

# HALO FOODS LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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**HALO FOODS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	P K Bradshaw M J Andrews
<b>Company secretary</b>	P Bradshaw
<b>Registered number</b>	02411911
<b>Registered office</b>	Unit 26 Estuary Road Queensway Meadows Industrial Estate Newport Gwent Wales NP19 4XA
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 6th Floor 3 Callaghan Square Cardiff CF10 5BT

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**HALO FOODS LIMITED**

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**HALO FOODS LIMITED**


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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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The directors present their Strategic Report for the year ended 31 December 2022.

**Principal activities**

The Company's principal activities during the year continued to be the development, manufacturing and distribution of better-for-you-snacks foods.

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

	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m	Change %
<b>Turnover</b>	<b>42.6</b>	<b>45.9</b>	<b>(7.2)</b>
Underlying Operating Profit*	5.5	7.3	(24.7)
Fixed asset impairment**	(0.2)	-	
Restructuring costs and legal expenses***	(0.3)	(0.1)	
Depreciation	(2.8)	(1.9)	
<b>Final profit before tax</b>	<b>2.2</b>	<b>5.3</b>	<b>(58.5)</b>
Average number of employees	251	302	(16.9)

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

\*\* In the year ended 31 December 2022 £0.2m fixed assets were written off due to an impairment assessment.

\*\*\*In the year ended 31 December 2022 one-off re-structuring, legal and consultancy expenses were borne by the Company.

The year ended 31 December 2022 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.

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**HALO FOODS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Fair review of business**

The directors are pleased with the performance of the business during the financial year despite the reduction in underlying profit of 27.4%. 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 to a selected number of third-party brands. The overall decrease in 2022 turnover versus 2021 is due to the termination of a number of co-manufacturing contracts in 2021. Our own brand Skinny has continued to show growth since 2021, in line with our current business focus.

In line with our plan we continued to invest substantially to support growth, spending on production capabilities, and increasing capacity. In 2019 the Company completed a re-evaluation of our accounting policies. As part of the review the board approved a write down of historic assets (aligned with FRS 102) and a further write down of £230,519 has been charged to exceptional costs during the period.

The UK food and drink market was impacted by the challenging economic climate. We are proud we remained resolute to our ongoing commitment to providing a safe environment for our employees to work within, and 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 another 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.

**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.

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## HALO FOODS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 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, 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. Our own brand customer base is expanding as the demand for the proposition increases significantly. We strive to ensure that we meet our customers 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 Brand available in more stores with existing and new customers. Engagement with our customers through new product development is key to our plans. During 2022 we launched a number of new products as part of our continual range development with additional varieties in current and new ranges.

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.

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

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**HALO FOODS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 Nil outstanding forward currency contracts at 31 December 2022 (31 December 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;
- 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.

**Current economic uncertainties**

The economic climate post Covid and Brexit continued to provide challenges in 2022 with global inflation, rising energy costs and interest rates, and the outlook for 2023 and beyond remains difficult to predict. The Group continues to regularly monitor the economic climate and, where appropriate, implements mitigating actions to reduce the associated risks. Examples of these mitigating actions include purchase commitment contracts on key materials, fixed rate energy contracts and working capital management.

This report was approved by the board on 15/6/2023 and signed on its behalf.

*Paula Bradshaw*

**P K Bradshaw**  
Director

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## HALO FOODS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### Results and dividends

The profit for the year, after taxation, amounted to £1,851,144 (*31 December 2021: £4,301,619*).

The directors did not recommend the payment of dividend in the year (*31 December 2021: £Nil*).

#### Directors

The directors who served during the year and up to date of the financial statements were:

P K Bradshaw

M J Andrews (appointed 14 June 2022)

M Allen (appointed 15 March 2022, resigned 14 June 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.



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**HALO FOODS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 2022 the Company's trade creditors represented 48 days of purchases (31 December 2021: 52 days).

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**HALO FOODS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 Company is part of the Gabriel Topco Limited group of Companies (the "Group"). The Group is financed through a syndicated loan facility and the Group is profitable at an EBITDA level and cash generative from its operating activities.

