our competition in developing products to meet this demand.

Fair review of business

The directors are pleased with the performance of the business during the financial period with an increase in underlying profit of 20.0%. In recent years the Company has switched its' focus from solely acting as a third-party co-manufacturer to a brand owner and brand partner driving sales through offering outstanding value and high quality.

In line with our plan we continued to invest substantially to support growth, spending on production capabilities, increasing capacity and investing in the workforce. In 2019 the Company completed a re-evaluation of our accounting policies as part of the review the board approved a significant write down of historic assets (aligned with FRS 102) and a further write down of £1,188,315 has been charged to exceptional costs during the prior period. The UK food and drink market continued to be impacted by the ongoing Covid-19 and Brexit challenges, we are proud we remained resolute to our ongoing commitment to providing a safe environment for our employees to work within, ensuring our customers, brand partners and ultimately consumers were provided an ongoing supply of high quality snack foods.

We remain extremely thankful to the Halo Foods workforce who have helped to retain our high standards of quality and service in a very challenging year for the industry. We partner with some great people across our supply and customers base and thank them for helping us to continue to be able to provide accessible, tasty and healthy snacks.

HALO FOODS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

Future developments

The directors are confident that the company will report continued growth and strong earnings performance. Our future poses significant opportunity to build on the successes of the past year, and accepting there will be challenges on the way, we're committed and excited to continue to build our range providing positive rewards for our consumers and colleagues.

Section 172 (1) Statement

At Halo Foods we are committed to contribute to our society by making snacking healthier, tastier and more enjoyable and our mission is to become the acknowledged experts in healthy snacking and help consumers to snack well by producing great tasting products at great value. We are committed to demonstrating continuous improvement, innovation and making key strategic decisions in the best interests of all stakeholders.

We deliver our vision by providing tasty, low calorie snack bars at great value through a variety of channels. We're committed to providing our consumers with an accessible and affordable range of products to meet their need for permissible treats.

Our reputation matters greatly to us and therefore we strive to maintain high standards of business conduct and act fairly, ethically and professionally in all situations. Board decisions are made after weighing up all likely impacts of our approach on employees, suppliers, customers, the environment and the likely consequence of those decisions in the long term. All voting shareholders meet at least annually, thus ensuring all voting shareholders are represented and their views are fairly represented in key decisions.

Engagement with employees

We continue to focus on staff development and employing skilled staff is vital to the success of our business. We recruit with the aim of retaining staff long-term and offering opportunities for them to progress with us. We have invested in continuous improvement ('CI') and training programmes including a leadership programme, improved induction and a training and skills matrix.

Staff across the company share the success of the business with market competitive rates of pay, through bonus schemes and enhanced benefits.

Staff feedback is channelled through our reporting structure and actively sought as part of decision-making, we aim for an open and trusted communication framework. Feedback is also sought through regular meetings with production workforce representatives.

Engagement with suppliers, customers and other stakeholders

The success of the business has been built on strong relationships with our portfolio of customers and suppliers.

Our brand partner customers are established and long term, we work closely to ensure we continue to deliver high quality products and service. Our own brand customer base is expanding as the demand for the product increases significantly and we strive to ensure we meet their requirements to high standards, on board new customers effectively and build long term partnerships.

We were and remain focused on building our distribution across the retail landscape, making our Skinny Bars available in more stores as well as providing an online direct to consumer purchase solution. Engagement with our customers is the core of our new product development and during the period launched a number of new products as part of our continual range development with additional flavours in the Skinny Whip and Skinny Crunch ranges and a new range of Skinny Dream indulgent bars.

We're focused on continuing to build our knowledge of consumers' needs, taking steps to ensure we offer choice in a responsible and open way.

HALO FOODS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021

We continue to work with our supply partners to build long term relationships and strengthen our supply chain and build on work we have achieved in prior years such as optimising transport mileage to minimising and recycling waste.

Principal risks and uncertainties

The business operates in a highly competitive environment, where maintaining commercial and operational focus is vital to the success of the business. The Company's broad range of manufacturing capability, product/packaging development and commercial awareness ensure that the business is well placed to meet the needs of an ever-changing marketplace.

