Edible Oils Ltd

Annual Report and Financial Statements

Year Ended 31 March 2021

Registered No: 05309847

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Company information

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D O'Grady
K Suematsu
J Grossman

Company Secretary
K Suematsu

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Strategic report

Principal activity and business review

The group's principal activities during the year have been the manufacture and distribution of food products to the grocery trade.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The group's turnover for the year ended 31 March 2021 was £255,149,000 (2020: £218,691,000). The turnover of £255,149,000 represents an increase of 16.7% on the prior year. Increase was mainly as a result of the impact of COVID-19 on demand during the financial year.

The group's profit for the year ended 31 March 2021, after taxation, amounted to £14,081,000 (2020: £10,640,000). The profit of £14,081,000 represents an increase of 32.3% on the prior year due to an increase in demand resulting from the COVID-19 pandemic.

An analysis of the group revenue is included in the key performance indicators which are included in the strategic report on page 4.

The consolidated statement of financial position remains consistent with the prior year. The net assets for the group as at 31 March 2021 were £73,665,000 (2020: £70,037,000). Net current assets at 31 March 2021 decreased to £25,973,000 (2020: £31,100,000) and cash decreased to £4,488,000 (2020: £14,428,000). The decrease in cash is primarily a result of higher dividends and capital expenditure in the year.

The average number of persons employed by the group during the year ended 31 March 2021 was 198 (2020: 196).

Future developments and going concern

The directors aim to maintain the management policies which have resulted in the group's ongoing profitability in the current year. The financial statements have been prepared on a going concern basis. Further details on the basis of preparation are given in note 1 of the financial statements.

The directors have fully evaluated the effect of the COVID-19 pandemic on the business; revised forecasts have been prepared and presented to the board with the initial impact being positive on the whole.

The demand for our products on the whole has significantly increased as a result of the lockdown measures put in place by government. These lockdown measures have meant consumers have bought more and also consumed more at home.

The health and safety of colleagues remains our top priority with ongoing measures being taken across the group to ensure we are able to continue to meet the high demand for our essential products while minimising the personal risk to our key workers.

Edible Oils Ltd have had no delays in any ongoing capital or restructuring projects as a result of the pandemic as they have been classified as essential work due to being related to the supply of food products. Edible Oils Ltd have however taken steps with project partners to ensure their safety and that they were comfortable with returning to work on the projects. There are no issues with the financing required for ongoing projects as discussed in the going concern section below.

A key risk of COVID-19 for Edible Oils Ltd is ensuring a constant supply of raw materials during global lockdowns in order to continue to meet the high demand for our essential products. Edible Oils Ltd have mitigated this risk by performing full reviews of supply chains to ensure suppliers are able to meet our production demands. There have been no significant supply chain issues noted due to the industry being an essential service.

Strategic report (continued)

Principal risks and uncertainties

Treasury policies

The group does not have a formal treasury team. This function is performed on behalf of the group by its joint venture shareholder, Princes Limited.

The group finances its activities through a combination of its accounts with its shareholders and bank borrowings. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the group's operating activities. To manage the currency risks arising from the group's operations Princes Limited enters into derivative transactions on the group's behalf, principally forward currency contracts. The group does not speculatively trade in financial instruments.

Foreign exchange

The group has operations in Europe, including purchasing and selling certain goods and services denominated in currencies other than sterling. As a result the value of the group's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general and the Euro rate in particular.

The group's transactional currency exposure arises from sales or purchases in currencies other than its functional currency.

Key performance indicators

The group uses several measures as indicators of the performance of the group and each of its divisions as follows:

	2021	2020
Revenue (£'000)	255,149	218,691
Cost of sales (£'000)	(223,910)	(192,687)
Cost of sales as a percentage of revenue (%)	87.8	88.1
Number of employees		
Employees (average)	198	196
Temporary sub-contracted agency employees (average)	36	29
Total full time employees (average).	234	225
Revenue generated per full time employee (average) (£'000)	1,090	972

Financial performance

The group's revenue has increased from £218,691,000 for the year ended 31 March 2020 to £255,149,000 for the year ended 31 March 2021. The increase is mainly due to higher commodity prices which have been passed on to the customer and higher demand for products during the COVID-19 pandemic.

The group's cost of sales have increased from £192,687,000 for the year ended 31 March 2020 to £223,910,000 for the year ended 31 March 2021. Cost of sales as a percentage of revenue has improved marginally at 87.8% for the year ended 31 March 2021 and 88.1% for the year ended 31 March 2020. The decrease in cost of sales as a percentage of revenue is due to an increase in branded turnover.

The operating profit has increased in the current year from £13,531,000 to £17,527,000. This increase is a result of the decrease in cost of sales as a percentage of revenue and increased volume demand.

Number of employees

For the year ended 31 March 2021, the group had an average headcount of 234, generating revenue per employee of £1,090,000, up from £972,000 for the year ended 31 March 2020 which had an average headcount of 225.

Strategic report (continued)

Section 172 Statement

In accordance with s172 of the Companies Act 2006, included in this section of the strategic report are representations of how the Directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duties.

The Directors are fully aware of their responsibilities to promote the success of the company in accordance of s172 and have acted in accordance with these responsibilities during the year.

Employees

The Directors consider the interests of the company's employees to be essential as part of our vision to make Edible Oils Ltd an 'Employer of Choice'.

The Directors maintain the provision of information to and consultation with employees by means of regular and ad hoc meetings of management and employees. The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group.

As part of Edible Oils Ltd's drive to become an 'Employer of Choice' various measures have been introduced during the year to create a performance culture, allow employees to reach their full potential and reward people who champion change, improvement and great service.

A key example of this is rolling out the group wide 'Pride in Princes" programme. Edible Oils Ltd colleagues are included in this initiative from the Princes Group, and this scheme sees quarterly awards are issued to colleagues that have been nominated by their colleagues for going the extra mile in the workplace. Winners receive group wide recognition and cash prizes.

During the year Princes have also rolled out the "Feel Good Hub" offering exclusive benefits and discounts to Edible Oils Ltd employees.

The Environment & Corporate Social Responsibility

Corporate Social Responsibility (CSR) is fundamental to our business, never seen as a project or undertaken for the sake of compliance. Our efforts are focussed on three pillars of CSR: Climate Change & The Environment, Fair Partner & Good Employer & Health & Wellbeing.

Cross functional work streams for each pillar monitor our progress and set new targets while we have a number of specific working groups encompassing human rights, packaging, energy and colleague health and safety.

Edible Oils Ltd see reducing the environmental impact of the packaging used in our products as a key goal which is fundamental to our vision. During the year various key decisions have been made which have helped us achieve goals in the reduction of non-recyclable packaging & increasing the proportion of recycled materials used in our packaging. See the business relationships section below for a key example of this.

Both Edible Oils Ltd sites at Erith & Belvedere were formally registered as Stronger Together Business Partners – recognising our commitment to tackling hidden labour exploitation and modern slavery. Stronger Together is a multi-stakeholder, business-led initiative aimed at reducing modern slavery, particularly hidden forced labour, labour trafficking and other third party exploitation of workers. Stronger Together focus on creating advice that is practical, pragmatic and easy for any business, of any size to understand and use.

Edible Oils Ltd is committed to measuring and monitoring our ethical trading performance to maximise focus within our business and supply chain. We will be measuring ourselves against the following indicators below, and we will review our progress in our 2021 Modern Slavery Statement:

Reported incidences of modern slavery at our Edible Oils Ltd UK sites.
Number of third party ethical audits undertaken within our Edible Oils Ltd UK sites.