The directors have prepared forecasts based on the Group's current sales and margin expectations, working capital management and existing financing obligations. The current economic climate including inflation on raw materials, uncertainty over energy rates and ongoing increases to interest rates have been included in the forecasts.

The Group has implemented actions to mitigate the risks from the current economic climate including various cost saving initiatives, purchase commitment contracts on key raw materials, fixed energy contract rates and working capital management.

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 case that has been reverse engineered to understand when the Group would not be able to meet its financial obligations. Based on the forecasts prepared and scenarios tested, the directors believe that the Group 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.

**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 year and up to the date of this report.

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**HALO FOODS LIMITED**


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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**


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**Statement of Carbon emissions in compliance with the Streamlined Energy and Carbon Reporting (SECR)**
**Year ended 31 December 2022**

	<b>kWh</b>	<b>Energy Conversion Factor</b>	<b>KgCO<sub>2</sub>e</b>
Electric	4,184,980.00	0.19338	80,291.43
Gas	3,201,187.08	0.18254	58,344.69
Diesel	22,254.98	0.24115	5,366.79
<b>Total</b>	<b>7,408,422.06</b>		<b>144,002.91</b>
Production Volume (tonnes)	7,014.05		
Consumption per Tonne	1,056.23		
Emissions ratio kgCO <sub>2</sub> e per Tonne			199.46

**Period ended 31 December 2021**

	<b>kWh</b>	<b>Energy Conversion Factor</b>	<b>KgCO<sub>2</sub>e</b>
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
<b>Total</b>	<b>9,079,046.68</b>		<b>1,799,873.96</b>
Production Volume (tonnes)	9,340.01		
Consumption per Tonne	972.06		
Emissions ratio kgCO <sub>2</sub> e per Tonne			192.71

Actions taken to improve energy efficiency in 2022 include:

- Reduction in pressure on both steam boilers.
- Compressed air optimisation survey followed by an initial 1 bar reduction on all site compressed air systems.
- Additional condensate recovery pump installed to improve efficiency of the steam boilers.
- Steam trap surveys carried out by Spirax Sarco.
- Modifications to steam pipework systems to improve efficiency.

Energy conversion factors taken from UK Government GHG Conversion Factors for Company Reporting 2022.

**Matters covered in the Strategic Report**

Items included in the Strategic Report are;

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

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**HALO FOODS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Post balance sheet events**

On 22 March 2023, a commercial settlement agreement of £1,159,027 was entered into which is due to paid in instalments with the final payment due on 30 October 2023.

On 21 April 2023, the company committed to a property lease with a minimum lease commitment of £415,000 until its break 29 November 2026.

The company entered into purchase commitment contracts for the purchase of raw materials post year end of £6,972,952.

**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 15/6/2023 and signed on its behalf.

*Paula Bradshaw*

**P K Bradshaw**  
Director



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

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### Opinion

We have audited the financial statements of Halo Foods Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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 the current inflationary and interest rate pressures, 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.



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

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

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

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

### Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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



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

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### **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**

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.



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

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtain 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 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;





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

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- 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 one resulting from error and 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### 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  
Date: 15/6/2023

## HALO FOODS LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022 £	Period ended 31 December 2021 £
	Note		
Turnover	4	42,578,846	45,881,627
Cost of sales		(33,401,686)	(32,806,897)
<b>Gross profit</b>		<b>9,177,160</b>	<b>13,074,730</b>
Distribution costs		(1,619,677)	(1,365,790)
Administrative expenses		(4,823,054)	(6,253,336)
Exceptional administrative expenses	8	(560,772)	(141,750)
Other operating income	5	19,121	-
<b>Operating profit</b>	6	<b>2,192,778</b>	<b>5,313,854</b>
Tax on profit	11	(341,634)	(1,012,235)
<b>Profit for the financial year/period</b>		<b>1,851,144</b>	<b>4,301,619</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2022 (*Period ended 31 December 2021: £Nil*).

The notes on pages 18 to 39 form part of these financial statements.