Whilst other risks to the business are not unusual, exposure to commodity price pressures and availability can have a significant impact on the Company's performance. The Company looks to mitigate these risks where possible by putting in place commodity pricing and volume contracts to support its commercial obligations.

The directors monitor the progress of the Company by reference to monthly KPIs which include, but are not limited to:

- Gross Profitability by customer; contract and by product line;
- Contribution by production line;
- EBITDA;
- Net working capital ratios;
- Cash generation;
- Manufacturing data.

Exchange rate risk

The Company is not exposed to any direct foreign currency risks as the majority of its cash flows are in sterling. Transactions are settled at spot rates. There were no outstanding forward currency contracts at 31 December 2021 (2021: Nil).

Forward contract risk

The Company takes the opportunity to secure forward supplies of some raw material commodities when prices are deemed to be favourable. These contracts are managed under policies and procedures approved and monitored by the board on a monthly basis.

Credit risk

The Company enforces adherence to agreed credit terms rigidly and obtains credit insurance on selected customers when deemed necessary.

Liquidity and cash risk

The Company manages its liquidity and cash flow within limits agreed by the directors.

Business risk

The board has established a formal process for identifying, evaluating and managing the business risks faced, with an ongoing review of progress against strategic objectives. The business risks reviewed include:

- external business risks, including regulatory and compliance obligations.
- operational risks arising from supplier dependency, fire, material damage etc.
- legal risks such as risks under factory leases and under contracts with suppliers.
- information risks, including the integrity of IT systems and security of information

HALO FOODS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021**

Brexit

In December 2020, a Brexit deal was agreed with the EU setting out the basis for future trading with the EU. In the short term, the principal impact on the group relates to disruptions in the supply chain. The company has a network of reliable long term suppliers to ensure this risk is minimised.

COVID-19

COVID-19 created significant challenges for the sector and company during 2020. The company put in place robust steps to monitor risks and implement mitigating actions as they evolved and this enabled the business to continue and the factory to remain in production throughout the pandemic. whilst the situation with Covid-19 remains dynamic and unpredictable, the directors are confident that the company has measures in place to ensure the business and performance remains resilient.

This report was approved by the board on 29 April 2022 and signed on its behalf.

Paula Bradshaw

P K Bradshaw
Director

HALO FOODS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the period ended 31 December 2021.

Results and dividends

The profit for the period, after taxation, amounted to £4,301,619. (2 January 2021: £2,080,364).

The directors did not recommend the payment of dividend in the period (2 January 2021: £Nil).

Directors

The directors who served during the period were:

J P Tague (resigned 15 March 2022)
J Beardwood (resigned 12 May 2021)
P K Bradshaw (appointed 12 May 2021)
M Allen (appointed 15 March 2022)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

HALO FOODS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021**

Internal control

The board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets, as well as reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material loss and misstatement.

The key control procedures operating within the Company include but are not limited to:

- A comprehensive system of budgeting and forecasting with a detailed periodic view of actual results compared with budget and previous years.
- Procedures for appraisal, review and authorisation of capital expenditure.
- Treasury procedures and banking arrangements.
- Monitoring and assessment of business risk and performance for each operating site.
- Periodic review of future supply commitments.
- Regular updates on tax, insurance and health and safety matters.
- Secure storage and back up of data held on computer systems.

The directors have put in place an organisational structure appropriate for the size of the Company with defined lines of responsibility and delegation of authority where the board considers it necessary.

Disabled employees

The Company has a policy of employing disabled persons wherever this is practicable and attempts to provide equal opportunities to disabled persons. The Company endeavours to ensure that disabled employees benefit from training and career development programmes in line with other members of the staff. In the event of the members of the staff become disabled, every effort is made to ensure that their employment with the Company continues and appropriate training is arranged.

Supplier payment policy

The Company's policy is to comply with the terms of payment agreed with suppliers when terms of business are established. At 31 December 2021 the Company's trade creditors represented 52 days of purchases (*2 January 2021: 47 days*).

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risk are described in the Strategic Report.

The directors have prepared forecasts based on the Company's current sales and margin expectations, working capital management and existing financing obligations. The ongoing COVID-19 outbreak has had minimal impact on the business and is assessed as a low risk.