Strategic report (continued)

Section 172 Statement (continued)

Business relationships

The Directors hold in high regard the need to foster the company's business relationships with suppliers, customers and others.

At Edible Oils Ltd, we regularly engage with colleagues, suppliers, customers, neighbours, Non-Governmental Organisations, Policy makers and many others to build relationships, learn from each other, expand our scope and aim for the greater good. This is done through a range of communication methods and formal agreements such as the formation of strategic partnerships.

The reduction of single use non-recyclable plastic is a key desire for both our immediate customers and the end consumers of our products as people and companies alike are starting to realise the damage that these cause to the environment. This has led to changes in how consumers shop as well as retailers own goals being set to reduce single use plastics in the products they sell. Taking the desires of our customers in mind as well as packaging improvements being key area of our CSR, during the year various key decisions have been made which have helped us achieve goals in the reduction of non-recyclable packaging & increasing the proportion of recycled materials used in our packaging. During the year, the Erith site began a transformation to allow 51 production in-house from 2021 allowing the existing 4m virgin PET bottles to switch to 51% RPet. As well as this, significant bottle light weighting can now occur to reduce overall plastic usage and additionally, three packing lines will merge into 2 high speed, more energy efficient lines. Further to this, Edible Oils Ltd are engaging with customers to supply refillable products, to reduce packaging waste.

Edible Oils Ltd has also proactively engaged on the issue of wild bird mortality in Southern Europe, resulting from night time super intensive harvesting of olives. We have worked with suppliers to ensure that the olives we source from this method are harvested during daylight hours and through contact with MEPs we have seen action taken within the European Parliament to call on member states to ensure they are complying with existing EU Directive on the conservation of wild birds. Our suppliers have also kept us abreast of the response by local authorities, and there have been bans and legislation passed that prohibits the use of super intensive night-time harvesting in every region that our suppliers are based, for at least the next 12 months. No olive suppliers in our supply base use super intensive harvesting at night for the harvesting of olives. We have engaged with suppliers throughout this period as part of our due diligence measures. Due to COVID-19 travel restrictions, our independent consultant has not been able to conduct in-person visits and traceability assessments, but we have ensured our supply base has updated us directly on the issue. We will recommence these visits as soon as is feasible.

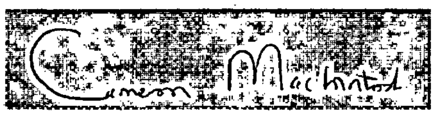
The Impact of long term decisions

The Directors consider the long term consequences of all decisions made to ensure the continuing sustainability of the company and industry. This is depicted by the approval of large capital expenditure in manufacturing sites and commitment to corporate social responsibility ambitions.

The board of Directors hold regular meetings at which key strategic decisions are discussed and approved.

Approval

This report was approved by the board of directors and signed on its behalf by:



C Mackintosh
Director

27 October 2021

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2021.

Matters included in the Strategic Report

In accordance with s414(C) (11) of the Companies Act, included in the Strategic Report is information relating to the future development of the business which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (financial statements and reports) regulations 2008' to be contained in a Directors' Report.

Financial risk management objectives and policies

Foreign currency risk

The group is exposed to foreign currency risk with its transactions dominated in foreign currencies. Exchange rate exposures are managed within approved policies set out by the Board of Directors.

Interest rate risk

The group manages its cost of borrowing using variable rate debt when it takes out any borrowings.

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the group provides goods and services, and invests or deposits surplus cash.

Group policies are aimed at minimising such losses, and require that terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored to ensure that the group's exposure to bad debts is not significant.

Liquidity and cash flow risk

The group seeks to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the group.

The group is exposed to cash flow risk as a result of economic volatility and it mitigates this risk through approved policies as set out by the Board of Directors including the use of financial instruments.

The group's strategy is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and loans from its shareholders.

Price risk

Other than as stated above (foreign currency risk section) the group hedges the cost of raw material prices where deemed necessary. No speculative trading in derivative financial instruments is undertaken by the group.

Dividends

The directors declared a final dividend of £10,000,000 (2020: £5,000,000). Details of dividends paid in the year are included in note 9.

Directors

The directors who served during the year and thereafter were:

K Suematsu
C Mackintosh
M Kropp (Resigned 25 November 2020)
D O'Grady
J Grossman (Appointed 26 November 2020)

Directors' report (continued)

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee engagement
Details of how the directors have engaged with employees; and how the directors have had regard to employee interests, and the effect of that regard, including on the principal decisions taken by the company during the financial year can be found in the 'Section 172 Statement' included in the Strategic Report.

Business Relationships
Details of how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year can be found in the 'Section 172 Statement' included in the Strategic Report.

Energy and Carbon Reporting
In Accordance with part 15 of the Companies Act 2006, included in the directors' report is Edible Oils Ltd's energy use & associated greenhouse gas emissions for the year ending 31 March 2021.

	2021	2020
Energy consumption used to calculate emissions: (kWh)	7,313,137	6,492,751
Emissions from the combustion of gas tCO2e	8	65
Emissions from the combustion of fuel for transport purposes	-	-
Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing the fuel:	3	14
Emissions from purchased electricity:	1,695	1,557
Total gross CO2e based on the above.	1,706	1,636
Intensity ratio: Gross tCO2e / £1m revenue	9	10

Methodology
Gas and electricity usage has been collected using data from 3rd party meter readings, business mileage has been collected by collating data from the employee expense system and fuel usage has been estimated by using the amounts expensed in the year. Usage volumes have been multiplied by the Gov.uk greenhouse gas reporting conversion factors to arrive at the reported figures above. Energy use is presented in Gross Calorific Value kWh (kWh) & emissions are presented in Tonnes of CO2 equivalent (tCO2e).

Energy Efficiency Action
In the period covered by the report Edible Oils Ltd, the decarbonisation team have launched a new programme, 2030GreenGoals to help drive Zero Carbon across the UK business. The team formed action plans and investment proposals to reduce carbon footprint and have committed to achieving each of these goals by 2030 or earlier. The goals are to net zero in carbon emissions from manufacturing sites by reviewing and monitoring electricity, gas and renewables. We have appointed a new electricity supplier to take over in April 2022 supplying 100% RIGO Certified Green Electricity to all UK sites. As well as reducing water, general and food waste by reducing, reusing and recycling.

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the group's auditor is unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board and signed on its behalf by:

Cameron Mackintosh

C Mackintosh
Director

27 October 2021

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Edible Oils Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Edible Oils Ltd (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statement; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

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 group's and parent 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.

Independent auditor's report

to the members of Edible Oils Ltd (continued)

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 course of 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 this gives rise to 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.

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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation etc; and

Independent auditor's report

to the members of Edible Oils Ltd (continued)

do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included environmental regulations.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud within the valuation of rebate accrual which is driven by a manual input of the agreement into the accounting system and the complex accounting treatment and level of judgement involved could lead to the manipulation of the rebates calculated at year end due to pressures to meet stakeholder expectations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

reading minutes of meetings of those charged with governance and reviewing internal audit reports

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

the parent company 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.

We have nothing to report in respect of these matters.

Independent auditor's report

to the members of Edible Oils Ltd (continued)

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.

David Crawford.