**HALO FOODS LIMITED**  
**REGISTERED NUMBER:02411911**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	12	13,527,601	13,398,388
Investments	13	1	1
		<u>13,527,602</u>	<u>13,398,389</u>
<b>Current assets</b>			
Stocks	14	6,157,557	6,280,058
Debtors: amounts falling due within one year	15	7,471,496	6,345,328
Cash at bank and in hand	16	2,039,555	578,216
		<u>15,668,608</u>	<u>13,203,602</u>
Creditors: amounts falling due within one year	17	(13,087,821)	(12,795,051)
<b>Net current assets</b>		<u>2,580,787</u>	<u>408,551</u>
<b>Total assets less current liabilities</b>		<u>16,108,389</u>	<u>13,806,940</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	(1,429,862)	(979,557)
		<u>(1,429,862)</u>	<u>(979,557)</u>
<b>Net assets</b>		<u><u>14,678,527</u></u>	<u><u>12,827,383</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	311,051	311,051
Share premium account	20	347,974	347,974
Profit and loss account	20	14,019,502	12,168,358
		<u>14,678,527</u>	<u>12,827,383</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15/6/2023

*Paula Bradshaw*

**P K Bradshaw**  
 Director

The notes on pages 18 to 39 form part of these financial statements.

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**HALO FOODS LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 January 2022	311,051	347,974	12,168,358	12,827,383
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,851,144	1,851,144
<b>Total comprehensive income for the year</b>	-	-	1,851,144	1,851,144
<b>At 31 December 2022</b>	<b>311,051</b>	<b>347,974</b>	<b>14,019,502</b>	<b>14,678,527</b>

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


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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 January 2021	311,051	347,974	7,866,739	8,525,764
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	4,301,619	4,301,619
<b>Total comprehensive income for the period</b>	-	-	4,301,619	4,301,619
<b>At 31 December 2021</b>	<b>311,051</b>	<b>347,974</b>	<b>12,168,358</b>	<b>12,827,383</b>

The notes on pages 18 to 39 form part of these financial statements.

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**HALO FOODS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

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;
- the requirements of Section 33 Related Party Disclosures paragraph 33.1A.

This information is included in the consolidated financial statements of Gabriel Topco Limited as at 31 December 2022 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.

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**HALO FOODS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 Company is part of the Gabriel Topco Limited group of Companies (the "Group"). The Group is financed through a syndicated loan facility and the Group is profitable at an EBITDA level and cash generative from its operating activities.

The directors have prepared forecasts based on the Group's current sales and margin expectations, working capital management and existing financing obligations. The current economic climate including inflation on raw materials, uncertainty over energy rates and ongoing increases to interest rates have been included in the forecasts.

The Group has implemented actions to mitigate the risks from the current economic climate including various cost saving initiatives, purchase commitment contracts on key raw materials, fixed energy contract rates and working capital management to improve operational cashflow and fulfil the Group's interest payment obligations.

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 case that has been reverse engineered to understand when the Group would not be able to meet its financial obligations. Based on the forecasts prepared and scenarios tested, the directors believe that the Group 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.

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**HALO FOODS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**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.

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**HALO FOODS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.8 Government grants**

Government assistance received is recognised in the same period in which related expense occurred. Government grants are recognised gross of the related expenses as other operating income.

Government grants received pertain to Research and Development Expenditure Credit (RDEC) given as a taxable credit on the amount of qualifying research and development expenditure.

**2.9 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.



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**HALO FOODS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.10 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.

**2.11 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.

**2.12 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.

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**HALO FOODS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**2. Accounting policies (continued)**
**2.12 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.

**2.13 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.

**2.14 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.15 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.

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**HALO FOODS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.16 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.

**2.17 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.

**2.18 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.

**2.19 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.

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**HALO FOODS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.20 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.

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**HALO FOODS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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.

**Dilapidations provisions**

Leasehold dilapidations relate to the estimated cost of obligations for dilapidations and returning a leasehold property to its original state at the end of the lease according to the lease terms. The main uncertainty relates to the cost that will be incurred at the end of the lease. The need for a provision for these obligations on leasehold properties under leases held is assessed annually. As the outflow of resources at the end of the lease terms is deemed remote given state of property condition, or immaterial due to the long leases and smaller properties where the impact would be highly immaterial. No provision for dilapidations has been made in the current year, or in the prior years.