A sensitivity analysis has been performed on the forecasts to understand the cash flow projection for an expected base case, a worst case scenario and a reverse engineer to understand when the Company would not be able to meet its financial obligations. Based on the forecasts prepared and scenarios tested, the directors believe that the Company is well placed to manage its financing and business risks satisfactorily and has adequate resources to continue in operation for the foreseeable future and for at least 12 months from the signing date of these financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

HALO FOODS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021

Qualifying third party indemnity provisions

The directors of the Company benefited from qualifying directors and officers' liability insurance and the necessary policies were in place in the financial period and up to the date of this report.

Statement of Carbon emissions in compliance with the Streamlined Energy and Carbon Reporting (SECR)

Period ended 31 December 2021

	kWh	Energy Conversion Factor	KgCO ₂ e
Electric	4,647,452.00	0.21233	986,793.48
Gas	4,405,717.68	0.18316	806,951.25
Diesel	25,877.00	0.23686	6,129.23
Total	9,079,046.68	-	1,799,873.96
Production Volume (tonnes)	9,340.01	-	-
Consumption per Tonne	972.06	-	-
Emissions ratio kgCO₂e per Tonne	-	-	192.71

Period ended 2 January 2021

	kWh	Energy Conversion Factor	KgCO ₂ e
Electricity	4,811,055.00	0.21	1,021,531.31
Gas	4,202,616.60	0.18	769,751.26
Diesel	102,462.52	0.24	24,269.27
Total	9,116,134.12		1,815,551.84
Production Volume (tonnes)	8,030.74		
Consumption per Tonne	1,135.16		
Emissions ratio kgCO₂e per Tonne			226.08

Energy conversion factors taken from UK Government GHG Conversion Factors for Company Reporting.

Actions taken to improve energy efficiency in the period ending 31 December 2021 include:

- LED lighting installed throughout the warehouse units.
- Continued site steam trap surveys with by Spirax Sarco.
- 3 new chiller systems were installed across H1, H2 and H3 providing improving cooling capacity for the same energy output and also increasing production efficiency during warmer periods.

Energy conversion factors taken from UK Government GHG Conversion Factors for Company Reporting.

Matters covered in the Strategic Report

Items included in the Strategic Report are;

- Price, credit, liquidity and cash risk
- Future developments of the Company

HALO FOODS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021**

Post balance sheet events

So far as each director is aware, there are no post balance sheet events to disclose.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

This report was approved by the board on 29 April 2022 and signed on its behalf.

Paula Bradshaw

P K Bradshaw
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALO FOODS LIMITED

Opinion

We have audited the financial statements of Halo Foods Limited (the 'Company') for the period, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



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

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of 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 and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of how the Company is complying with significant legal and regulatory frameworks through inquiries of management;
- The Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified Financial Reporting Standard 102 and the Companies Act 2006, along with legislation relating to food production, employment, health & safety, data protection and environmental issues, as those most likely to have a material effect if non-compliance were to occur;
- We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Company's operations, including the nature of its revenue sources, products, and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the Company's control environment;
 - the Company's relevant control controls over areas of significant risks; and
 - the Company's business processes in respect of classes of transactions that are significant to the financial statements;
- Audit procedures performed by the engagement team included:
 - identifying the significant risk of fraud within revenue recognition and undertaking substantive testing to obtain sufficient and appropriate audit evidence;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions;



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

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included:
 - consideration of the engagement team's understanding of, and particular experience with, audit engagements of a similar nature and complexity;
 - appropriate training, knowledge of the industry in which the Company operates; and
 - understanding of the legal and regulatory requirements specific to the Company.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Rhian Owen BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

29 April 2022

HALO FOODS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Note	31 December 2021 £	2 January 2021 £
Turnover	4	45,881,627	43,092,684
Cost of sales		(32,806,897)	(33,537,019)
Gross profit		13,074,730	9,555,665
Distribution costs		(1,365,790)	(862,892)
Administrative expenses		(6,253,336)	(4,489,205)
Exceptional administrative expenses	8	(141,750)	(1,739,818)
Other operating income	5	-	138,598
Operating profit	6	5,313,854	2,602,348
Interest payable and similar expenses	11	-	(163,553)
Profit before tax		5,313,854	2,438,795
Tax on profit	12	(1,012,235)	(358,431)
Profit for the financial period		4,301,619	2,080,364

There were no recognised gains and losses for 31 December 2021 or 2 January 2021 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 31 December 2021 (2 January 2021: £Nil).