David Crawford, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

28 October 2021

Consolidated income statement

For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Revenue	2, 3	255,149	218,691
Cost of sales		(223,910)	(192,687)
Gross profit		31,239	26,004
Distribution costs		(2,420)	(1,709)
Administrative expenses		(11,292)	(10,764)
		(13,712)	(12,473)
Operating profit		17,527	13,531
Net finance costs	7	(131)	(101)
Profit before tax		17,396	13,430
Tax	8	(3,315)	(2,790)
Profit for the year	4	14,081	10,640

All revenue and operating profit for the year ended 31 March 2021 relate solely to the group's continuing operations (2020: same).

Consolidated statement of comprehensive income

For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Profit for the financial year		14,081	10,640
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		(485)	(385)
Hedging		24	5
Tax relating to items that may be reclassified subsequently	19	8	(1)
Total comprehensive income for the year		13,628	10,259

Registered No: 05309847

Consolidated statement of financial position

As at 31 March 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Goodwill	10	842	842
Other intangible assets	11	12,589	12,647
Property, plant and equipment	12	37,100	28,085
Right-of-use Assets	22	386	480
		50,917	42,054
Current assets			
Inventories	14	20,325	13,759
Current tax asset		-	299
Trade and other receivables	15	31,030	37,193
Cash and bank balances		4,488	14,428
Derivative financial instruments	18	33	9
		55,876	65,688
Total assets		106,793	107,742
Current liabilities			
Trade and other payables	16	(29,519)	(34,191)
Current tax liabilities		(205)	(211)
Lease Liabilities	22	(179)	(186)
		(29,903)	(34,588)
Non-current liabilities			
Deferred tax liability	19	(3,016)	(2,823)
Lease Liabilities	22	(209)	(294)
		(3,225)	(3,117)
Total liabilities		(33,128)	(37,705)
Net assets		73,665	70,037
Equity			
Share capital	20	8,626	8,626
Hedging reserve		37	7
Translation reserve		(1,356)	(873)
Retained earnings		66,358	62,277
Total equity		73,665	70,037

The financial statements were approved by the Board of Directors and authorised for issue on 27 October 2021.

Signed on behalf of the Board of Directors

Cameron Mackintosh

C Mackintosh
Director

Registered No: 05309847

Company statement of financial position
As at 31 March 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Other intangible assets	11	12,589	12,647
Property, plant and equipment	12	32,714	23,060
Right-of-use Assets	22	386	480
Investment	13	4,673	4,673
		50,362	40,860
Current assets			
Inventories	14	17,863	11,825
Trade and other receivables	15	25,404	34,157
Cash and bank balances		3,098	12,406
Derivative financial instruments	18	33	9
		46,398	58,397
Total assets		96,760	99,257
Current liabilities			
Trade and other payables	16	(21,636)	(26,958)
Current tax liabilities		(176)	(224)
Lease liabilities	22	(179)	(186)
		(21,991)	(27,368)
Non-current liabilities			
Deferred tax liability	19	(2,888)	(2,700)
Lease Liabilities	22	(209)	(294)
Total liabilities		(25,088)	(30,362)
Net assets		71,672	68,895
Equity			
Share capital	20	8,626	8,626
Hedging reserve		39	7
Retained earnings		63,007	60,262
Total equity		71,672	68,895

The company reported a profit for the financial year ended 31 March 2021 of £12,745,000 (2020: £10,269,000).

The financial statements were approved by the Board of Directors and authorised for issue on 27 October 2021.

Signed on behalf of the Board of Directors

C Mackintosh
Director

Consolidated statement of changes in equity

For the year ended 31 March 2021

	Share capital £'000	Hedging reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2019	8,626	3	(488)	56,637	64,778
Profit for the year	-	-	-	10,640	10,640
Exchange difference on translation of foreign operations	-	-	(385)	-	(385)
Hedging	-	5	-	-	5
Tax relating to items that may be reclassified subsequently	-	(1)	-	-	(1)
Total comprehensive income for the year	-	4	(385)	10,640	10,259
Dividends paid	-	-	-	(5,000)	(5,000)
Balance at 31 March 2020	8,626	7	(873)	62,277	70,037
Profit for the year	-	-	-	14,081	14,081
Exchange difference on translation of foreign operations	-	-	(485)	-	(485)
Hedging	-	24	-	-	24
Tax relating to items that may be reclassified subsequently	-	8	-	-	8
Total comprehensive income for the year	-	32	(485)	14,081	13,628
Dividends paid (note 9)	-	-	-	(10,000)	(10,000)
Balance at 31 March 2021	8,626	39	(1,358)	66,358	73,665

The hedging reserve relates to the gains and losses arising on the effective portion of hedging instruments carried out at fair value in a qualifying cash flow hedge.

The translation reserve represents the gains and losses arising on retranslating the net assets of overseas operations into sterling.

The retained earnings are all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Company statement of changes in equity

For the year ended 31 March 2021

	Share capital £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2019	8,626	3	54,993	63,622
Profit for the year	-	-	10,269	10,269
Hedging	-	5	-	5
Tax relating to items that may be reclassified subsequently	-	(1)	-	(1)
Total comprehensive income for the year	-	4	10,269	10,273
Dividends paid (note 9)	-	-	(5,000)	(5,000)
Balance at 31 March 2020	8,626	7	60,262	68,895
Profit for the year	-	-	12,745	12,745
Hedging	-	24	-	24
Tax relating to items that may be reclassified subsequently	-	8	-	8
Total comprehensive income for the year	-	32	12,745	12,777
Dividends paid (note 9)	-	-	(10,000)	(10,000)
Balance at 31 March 2021	8,626	39	63,007	71,672

The hedging reserve relates to the gains and losses arising on the effective portion of hedging instruments carried out at fair value in a qualifying cash flow hedge.

The retained earnings are all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Consolidated cash flow statement

For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Net cash flows from operating activities	24	11,706	10,043
Investing activities			
Purchase of property, plant and equipment	12	(11,521)	(4,120)
Net cash flows used in investing activities		(11,521)	(4,120)
Finance activities			
Dividends paid	9	(10,000)	(5,000)
Repayment of lease liabilities		(181)	(217)
Movement in borrowings		-	-
Net cash flows used in finance activities		(10,181)	(5,217)
Net (decrease)/increase in cash and cash equivalents		(9,996)	706
Cash and cash equivalents at beginning of year		14,428	13,689
Effect of foreign exchange rate changes		56	33
Cash and bank balances at end of year		4,488	14,428

	2021 £'000	2020 £'000
Cash and bank balances:		
Cash at bank	4,487	14,423
Cash in hand	1	5
	4,488	14,428

Company cash flow statement

For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Net cash flows from operating activities	24	12,358	8,531
Investing activities			
Purchase of property, plant and equipment	12	(11,485)	(4,071)
Net cash flows used in investing activities		(11,485)	(4,071)
Finance activities			
Dividends paid	9	(10,000)	(5,000)
Repayment of lease liabilities		(181)	(217)
Net cash flows used in finance activities		(10,181)	(5,217)
Net decrease in cash and cash equivalents		(9,308)	(757)
Cash and cash equivalents at beginning of year		12,406	13,163
Cash and bank balances at end of year		3,098	12,406

	2021 £'000	2020 £'000
Cash and bank balances:		
Cash at bank	3,097	12,401
Cash in hand	1	5
	3,098	12,406

Notes to the financial statements

For the year ended 31 March 2021

1. Accounting policies

1.1 General information

Edible Oils Ltd (the "Company") is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales under the Companies Act. The address of the registered office is given on page 2. The nature of the group's operations and its principal activities are set out in the strategic report, on page 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 1.3.