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**HALO FOODS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**4. Turnover**

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

	<b>Year ended 31 December 2022 £</b>	<b>Period ended 31 December 2021 £</b>
Turnover	<b>42,578,846</b>	<b>45,881,627</b>

Analysis of turnover by country of destination:

	<b>Year ended 31 December 2022 £</b>	<b>Period ended 31 December 2021 £</b>
United Kingdom	<b>38,465,088</b>	<b>38,384,108</b>
Rest of Europe	<b>4,113,758</b>	<b>7,453,325</b>
Rest of the world	<b>-</b>	<b>44,194</b>
	<b>42,578,846</b>	<b>45,881,627</b>

**5. Other operating income**

	<b>Year ended 31 December 2022 £</b>	<b>Period ended 31 December 2021 £</b>
Research and Development Expenditure Credit (RDEC)	<b>19,121</b>	<b>-</b>
	<b>19,121</b>	<b>-</b>

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**HALO FOODS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**6. Operating profit**

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

	<b>Year ended 31 December 2022 £</b>	<b>Period ended 31 December 2021 £</b>
Other operating lease rentals	351,908	345,950
Depreciation of tangible assets	2,798,913	1,885,151
Impairment of tangible fixed assets	230,519	-
Foreign exchange differences	20,105	(119,024)
Research & development charged as an expense	83,409	68,573
Restructuring costs	275,971	-
Cost of stock recognised as an expense	24,515,784	25,225,070
Impairment of stock recognised as an expense	197,957	333,801
Government grants	(19,121)	-
	<u><u>          </u></u>	<u><u>          </u></u>

**7. Auditor's remuneration**

	<b>Year ended 31 December 2022 £</b>	<b>Period ended 31 December 2021 £</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	41,200	34,500
	<u>          </u>	<u>          </u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Taxation compliance services	6,050	5,500
Preparation of statutory financial statements	2,500	1,500
Tax advisory services	8,500	12,000
	<u><u>17,050</u></u>	<u><u>19,000</u></u>

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**HALO FOODS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**8. Exceptional items**

	<b>Year ended 31 December 2022 £</b>	<b>Period ended 31 December 2021 £</b>
Fixed asset write-off	<b>230,519</b>	-
Legal & related costs	<b>54,282</b>	141,750
Restructuring costs	<b>179,626</b>	-
Severance costs	<b>96,345</b>	-
	<b>560,772</b>	141,750

**Fixed asset write-off**

For the year ended 31 December 2022, the Company reviewed the fixed asset register and noted an impairment to certain items of specific tangible fixed assets (Note 12).

**Legal & related costs**

For the year ended 31 December 2022, the Company incurred legal expenses for contractual related matters £44,282. There were also £10,000 worth of one off consulting costs incurred. 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 year ended 31 December 2022, the Company assessed the ongoing requirements to support the business and costs were incurred of £179,626 for restructuring of certain areas of the Company.

**Severance costs**

For the year ended 31 December 2022 one off other severance costs of £96,345 of which £58,422 related to a former member of key management personnel (Note 9).



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**HALO FOODS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**9. Employees**

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

	<b>Year ended 31 December 2022 £</b>	<b>Period ended 31 December 2021 £</b>
Wages and salaries	<b>6,697,037</b>	8,005,811
Social security costs	<b>632,459</b>	669,583
Cost of defined contribution scheme	<b>615,988</b>	630,240
	<b><u>7,945,484</u></b>	<u>9,305,634</u>

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

	<b>Year ended 31 December 2022 No.</b>	<b>Period ended 31 December 2021 No.</b>
Production	<b>159</b>	192
Administration, distribution and sales	<b>92</b>	110
	<b><u>251</u></b>	<u>302</u>

Key management personnel are deemed to be the Board of Halo Foods, this includes statutory directors. Key management personnel, excluding statutory directors, were remunerated by the Company in the sum of £416,005 (31 December 2021: £503,244).

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 £356,927 (31 December 2021: £428,842) has been recharged for remuneration and £44,897 (31 December 2021: £60,814) 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.