The notes on pages 17 to 38 form part of these financial statements.

HALO FOODS LIMITED
REGISTERED NUMBER:02411911

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	31 December 2021 £	2 January 2021 £
Fixed assets			
Tangible assets	13	13,398,388	10,182,948
Investments	14	1	1
		<u>13,398,389</u>	<u>10,182,949</u>
Current assets			
Stocks	15	6,280,058	2,150,887
Debtors: amounts falling due within one year	16	6,345,328	7,012,249
Cash at bank and in hand	17	578,216	2,970,989
		<u>13,203,602</u>	<u>12,134,125</u>
Creditors: amounts falling due within one year	18	(12,795,051)	(13,791,310)
Net current assets/(liabilities)		<u>408,551</u>	<u>(1,657,185)</u>
Total assets less current liabilities		<u>13,806,940</u>	<u>8,525,764</u>
Provisions for liabilities			
Deferred tax	19	(979,557)	-
		<u>(979,557)</u>	<u>-</u>
Net assets		<u><u>12,827,383</u></u>	<u><u>8,525,764</u></u>
Capital and reserves			
Called up share capital	20	311,051	311,051
Share premium account	21	347,974	347,974
Profit and loss account	21	12,168,358	7,866,739
		<u><u>12,827,383</u></u>	<u><u>8,525,764</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 April 2022.

Paula Bradshaw

P K Bradshaw
 Director

The notes on pages 17 to 38 form part of these financial statements.

HALO FOODS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 3 January 2021	311,051	347,974	7,866,739	8,525,764
Comprehensive income for the period				
Profit for the period	-	-	4,301,619	4,301,619
Total comprehensive income for the period	-	-	4,301,619	4,301,619
At 31 December 2021	311,051	347,974	12,168,358	12,827,383

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 2 JANUARY 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2019	311,051	347,974	5,786,375	6,445,400
Comprehensive income for the period				
Loss for the period	-	-	2,080,364	2,080,364
Total comprehensive income for the period	-	-	2,080,364	2,080,364
At 2 January 2021	311,051	347,974	7,866,739	8,525,764

The notes on pages 17 to 38 form part of these financial statements.

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

1. General information

Halo Foods Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located Unit 26 Estuary Road, Queensway Meadows Industrial Estate, Newport, Gwent, Wales, NP19 4XA.

2. Accounting policies**2.1 Basis of preparation of financial statements**

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Gabriel Topco Limited as at 31 December 2021 and these financial statements may be obtained from Unit 26 Estuary Road, Queensway Meadows Industrial Estate, Newport, Wales, NP19 4XA.

2.3 Preparation of consolidated accounts exemption

The Company is a wholly-owned subsidiary of Gabriel Bidco Limited, and an indirectly wholly-owned by Gabriel Topco Limited and therefore is included within the consolidated financial statements of Gabriel Topco Limited which are publicly available. Consequently, the Company has taken advantage of preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.4 Going concern**

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risk are described in the Strategic Report.

The directors have prepared forecasts based on the Company's current sales and margin expectations, working capital management and existing financing obligations. The ongoing COVID-19 outbreak has had minimal impact on the business and is assessed as a low risk.

A sensitivity analysis has been performed on the forecasts to understand the cash flow projection for an expected base case, a worst case scenario and a reverse engineer to understand when the Company would not be able to meet its financial obligations. Based on the forecasts prepared and scenarios tested, the directors believe that the Company is well placed to manage its financing and business risks satisfactorily and has adequate resources to continue in operation for the foreseeable future and for at least 12 months from the signing date of these financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2.5 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within Administration expenses. All other foreign exchange gains and losses are presented in profit or loss within Administration expenses.