1.2 Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

Standards affecting the financial statements

The following standards and interpretations have come into effect during the year. The adoption of these amendments has not had any material impact on the disclosures or amounts reported in these financial statements.

Amendments to IFRS Standards	References to Conceptual Framework
Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.2 Adoption of new and revised Standards (continued)

Standards affecting the financial statements (continued)

At the date of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective.

Amendment to IFRS 16 (Effective 01 Jun 2020)	COVID-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Effective 01 Jan 2021)	Interest Rate Benchmark Reform – Phase 2
Amendments to IAS 37 (Effective 01 Jan 2022)	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 (Effective 01 Jan 2022)	
Amendments to IAS 16 (Effective 01 Jan 2022)	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IFRS 3 (Effective 01 Jan 2022)	Reference to the Conceptual Framework
IFRS 17 (Effective 01 Jan 2023)	Insurance Contracts
Amendments to IAS 1 (Effective 01 Jan 2023)	Classification of liabilities as current or non-current
Amendments to IFRS 17 (Effective 01 Jan 2023)	
Amendments to IFRS 10 and IAS 28 (Optional)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods.

Standards will all be applied in the first financial period following the effective date.

Notes to the financial statements (continued)
For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies

Basis of accounting
The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policy below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation
The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern
The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business. In satisfaction of this responsibility the directors have reviewed in detail the business' cash flow projections for a period of greater than 12 months from the date of approval of these financial statements. As at this date the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail of the group's performance is contained in the Strategic Report on page 3 and the group have no borrowings at year end.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Going concern (continued)

The Directors prepared revised forecasts following the outbreak of COVID-19. Impact of COVID-19 overall has had a positive effect on both the profit and cash flow forecasts compared to the original forecasts that had been prepared. This is due to the fact that Edible Oils Ltd being a food products manufacturer provide essential products thus have seen a large increase in demand since lockdown measures have been put in place across the countries we operate in. The effect of COVID-19 is discussed in more detail in the future developments section of the Strategic report.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Revenue recognition

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue at a single performance obligation being the transfer of control of a product or service to a customer.

The group operates one principal area of activity, that of the importation, manufacture and distribution of food and drink products. The group also operates within three geographical markets, the United Kingdom, Rest of Europe and Rest of the World.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Foreign currencies (continued)
Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as sterling-denominated assets and liabilities.

Leases

The group as lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

For all classes of assets, non-lease components, i.e. service elements, will be separated from the lease components and thereby not form part of the right-of-use asset and financial lease liability recognised in the balance sheet.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Leases (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Borrowing costs

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

Operating profit

Operating profit is stated before investment income and finance costs.

Pension costs

The group operates a defined contribution scheme for its employees. Amounts charged to the income statement represent contributions payable to the scheme during the year. Differences between contributions payable and amounts actually paid are recognised as accruals or prepayments in the balance sheet.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and any recognised impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant, machinery and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvements	- over 51 years or period of lease, if less
Plant, machinery & equipment	- over 2-30 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less accumulated impairment losses.

Intangible assets identified as having indefinite useful lives are influenced by the nature of the business and the lifespan of the products sold to which the intangible assets relate.

Brands and licences with finite useful lives are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. Brands and licences with indefinite useful lives are carried at cost less accumulated impairment losses.

The intangible asset arising on the purchase of Crisp N Dry, Spray Crisp N Dry, Mazola and Cookeen brand names (note 11) is deemed to have an indefinite useful economic life.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories
Inventories are stated at the lower of cost and net realisable value as follows:

raw materials, packaging and goods purchased for resale– purchase cost on a first in first out basis; and

manufactured goods – cost of direct materials and labour plus attributable overheads based on normal level of activity.

Net realisable value represents the estimated selling price less further costs expected to be incurred to completion and disposal.

Financial instruments
Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial assets (continued)

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

The group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and

The group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected losses, through the expected life or the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instruments improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial assets (continued)
For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item (note 7).

(ii) Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).

Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described earlier in this note, on page 24.

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;

For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;

For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and

For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk component of a financial asset is designated as a hedging instrument for a hedge of foreign currency risk.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general macroeconomic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

An actual or expected significant deterioration in the operating results of the debtor;

Significant increases in credit risk on other financial instruments of the same debtor; and

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial assets (continued)

> An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the group considers the changes in the risk that the specified debtor will default on the contract.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

> When there is a breach of financial covenants by the debtor; or
>
> Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial assets (continued)

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above and any macroeconomic conditions. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information & macroeconomic conditions.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial assets (continued)

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial liabilities (continued)

discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly the group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows or the original financial liability. If the medication is not substantial, the different between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss with other gains and losses.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Objective evidence of impairment could include:

significant financial difficulty of the issuer or counterparty; or

default or delinquency in interest or principal payments; or

it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets
The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Derecognition of financial liabilities
The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Derivative financial instruments
The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and currency swaps. Further details of derivative financial instruments are disclosed in note 18.

The group also enters into derivative financial instruments to manage its exposure to commodity price risk. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting
The group designates its derivative hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item.

Note 18 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in note 18.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. In the event that there is an ineffective portion the gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument is sold, terminated, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Cash flow hedge (continued)
transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Provisions
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Investments in subsidiaries
Investments in subsidiaries, are stated at cost less provision for any impairment in value. Impairment reviews are carried out annually or more frequently where there is an indication of impairment. Where an impairment is identified, it is recognised in the Income Statement.

Dividends
A final dividend is recognised when it is declared by the company in general meeting or by the members passing a written resolution. In the case of an interim dividend authorised under common articles of association, this will normally be when the dividend is paid. Accordingly, if an interim dividend is announced before the end of the reporting period but not paid until the next reporting period, this will not result in a liability at the reporting date.

1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1.3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

No critical accounting judgements or key sources of estimation uncertainty have arisen during the current year (2020: same).

Notes to the financial statements (continued)

For the year ended 31 March 2021

2. Revenue

Revenue, which all relates to revenue from contracts with customers, represents the invoiced value of goods sold which fall within the group's continuing ordinary activities and is stated net of value added tax and trading allowances. Revenue is recognised when the risk and rewards have been transferred.

The group operates in one principal area of activity, that of the manufacture and distribution of food products. An analysis of the group's revenue is as follows:

	Year ended 2021 £'000	Year ended 2020 £'000
Continuing operations		
Sales of goods	255,149	218,691

100% of revenue relates to sales to related parties in the UK and Europe.

3. Operating segments

The class of business the group operates in is the manufacture and distribution of food products to the grocery trade.

The group operates within two geographical markets, the United Kingdom and the Rest of Europe. Profit before tax attributable to activities outside of the United Kingdom is not material to the group as a whole.

Geographical information:
The group's revenue from customers and information about its segment assets (non-current assets excluding financial instruments and deferred tax assets) by geographical location are detailed below:

Revenue from customers by location:	Year ended 2021 £'000	Year ended 2020 £'000
United Kingdom	184,785	161,876
Rest of Europe	70,364	56,815
	255,149	218,691

Consolidated non-current assets by location of asset:	Year ended 2021 £'000	Year ended 2020 £'000
United Kingdom	45,689	36,187
Rest of Europe	5,228	5,867
	50,917	42,054

Notes to the financial statements (continued)

For the year ended 31 March 2021

4. Profit for the year

Profit for the year has been arrived at after charging:

Group

	Year ended 2021 £'000	Year ended 2020 £'000
Depreciation of property, plant and equipment	2,199	2,018
Depreciation of Right-of-use assets	183	217
Amortisation of other intangible fixed assets	58	60
Foreign exchange losses	56	33

As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own income statement for the year. The company reported a profit for the financial year ended 31 March 2021 of £12,745,000 (2020: £10,269,000).

5. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 2021 £'000	Year ended 2020 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	34	33
Fees payable to associates of the company's auditor and their associates for other services to the group:		
- The audit of the company's subsidiary	11	10
Total audit fees	45	43

There were no non-audit fees payable to the group's auditor in the current or prior year.

Notes to the financial statements (continued)

For the year ended 31 March 2021

6. Employee benefit expenses

Employee benefit expenses (including directors) comprise:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Wages and salaries	6,787	5,919	5,941	5,160
Social security costs	580	513	503	440
Other pension costs	520	501	458	444
	7,887	6,933	6,902	6,044

Included within the Group's wages and salaries costs are costs in respect of temporary sub-contracted agency employees of £845,000 (2020: £521,000). The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total cost charged to income of £520,000 (2020: £501,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans.

The directors are the key management personnel of the group.

No director received remuneration from the company during the year (2020: same). The directors are employees of the two joint venture parties. No charge is levied by either joint venture party for services provided by the directors to the group (2020: same). The average monthly number of employees during the year, including directors was:

	Group		Company	
	2021	2020	2021	2020
	No.	No.	No.	No.
Administration and distribution	202	196	156	149
Temporary	40	29	32	21
Total	242	225	188	170

Notes to the financial statements (continued)

For the year ended 31 March 2021

7. Net finance costs

	Year ended 2021 £'000	Year ended 2020 £'000
Finance income:		
Bank interest receivable	1	82
Finance costs:		
Bank interest payable	(67)	(139)
Interest on lease liabilities	(9)	(11)
Exchange losses on foreign currency deposits	(56)	(33)
	(132)	(183)
Total net finance costs	(131)	(101)

8. Tax on profit on ordinary activities

a) Analysis of tax charge in the year

	Year ended 2021 £'000	Year ended 2020 £'000
Current tax:		
UK corporation tax on profits for the year	2,789	2,234
Polish corporation tax on profits for the year	333	60
Adjustments in respect of previous years	(8)	(12)
Total current tax	3,114	2,282
Deferred tax:		
Origination and reversal of timing differences	129	231
Adjustments in respect of previous years	72	15
Effect of changes in tax rates	-	262
Total deferred tax (note 20)	201	508
Total tax expense for the year (note 8(b))	3,315	2,790

Notes to the financial statements (continued)

For the year ended 31 March 2021

8. Tax on profit on ordinary activities (continued)

b) The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 2021 £'000	Year ended 2020 £'000
Profit on ordinary activities before tax	17,396	13,430
Tax at the UK corporation tax rate of 19% (2020: 19%)	3,305	2,552
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	(73)	-
Effect of change in tax rates	-	262
Other differences	19	(27)
Adjustments to tax charge in respect of previous periods	64	3
Tax expense for the year (note 8(a))	3,315	2,790

The March 2021 Budget announced that the UK corporation tax rate will increase to 25% with effect from 1 April 2023. As this change has not yet been substantively enacted as at 31 March 2021, deferred tax balances continue to be measured at a rate of 19%. If the amended tax rate had been used, the deferred tax liability would have been £912,000 higher.

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:

	Year ended 2021 £'000	Year ended 2020 £'000
Tax relating to items that may be reclassified to profit or loss	(8)	1

9. Dividends

	Year ended 2021 £'000	Year ended 2020 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2021 of 115.9p (2020: 58.0p) per ordinary share	10,000	5,000

Notes to the financial statements (continued)

For the year ended 31 March 2021

10. Goodwill

	Goodwill £'000
Cost:	
At 1 April 2019	842
At 31 March 2020	842
At 31 March 2021	842
Net book values:	
At 31 March 2021	842
At 31 March 2020	842
At 1 April 2019	842

In accordance with IAS 36, goodwill is not amortised, but is reviewed annually for indications of impairment or more frequently if there are indications that goodwill might be impaired.

The goodwill relates to Edible Oils Ltd Polska Sp. z o.o. and this is considered to be the only cash generating unit, with goodwill attached to it, within the group.

The recoverable amount has been determined on a value-to-use basis using the most recent 5 year projections. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year.

These assumptions have been revised in the year in light of the current economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry specific growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group has conducted a sensitivity analysis on the impairment test. The directors have considered reasonably possible changes across all significant assumptions and none are present that would give rise to an indicator of impairment.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five/ten years based on estimated growth rates that do not exceed the average long-term growth rate for the relevant markets.

The cash flows are discounted at the group's pre-tax weighted average cost of capital of 7.76% (2020: 6.09%) and a long term growth rate of 1.5% (2020: 1.5%) has been used.

Based on the results of the current period impairment review, no impairment charges have been recognised by the group in the year ended 31 March 2021 (2020: £nil).

Notes to the financial statements (continued)

For the year ended 31 March 2021

11. Other intangible assets

Group and company	Brand names £'000	Brand licences £'000	Total £'000
Cost:			
At 1 April 2019, 31 March 2020 and 31 March 2021	12,350	6,052	18,402
Amortisation:			
At 1 April 2019	-	5,695	5,695
Provided in the year	-	60	60
At 31 March 2020	-	5,755	5,755
Provided in the year	-	58	58
At 31 March 2021	-	5,813	5,813
Net book value			
At 31 March 2021	12,350	239	12,589
At 31 March 2020	12,350	297	12,647
At 1 April 2019	12,350	357	12,707

Brand licences are amortised over their estimated useful lives, which range from 10 to 15 years. The amortisation charge for the year totalling £58,000 (2020: £60,000) has been included within administrative expenses in the consolidated income statement.

Brand names are not amortised but are tested annually for impairment by an estimation of the value in use of the cash generating units to determine whether there is any indication the brands have suffered an impairment loss.

The recoverable amount has been determined on a value-to-use basis on each cash-generating unit using the most recent 5 year projections for each cash-generating unit. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year.

These assumptions have been revised in the year in light of the current economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the brand licences. The growth rates are based on industry specific growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group has conducted a sensitivity analysis on the impairment test. The directors have considered reasonably possible changes across all significant assumptions and none are present that would give rise to an indicator of additional impairment.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and based on estimated growth rates that do not exceed the average long-term growth rate for the relevant markets.

The cash flows are discounted at the group's pre-tax weighted average cost of capital of 7.76% (2020: 6.09%) and a long term growth rate of 1.5% (2020: 1.5%) has been used.

Based on the results of the current period impairment review, no impairment charges have been recognised by the group in the year ended 31 March 2021 (2020: £nil).