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**HALO FOODS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**10. Directors' remuneration**

	<b>Year ended 31 December 2022 £</b>	<b>Period ended 31 December 2021 £</b>
Directors' emoluments	<b>410,589</b>	492,447
Company contributions to defined contribution pension schemes	<b>11,323</b>	53,065
	<b><u>421,912</u></b>	<b><u>545,512</u></b>

During the year retirement benefits were accruing to 3 directors (31 December 2021: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £180,381 (31 December 2021: £341,885) 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 £6,899 (31 December 2021: £40,003).

The total accrued pension provision of the highest paid director at 31 December 2022 amounted to £267 (31 December 2021: £1,539).

The amount of the accrued lump sum in respect of the highest paid director at 31 December 2022 amounted to £Nil (31 December 2021: £120,000).

The Company has provided a serviced flat since November 2020 for use by directors which is not included in the directors' emoluments above. The cost to the business is approximately £18,000 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 current year and prior period all directors' remuneration disclosed above and related employer national insurance costs of £55,076 (31 December 2021: £84,039) have been recharged to Gabriel Bidco Limited. The above numbers include the recharged amounts.

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**HALO FOODS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**11. Taxation**

	<b>Year ended 31 December 2022 £</b>	<b>Period ended 31 December 2021 £</b>
<b>Corporation tax</b>		
Adjustments in respect of previous periods	(108,671)	(221)
<b>Total current tax</b>	<b>(108,671)</b>	<b>(221)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	308,414	1,031,193
Adjustments in respect of prior periods	44,497	(6,345)
Effect of tax rate change on opening balance	97,394	(12,392)
<b>Total deferred tax</b>	<b>450,305</b>	<b>1,012,456</b>
<b>Taxation on profit on ordinary activities</b>	<b>341,634</b>	<b>1,012,235</b>

## HALO FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 11. Taxation (continued)

## Factors affecting tax charge for the year/period

The tax assessed for the year is lower than (2021: *higher than*) the standard rate of corporation tax in the UK of 19% (31 December 2021: 19%). The differences are explained below:

	Year ended 31 December 2022 £	Period ended 31 December 2021 £
Profit on ordinary activities before tax	<b>2,192,778</b>	5,313,854
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	<b>416,628</b>	1,009,632
Effects of:		
Expenses not deductible for tax purposes	<b>7,109</b>	21,132
Fixed asset timing differences	<b>23,543</b>	(173,866)
Adjustments to tax charge in respect of prior periods	<b>(108,671)</b>	(221)
Group relief (claimed)	<b>(133,306)</b>	(73,191)
Adjustments to tax charge in respect of prior periods - deferred tax	<b>44,497</b>	(6,345)
Research and development tax credits	<b>(5,560)</b>	-
Remeasurement of deferred tax for changes in tax rates	<b>97,394</b>	(12,392)
Other permanent differences - tax rates (Deferred tax at a rate of 25%)	-	247,486
<b>Total tax charge for the year/period</b>	<b>341,634</b>	1,012,235

## 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 2021.

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 2022 (2021: 25%).

## HALO FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

## 12. Tangible fixed assets

	Improvements to property £	Computer equipment £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets in progress £	Total £
<b>Cost or valuation</b>							
At 1 January 2022	3,432,012	342,708	10,716,316	25,500	544,907	3,517,251	18,578,694
Additions	-	-	-	-	-	3,158,645	3,158,645
Disposals	(287,959)	(1,395)	(376,702)	-	(36,931)	-	(702,987)
Transfers between classes	80,284	126,230	6,256,578	-	83,861	(6,546,953)	-
At 31 December 2022	3,224,337	467,543	16,596,192	25,500	591,837	128,943	21,034,352
<b>Depreciation</b>							
At 1 January 2022	1,777,057	159,800	2,876,564	25,500	341,385	-	5,180,306
Charge for the year on owned assets	421,313	71,048	2,213,671	-	92,881	-	2,798,913
Disposals	(287,959)	(1,395)	(376,702)	-	(36,931)	-	(702,987)
Impairment charge	88,054	-	131,386	-	11,079	-	230,519
At 31 December 2022	1,998,465	229,453	4,844,919	25,500	408,414	-	7,506,751
<b>Net book value</b>							
At 31 December 2022	1,225,872	238,090	11,751,273	-	183,423	128,943	13,527,601
At 31 December 2021	1,654,955	182,908	7,839,752	-	203,522	3,517,251	13,398,388