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.6 Revenue**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and can be reliably measured. Revenue arises from the Company's principal activity of the manufacture, distribution and sale of a range of snack bars for leading brand owners, owned brands and food retailers. Revenue is stated at its fair value and hence after deductions for trade discounts and value added tax.

Revenue is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met on dispatch.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Government grants

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

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.9 Finance costs

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

2.10 Pensions**Defined contribution pension plan**

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

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

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.11 Current and deferred taxation**

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.13 Tangible fixed assets

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

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.13 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Leasehold improvements	- over life of lease
Plant and machinery	- 10 - 33% straight line
Motor vehicles	- 25% straight line
Assets under course of construction	- not depreciated
Fixtures and fittings	- 10 - 33% straight line
Computer equipment	- 10 - 33% straight line

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

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

2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

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

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

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.17 Debtors

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

2.18 Cash and cash equivalents

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

2.19 Creditors

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

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.21 Financial instruments**

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

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

3. Judgements in applying accounting policies and key sources of 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.

a. Critical judgements in applying the Company's accounting policies

No critical judgements in applying the Company's accounting policies to prepare these financial statements have been identified by management.

b. Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition seldom equal the related actual results.

Impairment of tangible assets

Determination of whether there are indicators of impairment of the Company's tangible assets is undertaken at least annually. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected performance of that unit.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

No further estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year have been identified by management.

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

4. Turnover

An analysis of turnover by class of business is as follows:

	31 December 2021 £	<i>2 January 2021 £</i>
Turnover	45,881,627	43,092,684

Analysis of turnover by country of destination:

	31 December 2021 £	<i>2 January 2021 £</i>
United Kingdom	38,384,108	39,025,602
Rest of Europe	7,453,325	3,984,502
Rest of the world	44,194	82,580
	45,881,627	43,092,684

5. Other operating income

	31 December 2021 £	<i>2 January 2021 £</i>
Government grants receivable	-	75,316
Other operating income	-	63,282
	-	138,598

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

6. Operating profit

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

	31 December 2021 £	2 January 2021 £
Other operating lease rentals	345,950	404,575
Depreciation of tangible assets	1,885,151	1,955,076
Foreign exchange differences	(119,024)	60,200
Research & development charged as an expense	68,573	154,406
Redundancy	-	128,816
Government grants	-	(75,316)
Cost of stock recognised as an expense	25,225,070	24,957,951
Impairment of stock recognised as an expense	333,801	386,159
	<u>333,801</u>	<u>386,159</u>

7. Auditor's remuneration

	31 December 2021 £	2 January 2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	34,500	35,020
	<u>34,500</u>	<u>35,020</u>

Fees payable to the Company's auditor and its associates in respect of:

Taxation compliance services	5,500	4,500
All other services	1,500	1,500
Tax advisory services	12,000	8,000
	<u>19,000</u>	<u>14,000</u>

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

8. Exceptional items

	31 December 2021 £	2 January 2021 £
Fixed asset write-off	-	1,188,315
Legal & related costs	141,750	383,062
Restructuring costs	-	131,384
COVID-19 related costs	-	37,057
	141,750	1,739,818

Fixed asset write-off

In 2019 the Company reviewed its accounting policies to align with FRS102 and this resulted in a significant write down of fixed asset net book value of £2.4m. A further review was performed in the period ended 2 January 2021 and additional assets were identified which resulted in a write off of £1.2m.

Legal & related costs

For the period ended 2 January 2021, the Company settled a manufacturing contract dispute which resulted in legal costs of £227,807, write off of unsaleable goods of £134,255 and a bad debt write off of £21,000.

For the period ended 31 December 2021, the company incurred legal expenses of £103,000 in relation to contract adherence work. There were also £38,750 worth of one off consulting costs incurred.

Restructuring costs

For the period ended 2 January 2021, the Company assessed the ongoing requirements to support the business and costs were incurred restructuring certain areas of the Company.

COVID-19 related costs

For the period ended 2 January 2021, the Company made a top up above the Company policy for sick pay for employees during the first few months of the pandemic when employees were absent due to COVID-19 self-isolation periods.