Notes to the financial statements (continued)

For the year ended 31 March 2021

12. Property, plant and equipment

Group	Assets under construction £'000	Leasehold improvements £'000	Plant machinery and equipment £'000	Total £'000
Cost:				
At 1 April 2019	572	13,345	32,155	46,072
Additions	4,120	-	-	4,120
Transfers	(442)	24	418	-
Disposals	-	-	(5,202)	(5,202)
Exchange adjustment	(1)	(75)	(198)	(274)
At 31 March 2020	4,249	13,294	27,173	44,716
Additions	11,521	-	-	11,521
Transfers	(1,387)	348	1,039	-
Disposals	-	-	(152)	(152)
Exchange adjustment	(1)	(148)	(363)	(512)
At 31 March 2021	14,382	13,494	27,697	55,573
Depreciation:				
At 1 April 2019	-	3,113	16,510	19,623
Provided in the year	-	356	1,662	2,018
Disposals	-	-	(4,883)	(4,883)
Exchange adjustment	-	(20)	(107)	(127)
At 31 March 2020	-	3,449	13,182	16,631
Provided in the year	-	346	1,853	2,199
Disposals	-	-	(111)	(111)
Exchange adjustment	-	(45)	(201)	(246)
At 31 March 2021	-	3,750	14,723	18,473
Net book value:				
At 31 March 2021	14,382	9,744	12,974	37,100
At 31 March 2020	4,249	9,845	13,991	28,085
At 1 April 2019	572	10,232	15,645	26,449

Notes to the financial statements (continued)

For the year ended 31 March 2021

12. Property, plant and equipment (continued)

Company	Assets under construction £'000	Leasehold improvements £'000	Plant machinery and equipment £'000	Total £'000
Cost:				
At 1 April 2019	528	10,487	24,616	35,631
Additions	4,071	-	-	4,071
Transfers	(373)	24	349	-
Disposals	-	-	(4,795)	(4,795)
At 31 March 2020	4,226	10,511	20,170	34,907
Additions	11,485	-	-	11,485
Transfers	(1,331)	348	983	-
Disposals	-	-	(31)	(31)
At 31 March 2021	14,380	10,859	21,122	46,361
Depreciation:				
At 1 April 2019	-	2,350	12,402	14,752
Provided in the year	-	254	1,636	1,890
Disposals	-	-	(4,795)	(4,795)
At 31 March 2020	-	2,604	9,243	11,847
Provided in the year	-	251	1,549	1,800
Disposals	-	-	-	-
At 31 March 2021	-	2,855	10,792	13,647
Net book value:				
At 31 March 2021	14,380	8,004	10,330	32,714
At 31 March 2020	4,226	7,907	10,927	23,060
At 1 April 2019	528	8,137	12,214	20,879

Notes to the financial statements (continued)

For the year ended 31 March 2021

13. Investments in subsidiaries

The subsidiary undertaking of Edible Oils Ltd, which has been included in these consolidated financial statements and accounted for at cost, is as follows:

Subsidiary undertakings	Place of business and registered office	Ordinary holding	Proportion of ownership interests and voting rights held	Nature of business
Edible Oils Limited Polska Sp. z o.o.	Ul Chrobrego 29 Szamotuly 64-500 Poland	Direct	100%	Processing of edible oils

Company	Subsidiary undertaking £'000
Cost and net book value	
At 1 April 2020 and 31 March 2021	4,673

14. Inventories

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Raw materials and consumables	3,927	3,956	3,390	3,264
Finished goods and goods for resale	16,398	9,803	14,473	8,561
	20,325	13,759	17,863	11,825

The cost of inventories recognised as an expense during the year in respect of continuing operations was £216,152,000 (2020: £185,861,000).

Inventories of £nil (2020: £nil) are expected to be recovered after more than twelve months.

15. Trade and other receivables

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade receivables	27,585	25,600	20,096	20,465
Amounts owed by related undertakings	2,022	9,571	2,022	9,571
Amounts owed by subsidiary undertakings	-	-	2,330	2,332
Other receivables	1,181	1,066	873	874
Prepayments	242	956	83	915
	31,030	37,193	25,404	34,157

100% of trade receivables relates to sales to related parties in the UK and Europe.

Notes to the financial statements (continued)

For the year ended 31 March 2021

15. Trade and other receivables (continued)

Ageing of past due but not impaired receivables:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
31-60 days	978	1,216	712	972
61-90 days	60	300	44	239
91-120 days	73	189	53	151
Total	1,111	1,705	809	1,362

The credit risk associated with receivables for the group are as per the directors' report, page 7, with credit risk management as per note 17. Group policies in managing credit risk are designed to reduce exposure to risks and minimise any losses and include dealing with creditworthy counterparties and the use of credit ratings provided by rating agencies which are applied to counterparties.

Edible Oils Ltd operates a revolving credit facility up to PLN 40 million. The average outstanding Principal Amount for each month will accrue at a rate per annum equal to 0.75% above the base rate.

The group's largest 10 customers accounted for 59% of trade receivables as at 31 March 2021 (2020: 61%).

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

16. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade payables	20,342	26,563	13,802	17,616
Amounts due to related undertakings	3,576	6,754	3,465	6,663
Accruals	5,601	874	4,369	2,679
	29,519	34,191	21,636	26,958

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximates to their fair value.

Notes to the financial statements (continued)

For the year ended 31 March 2021

17. Financial instruments

Classes and categories of financial instruments and their fair values

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics;
- The carrying amounts of financial instruments;
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- Fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1: Fair values measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices; and

Level 3: Fair values measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the financial statements (continued)

For the year ended 31 March 2021

17. Financial instruments (continued)

Financial assets	Amortised Cost £'000	Fair Value £'000	Total £'000
Cash and cash equivalents	4,488	-	4,488
Trade and other receivables	30,788	-	30,788
Derivative financial instruments	-	33	33
At 31 March 2021	35,276	33	35,309
Cash and cash equivalents	14,428	-	14,428
Trade and other receivables	36,237	-	36,237
Derivative financial instruments	-	9	9
At 31 March 2020	50,665	9	50,674

Financial liabilities	Amortised Cost £'000	Fair Value £'000	Total £'000
Trade and other payables	(29,519)	-	(29,519)
Lease Liabilities	(388)	-	(388)
At 31 March 2021	(29,907)	-	(29,907)
Trade and other payables	(34,191)	-	(34,191)
At 31 March 2020	(34,191)	-	(34,191)

Notes to the financial statements (continued)

For the year ended 31 March 2021

17. Financial instruments (continued)

Financial assets	Amortised Cost £'000	Fair Value £'000	Total £'000
Cash and cash equivalents	3,098	-	3,098
Trade and other receivables	25,321	-	25,321
Derivative financial instruments	-	33	33
At 31 March 2021	28,419	33	28,452
Cash and cash equivalents	12,406	-	12,406
Trade and other receivables	33,242	-	33,242
Derivative financial instruments	-	9	9
At 31 March 2020	45,648	9	45,657

Financial liabilities	Amortised Cost £'000	Fair Value £'000	Total £'000
Trade and other payables	(21,636)	-	(21,636)
Lease Liabilities	(388)	-	(388)
At 31 March 2021	(22,024)	-	(22,024)
Trade and other payables	(26,958)	-	(26,958)
At 31 March 2020	(26,958)	-	(26,958)

There has been no reclassification of assets or liabilities during the year (2020: same).

Fair value of the group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Notes to the financial statements (continued)
For the year ended 31 March 2021

17. Financial instruments (continued)

Financial assets/ financial liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Foreign currency forward contracts	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	Not applicable	Not applicable

There were no transfers between Level 1 and 2 during the current or prior year.

Financial risk management objectives
The group's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages to financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Foreign currency risk management
The group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations rise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2021	2020	2021	2020
Currency	£'000	£'000	£'000	£'000
Polish Zloty	8,672	3,215	8,324	9,783

Notes to the financial statements (continued)

For the year ended 31 March 2021

17. Financial instruments (continued)

Foreign currency sensitivity analysis

The group is mainly exposed to the currency of Euros and the currency of US Dollars.