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**HALO FOODS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**13. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2022	1
At 31 December 2022	<u>1</u>
<b>Net book value</b>	
At 31 December 2022	<u>1</u>
At 31 December 2021	<u>1</u>

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

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

**14. Stocks**

	<b>2022 £</b>	<b>2021 £</b>
Raw materials and consumables	3,068,592	2,407,198
Finished goods and goods for resale	3,088,965	3,872,860
	<u>6,157,557</u>	<u>6,280,058</u>

Stocks are stated after a provision for impairment of £94,382 (31 December 2021: £229,594).

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**HALO FOODS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**15. Debtors**

	2022 £	2021 £
Trade debtors	6,849,240	5,621,424
Other debtors	18,141	18,518
Prepayments and accrued income	588,477	648,048
Tax recoverable	15,638	57,338
	<u>7,471,496</u>	<u>6,345,328</u>

Trade debtors are stated after a provision for impairment of £Nil (31 December 2021: £Nil).

**16. Cash and cash equivalents**

	2022 £	2021 £
Cash at bank and in hand	<u>2,039,555</u>	<u>578,216</u>

**17. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Trade creditors	5,691,658	4,692,493
Amounts owed to group undertakings	5,544,147	6,057,832
Social security and other taxes	1,087,218	761,999
Other creditors	127,874	159,058
Accruals and deferred income	636,924	1,123,669
	<u>13,087,821</u>	<u>12,795,051</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.

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**HALO FOODS LIMITED**


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**18. Deferred taxation**

	2022 £	2021 £
At beginning of year/period	(979,557)	32,899
Charged to profit or loss	(450,305)	(1,012,456)
<b>At end of year/period</b>	<b>(1,429,862)</b>	<b>(979,557)</b>

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	(1,437,935)	(982,351)
Short term timing differences	8,073	2,794
	<b>(1,429,862)</b>	<b>(979,557)</b>

**19. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
311,051 (2021: 311,051) Ordinary shares of £1.00 each	<b>311,051</b>	<b>311,051</b>

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.

**20. 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.



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**HALO FOODS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Capital commitments**

Capital commitments outstanding at financial year end 31 December 2022 amounted to £443,640 (31 December 2021: £3,533,727).

**22. 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 year 31 December 2022, there were £21,116 (31 December 2021: £26,600) 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 £615,988 (31 December 2021: £630,240).

**23. Commitments under operating leases**

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	546,291	549,811
Later than 1 year and not later than 5 years	1,539,563	1,305,927
Later than 5 years	112,910	78,865
	<u>2,198,764</u>	<u>1,934,603</u>

**24. Other financial commitments**

At 31 December 2022 the Company had financial commitments of £6,312,692 (31 December 2021: £658,487) 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.

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**HALO FOODS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**25. 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 year, Peak Rock Capital LLC invoiced £150,000 in management fees (*31 December 2021: £150,000*) and \$78,711 in related expenses (*31 December 2021: \$93,579*). At the reporting date the Company owed Peak Rock Capital LLC £Nil (*31 December 2021: £Nil*).

During the year, Peak Growth Consulting LLC invoiced £Nil (*31 December 2021: £154,891*) in consulting fees and \$Nil (*31 December 2021: \$2,250*) in related expenses. At the reporting date the Company owed Peak Growth Consulting LLC £Nil (*31 December 2021: £Nil*).

**26. Post balance sheet events**

On 22 March 2023, a commercial settlement agreement of £1,159,027 was entered into which is due to be paid in instalments with the final payment due on 30 October 2023.

On 21 April 2023, the company committed to a property lease with a minimum lease commitment of £415,000 until its break 29 November 2026.

The company entered into purchase commitment contracts for the purchase of raw materials post year end of £6,972,952.

**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.