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

9. Employees

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

	31 December 2021 £	<i>2 January 2021 £</i>
Wages and salaries	8,005,811	7,746,997
Social security costs	669,583	611,338
Cost of defined contribution scheme	630,240	719,160
	<u>9,305,634</u>	<u>9,077,495</u>

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

	31 December 2021 No.	<i>2 January 2021 No.</i>
Production	192	189
Administration, distribution and sales	110	101
	<u>302</u>	<u>290</u>

Key management personnel, excluding directors, were remunerated by the Company in the sum of £503,244 (2 January 2021: £313,809).

After acquisition on 16 September 2020, key management remuneration and related employer national insurance costs were recharged to immediate parent company, Gabriel Bidco Limited where the employment contracts for applicable individuals were transferred from Halo Food Limited. Key management remuneration continued to be paid by the Company from that date but the costs of appropriate individuals have been recharged to Gabriel Bidco Limited. A total of £428,842 (2 January 2021: £186,885) has been recharged for remuneration and £60,814 (2 January 2021: £8,889) for related employer national insurance costs in the post-acquisition period to Gabriel Bidco Limited.

Given that the recharged directors and key management personnel provide the majority of their time servicing the Company, the above number of employees includes them.

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

10. Directors' remuneration

	31 December 2021 £	<i>2 January 2021 £</i>
Directors' emoluments	492,447	541,535
Company contributions to defined contribution pension schemes	53,065	100,473
	545,512	642,008

During the period retirement benefits were accruing to 3 directors (*2 January 2021: 2*) in respect of defined contribution pension schemes.

The highest paid director accrued remuneration of £341,885 (*2 January 2021: £547,886*) for services in the period.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £40,003 (*2 January 2021: £97,156*).

The total accrued pension provision of the highest paid director at 31 December 2021 amounted to £1,539 (*2 January 2021: £769*).

The amount of the accrued lump sum in respect of the highest paid director at 31 December 2021 amounted to £120,000 (*2 January 2021: £150,000*).

The company has provided a serviced flat since November 2020 for use by 2 directors which is not included in the directors' emoluments above. The cost to the business is approximately £19,000 per annum.

After acquisition on 16 September 2020, the directors' remuneration and related employer national insurance costs were recharged to the immediate parent company, Gabriel Bidco Limited. The directors continued to be paid by the Company from that date but the costs have been recharged to Gabriel Bidco Limited as from this date they were employees of Gabriel Bidco Limited.

In the period ended 31 December 2021 all directors' remuneration disclosed above (*2 January 2021: £233,962*) and related employer national insurance costs of £84,039 (*2 January 2021: £13,477*) have been recharged to Gabriel Bidco Limited. The above numbers include the recharged amounts.

11. Interest payable and similar expenses

	31 December 2021 £	<i>2 January 2021 £</i>
Bank loan interest	-	81,671
Other finance costs	-	81,882
	-	163,553

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

12. Taxation

	31 December 2021 £	<i>2 January 2021 £</i>
Corporation tax		
Current tax on profits for the year	-	310,745
Adjustments in respect of previous periods	(221)	-
Total current tax	<u>(221)</u>	<u>310,745</u>
Deferred tax		
Origination and reversal of timing differences	1,031,193	180,477
Adjustments in respect of prior periods	(6,345)	(110,330)
Effect of tax rate change on opening balance	(12,392)	(22,461)
Total deferred tax	<u>1,012,456</u>	<u>47,686</u>
Taxation on profit on ordinary activities	<u>1,012,235</u>	<u>358,431</u>

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

12. Taxation (continued)**Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2 January 2021: 19%). The differences are explained below:

	31 December 2021 £	2 January 2021 £
Profit on ordinary activities before tax	5,313,854	2,438,795
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2 January 2021: 19%)	1,009,632	463,371
Effects of:		
Expenses not deductible for tax purposes	21,132	1,958
Fixed asset timing differences	(173,866)	37,917
Adjustments to tax charge in respect of prior periods	(221)	-
Group relief (claimed)	(73,191)	-
Income not taxable for tax purposes	-	(12,024)
Adjustments to tax charge in respect of prior periods - deferred tax	(6,345)	(110,330)
Remeasurement of deferred tax for changes in tax rates	(12,392)	(22,461)
Other permanent differences - tax rates (Deferred tax at a rate of 25%)	247,486	-
Total tax charge for the period	1,012,235	358,431

Factors that may affect future tax charges

The standard rate of UK corporation tax currently is 19% and this took effect from 1 April 2017. Accordingly, this rate was applicable in the measurement of deferred tax assets and liabilities at 31 December 2020. Deferred tax had been provided at 19% being the rate at which temporary differences are expected to reverse.