The following table details the group's sensitivity to a 1% increase and decrease in sterling against relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. No adjustment has been made for the compensating impact of open forward foreign exchange contracts or for the reduction in tax.

	Impact on equity	
	2021	2020
Currency	£'000	£'000
Polish Zloty	1,658	8,624

Forward foreign currency exchange contracts

It is the policy of the group to enter into forward foreign exchange contracts to cover all foreign currency payments and receipts. The group enters into forward foreign currency exchange contracts to manage the risk associated with sales and purchases from the date that contracts are agreed.

The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items. Foreign currency forward contract assets and liabilities are presented in the line "derivative financial instruments" (either as asset or as liabilities) within the statement of financial position (see note 18 for further details):

Group and company	Notional value		Fair value	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash flow hedges				
Buy				
Less than 12 months	1,373	-	33	-
Currency swaps	-	2,239	-	9
			33	9

Interest rate risk management

The group is exposed to interest rate risk because entities in the group borrow funds at both fixed and floating interest rates. The group's exposure to interest rate risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. Due to the nature of the group's borrowings, principally group facilities, the exposure to interest rate risk is considered to be immaterial.

Credit risk management

In order to minimise credit risk, the group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit rating information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the credit ratings of its counterparties are continuously monitored.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Notes to the financial statements (continued)

For the year ended 31 March 2021

17. Financial instruments (continued)

Credit risk management (continued)

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the company consider that the group's credit risk is significantly reduced.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Overview of the group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. As at 31 March 2021, the group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the group has developed and maintained credit risk gradings to categorise exposures according to their degree of risk of default. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counter-party has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL-not credit-impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL-credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the group's financial assets, contract assets and financial guarantee contracts, as well as the group's maximum exposure to credit risk by credit risk rating grades.

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL?	Gross & net carrying amount (i)
Amounts owed by related undertakings	15	N/a	Performing	Lifetime ECL (not credit impaired)	2,022
Trade receivables	15	N/a	(i)	Lifetime ECL (simplified approach)	27,585
At 31 March 2021					29,607

Notes to the financial statements (continued)
For the year ended 31 March 2021

17. Financial instruments (continued)
Overview of the group's exposure to credit risk (continued)

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL?	Gross carrying amount (i)
Amounts owed by related undertakings	15	N/a	Performing	Lifetime ECL (not credit impaired)	9,571
Trade receivables	15	N/a	(i)	Lifetime ECL (simplified approach)	25,600
At 31 March 2020					35,171

No adjustments for loss allowances have been made (2020: none).

(i) For trade receivables, the group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The group determines the expected credit loss on these items by using a provision matrix.

The carrying amount of the group's financial assets at FVTPL as disclosed in note 15 best represents their respective maximum exposure to credit risk. The group holds no collateral over any of these balances.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate cash reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes to the financial statements (continued)

For the year ended 31 March 2021

18. Derivative financial instruments

Group and company	Current 2021 £'000	Current 2020 £'000	Non-current 2021 £'000	Non-current 2020 £'000
Derivative financial assets				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
- Forward foreign currency contracts	33	-	-	-
- Currency swaps	-	9	-	-
Total derivative financial assets	33	9	-	-

	Current 2021 £'000	Current 2020 £'000	Non-current 2021 £'000	Non-current 2020 £'000
Derivative financial liabilities				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
- Forward foreign currency contracts	-	-	-	-
- Currency swaps	-	-	-	-
Total derivative financial liabilities	-	-	-	-

Currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Foreign exchange risk arises when group enter into transactions denominated in a currency other than their functional currency. To cover this risk treasury will enter into a matching forward foreign exchange contract with a reputable bank.

Further details of derivative financial instruments are provided in note 17.

Notes to the financial statements (continued)

For the year ended 31 March 2021

19. Deferred tax

The following are the major deferred tax liabilities recognised by the group and movements thereon during the current and prior reporting year.

Group	Accelerated capital allowances £'000	Revaluation of financial assets £'000	Other timing differences £'000	Total £'000
At 1 April 2019	2,334	1	(21)	2,314
Credit to profit or loss	243	-	3	246
Credit to other comprehensive income	-	1	-	1
Effect of change in tax rate	270	-	(8)	262
At 31 March 2020	2,847	2	(26)	2,823
Credit to profit or loss	201	-	-	201
Charge to other comprehensive income	-	(8)	-	(8)
At 31 March 2021	3,048	(8)	(26)	3,016

Company	Accelerated capital allowances £'000	Revaluation of financial assets £'000	Other timing differences £'000	Total £'000
At 1 April 2019	2,251	1	(21)	2,231
Charge to profit or loss	203	-	3	206
Credit to other comprehensive income	-			-
Effect of change in tax rate	270	-	(7)	263
At 31 March 2020	2,724	1	(25)	2,700
Charge to profit or loss	196	-	-	196
Charge to other comprehensive income	-	(8)	-	(8)
At 31 March 2021	2,920	(8)	(25)	2,888

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Deferred tax liability	3,016	2,823	2,888	2,700

Notes to the financial statements (continued)

For the year ended 31 March 2021

20. Share capital

	2021	2020
	£'000	£'000
Authorised share capital:		
Allotted, called up and fully paid		
4,313,000 "A" ordinary shares of £1 each	4,313	4,313
4,313,000 "B" ordinary shares of £1 each	4,313	4,313
	8,626	8,626

Both classes of shares rank pari passu.

21. Capital commitments

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts contracted but not provided for	2,433	1,801	2,433	1,801

All capital commitments relate to commitments for property, plant and equipment construction.

Notes to the financial statements (continued)

For the year ended 31 March 2021

22. Leases

Right-of-use assets

Group and Company	Plant, machinery & equipment £'000	Total £'000
Cost:		
At 1 April 2019	-	-
Cost On Transition To IFRS 16	546	546
Additions and remeasurements	166	166
Transfers		
Disposals	(18)	(18)
Exchange differences		-
At 31 March 2020	694	694
Additions and remeasurements	89	89
Transfers		-
Disposals	(58)	(58)
Exchange differences		-
At 31 March 2021	725	725
Accumulated depreciation:		
At 1 April 2019	-	-
Charge for the year	217	217
Disposals	(3)	(3)
Exchange differences		-
At 31 March 2020	214	214
Charge for the year	183	183
Disposals	(58)	(58)
Exchange differences		-
At 31 March 2021	339	339
Carrying values:		
At 31 March 2021	386	386
At 31 March 2020	480	480
At 1 April 2019	-	-

Notes to the financial statements (continued)

For the year ended 31 March 2021

22. Leases (continued)

Lease Liabilities

Lease liabilities are recognised in the balance sheet as follows:

	Group and Company	
	2021	2020
	£'000	£'000
Current Liabilities	179	186
Non-Current Liabilities	209	294
	388	480

Amounts recognised in profit and loss

	Group and Company	
	2021	2020
	£'000	£'000
Depreciation expense on right-of-use assets	183	217
Interest expense on lease liabilities	9	11
	192	228

Maturity of Lease liabilities

	Less than 1 month £'000	1 - 3 months £'000	3 months to 1 year £'000	1 - 5 years £'000	5 + years £'000	Total £'000
Lease Liabilities	32	48	101	236	-	417
At 31 March 2021	32	48	101	236	-	417

	Less than 1 month £'000	1 - 3 months £'000	3 months to 1 year £'000	1 - 5 years £'000	5 + years £'000	Total £'000
Lease Liabilities	34	32	131	310	-	507
At 31 March 2020	34	32	131	310	-	507

Lease payments include rentals payable by the group for certain of its plant and equipment. The lease terms vary in duration from 1 to 15 years and are all priced at prevailing market rates.