The 2021 Spring Budget included an announcement to increase the standard rate of corporation tax rate from 19% to 25% from 1 April 2023. Since the proposal to increase the rate was substantively enacted prior to the year end at the Statement of Financial Position date deferred tax was provided at 25% at 31 December 2021. The impact on the opening position of restating the Deferred tax balance was a net £10,389 increase to the net opening asset position which has been recognised in the Statement of Comprehensive Income.

HALO FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 31 DECEMBER 2021****13. Tangible fixed assets**

	Improvements to property £	Computer equipment £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets in progress £	Total £
Cost or valuation							
At 3 January 2021	3,432,012	301,124	9,189,013	25,500	530,454	-	13,478,103
Additions	-	-	-	-	-	5,100,591	5,100,591
Transfers between classes	-	41,584	1,527,303	-	14,453	(1,583,340)	-
At 31 December 2021	3,432,012	342,708	10,716,316	25,500	544,907	3,517,251	18,578,694
Depreciation							
At 3 January 2021	1,348,652	96,727	1,594,225	21,250	234,301	-	3,295,155
Charge for the period on owned assets	428,405	63,073	1,282,339	4,250	107,084	-	1,885,151
At 31 December 2021	1,777,057	159,800	2,876,564	25,500	341,385	-	5,180,306
Net book value							
At 31 December 2021	1,654,955	182,908	7,839,752	-	203,522	3,517,251	13,398,388
At 2 January 2021	2,083,360	204,397	7,594,788	4,250	296,153	-	10,182,948

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 3 January 2021	1
At 31 December 2021	<u>1</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Skinny Bars Limited	Unit 26 Estuary Road, Queensway Meadows Industrial Estate, Newport, NP19 4XA	Snack bar distribution	Ordinary	100%

15. Stocks

	31 December 2021 £	2 January 2021 £
Raw materials	2,407,198	1,648,696
Finished goods	3,872,860	502,191
	<u>6,280,058</u>	<u>2,150,887</u>

Stocks are stated after a provision for impairment of £229,594 (2 January 2021: £309,712).

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

16. Debtors

	31 December 2021 £	<i>2 January 2021 £</i>
Trade debtors	5,621,424	6,370,432
Other debtors	18,518	-
Prepayments and accrued income	648,048	608,918
Tax recoverable	57,338	-
Deferred tax asset	-	32,899
	<u>6,345,328</u>	<u>7,012,249</u>

Trade debtors are stated after a provision for impairment of £Nil (2 January 2021: £Nil).

17. Cash and cash equivalents

	31 December 2021 £	<i>2 January 2021 £</i>
Cash at bank and in hand	<u>578,216</u>	<u>2,970,989</u>

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

18. Creditors: Amounts falling due within one year

	31 December 2021 £	<i>2 January 2021 £</i>
Trade creditors	4,692,493	4,361,666
Amounts owed to group undertakings	6,057,832	5,988,753
Corporation tax	-	277,486
Social security and other taxes	761,999	1,892,471
Other creditors	159,058	14,888
Accruals and deferred income	1,123,669	1,256,046
	<u>12,795,051</u>	<u>13,791,310</u>

On 16 September 2020 an intercompany loan amount owed previously to Nimbus Investment LXXXVIII B.V. was repaid by Gabriel Bidco Limited on the Company's behalf and was replaced by an intercompany loan agreement with the Company.

The intercompany loan balance is £1,118,753 and is repayable after 5 years and is interest free. However, a clause exists for this balance to be repaid or recalled with one days' notice and therefore is deemed to be repayable on demand.

Other than the aforementioned intercompany loan agreement with Gabriel Bidco Limited (of £1,118,753) all amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

19. Deferred taxation

	31 December 2021 £	<i>2 January 2021 £</i>
At beginning of period	32,899	<i>80,585</i>
Charged to profit or loss	(1,012,456)	<i>(47,686)</i>
At end of period	<u>(979,557)</u>	<i><u>32,899</u></i>

The deferred taxation balance is made up as follows:

	31 December 2021 £	<i>2 January 2021 £</i>
Fixed asset timing differences	(982,351)	<i>30,775</i>
Short term timing differences	2,794	<i>2,124</i>
	<u>(979,557)</u>	<i><u>32,899</u></i>

20. Share capital

	31 December 2021 £	<i>2 January 2021 £</i>
Allotted, called up and fully paid		
311,051 (2021 - 311,051) Ordinary shares of £1.00 each	<u>311,051</u>	<i><u>311,051</u></i>

All shares rank equally in regard to voting rights.

The shares have a nominal value of £1 and were issued at a premium.

All shares rank equally in regard to dividends.

All shares rank in proportion to the nominal amount paid up with regards to distributions on winding up or other repayment of capital.

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

21. Reserves**Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current & prior periods retained profits & losses.

22. Capital commitments

Capital commitments outstanding at financial period end 31 December 2021 amounted to £3,533,727 (2 January 2021: £500,834).

23. Pension commitments

The Company operates a defined contribution pension scheme, the assets of the scheme are held separately from those of the Company in an independently administrated fund. As at the end of the Financial period 31 December 2021, there were £26,600 (2 January 2021: £11,767) payable to the fund at the reporting date relating to pension contributions, these are included in other creditors.

The pension cost charge represents contributions payable by the Company to the pension fund and amounted to £630,240 (2 January 2021: £611,338).

24. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 December 2021 £	2 January 2021 £
Not later than 1 year	549,811	559,012
Later than 1 year and not later than 5 years	1,305,927	1,639,277
Later than 5 years	78,865	266,975
	<u>1,934,603</u>	<u>2,465,264</u>

HALO FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

25. Other financial commitments

At 2 January 2021 the Company had financial commitments of £658,487 (*2 January 2021: £5,046,476*) in respect of purchase commitments for the purchase of raw materials.

The Company holds the following outstanding charges with Glas Trust Corporation Limited:

Charge code 0241 1911 0019 dated 14 December 2020. Debenture deed containing a fixed and floating charge over the undertaking and all property and assets present and future. Fixed and floating charge includes all Investments, Intellectual Property, Tangible Moveable Property, Goodwill, Book Debts, uncalled capital and Bank Accounts and Related Rights held by the Company.

26. Related party transactions

The Company has taken advantage of the exemption permitted under FRS 102 section 31 from disclosing transactions and balances with other wholly owned group companies that form part of the Gabriel Topco Limited group.

HC Capital Holdings 2001B-LT, LP ("HC Capital")

HC Capital is an investment company that holds shares in Gabriel Topco Limited, the indirect parent company, and is managed by Peak Rock Capital.

During the period, Peak Rock Capital LLC invoiced £150,000 in management fees (*2 January 2021: £43,614*) and \$93,579 in related expenses (*2 January 2021: \$2,360*). At the reporting date the Company owed Peak Rock Capital LLC £Nil (*2 January 2021: £Nil*).

During the period, Peak Growth Consulting LLC invoiced £154,891 in consulting fees and \$2,250 in related expenses. At the reporting date the Company owed Peak Growth Consulting LLC £Nil.

27. Ultimate parent company

The immediate parent company is Gabriel Bidco Limited, a company incorporated in England and Wales.

Gabriel Bidco Limited is a subsidiary of Gabriel Topco Limited which is the smallest and largest company in the group which prepares consolidated financial statements. Copies of the consolidated financial statements can be obtained from the Registered Office at Unit 26 Estuary Road, Queensway Meadows Industrial Estate, Newport, Gwent NP19 4XA.

Gabriel Topco Limited is controlled by HC Capital Holdings 2001B-LT, LP, the general partner of which is HC Capital Holdings GP 2001B, LLC. HC Capital Holdings 2001B-LT, LP is majority owned by a single investor, HC Capital Holdings 2001B, LP.

Therefore, HC Capital Holdings 2001B, LP is deemed to be the ultimate parent and controlling related party.