In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise termination option, are considered. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or terminated).

The group had no expenses relates to low-value or short term leases included in the profit and loss for the year ending 31 March 2021.

The group does not have any sub-lease agreements, variable lease payment terms, committed but not yet commenced leases that have not been reflected in lease liabilities or short term lease commitments at 31 March 2021.

The total cash outflow for leases in the period was £190,000.

Notes to the financial statements (continued)

For the year ended 31 March 2021

22. Leases (continued)

Changes in liabilities arising from financing activities

Group & Company	2020 £'000	Financing Cash Flows (i)	None Cash Changes: New Leases	None Cash Changes: Foreign Exchange	None Cash Changes: Other (ii)	2021 £'000
Lease Liabilities	480	(181)	91	-	(2)	388
Total	480					388

	2019 £'000	Financing Cash Flows (i)	None Cash Changes: New Leases	None Cash Changes: Foreign Exchange	None Cash Changes: Other (ii)	2020 £'000
Lease Liabilities	-	(217)	698	-	(1)	480
Total	-					480

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.
(ii) Other changes include interest accruals and payments, Lease Modifications and Lease Terminations

23. Related party transactions

Princes Limited and Pura Foods Limited each own 50% of the issued share capital of the company. All other related parties are members of Pura Foods Limited's group.

Trading transactions

During the year, the group entered into the following transactions with members of the Princes Limited and Pura Foods Limited:

Group	Sale of goods 2021 £'000	Sale of goods 2020 £'000	Purchase of goods 2021 £'000	Purchase of goods 2020 £'000
Princes Limited Group	255,149	218,691	4,692	4,341
Pura Foods Limited	-	-	221	202
ADM International SARL	-	-	147,360	124,568
ADM Szamotuly Sp. z o.o	-	-	361	300
ADM Poland Sp. z o.o.	-	-	98	101
ADM Trading (UK) Limited	-	-	31	-
ADM Speciality Ingredients (Europe) BV	-	-	189	169

Group	Amounts owed by related parties 2021 £'000	Amounts owed by related parties 2020 £'000	Amounts owed to related parties 2021 £'000	Amounts owed to related parties 2020 £'000
Princes Limited Group	29,607	35,171	3,576	6,754
Pura Foods Limited	-	-	-	-
ADM International SARL	-	-	10,228	15,953
ADM Szamotuly Sp. z o.o	-	-	30	29
ADM Poland Sp. z o.o.	-	-	8	8
ADM Trading (UK) Limited	-	-	31	-
ADM Speciality Ingredients (Europe) BV	-	-	20	11

Notes to the financial statements (continued)

For the year ended 31 March 2021

23. Related party transactions (continued)

Lease premiums included property, plant and equipment (note 12) relating to properties owned by Princes Limited, Pura Foods Limited and ADM Szamotuly Sp. z o.o. which have been leased to the group. The net book values of the original premiums related to the properties owned by Princes Limited, Pura Foods Limited and ADM Szamotuly Sp. z o.o. at the year end were £3,426,000 (2020: £3,523,000), £2,515,000 (2020: £2,585,000) and £616,000 (2020: £669,000) respectively. During the year, lease rentals of £nil (2020: £nil) and £nil (2020: £nil) were payable to Princes Limited and Pura Foods Limited respectively.

All transactions were in the normal course of business and the prices for each individual purchase and sale were arm's length prices. No interest is charged on outstanding balances.

Company	Sale of goods		Purchase of goods	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Princes Limited Group	184,785	161,876	3,166	3,036
Pura Foods Limited	-	-	221	202
ADM Trading (UK) Limited	-	-	31	-
ADM International SARL			86,926	76,557
ADM Speciality Ingredients (Europe) BV	-	-	189	169

	Amounts owed by related parties		Amounts owed to related parties	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Princes Limited Group	22,118	30,036	3,465	6,663
Pura Foods Limited	-	-	-	-
ADM Trading (UK) Limited	-	-	31	-
ADM International SARL			4,795	8,118
ADM Speciality Ingredients (Europe) BV	-	-	20	11

During prior years, the company made a loan to its subsidiary undertaking, Edible Oils Ltd Polska Sp. z o.o. At 31 March 2021, the outstanding balance owed on this loan is £2,329,000 (2020: £2,332,000).

Lease premiums included property, plant and equipment (note 12) relating to properties owned by Princes Limited and Pura Foods Limited which have been leased to the company. The net book values of the original premiums related to the properties owned by Princes Limited and Pura Foods Limited at the year end were £3,426,000 (2020: £3,523,000) and £2,515,000 (2020: £2,585,000) respectively. During the year, lease rentals of £nil (2020: £nil) and £nil (2020: £nil) were payable to Princes Limited and Pura Foods Limited respectively.

All transactions were in the normal course of business and the prices for each individual purchase and sale were arm's length prices. No interest is charged on outstanding balances.

Notes to the financial statements (continued)

For the year ended 31 March 2021

24. Notes to the cash flow statements

Group	2021 £'000	2020 £'000
Profit for the year	14,081	10,640
Adjustments for:		
Income tax expense	3,315	2,790
Finance costs	76	150
Finance income	(1)	(82)
Exchange losses	56	33
Depreciation of property, plant and equipment / Right-of-use assets	2,382	2,235
Loss on disposal of property, plant and equipment	41	319
Amortisation of intangible fixed assets	58	60
Operating cash flows before movements in working capital	20,008	16,145
Decrease/(increase) in inventories	(6,566)	808
Decrease/(increase) in receivables	6,163	(4,950)
(Decrease)/increase in payables	(4,720)	1,345
Cash generated by operations	14,885	13,348
Income taxes paid	(3,104)	(3,237)
Interest paid	(76)	(150)
Interest received	1	82
Net cash from operating activities	11,706	10,043

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Notes to the financial statements (continued)

For the year ended 31 March 2021

24. Notes to the cash flow statements (continued)

Company	2021 £'000	2020 £'000
Profit for the year	12,745	10,269
Adjustments for:		
Income tax expense	2,974	2,688
Finance costs	64	11
Finance income	(71)	(154)
Depreciation of property, plant and equipment / Right-of-use assets	1,983	2,107
Loss on disposal of property, plant and equipment	31	-
Amortisation of intangible fixed assets	58	60
Operating cash flows before movements in working capital	17,784	14,981
Increase in inventories	(6,038)	(105)
Decrease/(increase) in receivables	8,753	(5,268)
(Decrease)/increase in payables	(5,328)	1,967
Cash generated by operations	15,171	11,575
Income taxes paid	(2,820)	(3,187)
Interest paid	(64)	(11)
Interest received	71	154
Net cash from operating activities	12,358	8,531

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

25. Shareholding companies and ultimate controlling parties

Edible Oils Ltd is a joint venture with 50% of the issued share capital being held by Princes Limited, whose ultimate parent undertaking and controlling party is Mitsubishi Corporation, and 50% being held by Pura Foods Limited, whose ultimate parent undertaking and controlling party is Archer Daniels Midland Company Inc.

The financial statements of Princes Limited are available to the public from Companies House. Copies of the group financial statements of Mitsubishi Corporation are available from the following address, which is the registered office:

Investor Relations Department
Mitsubishi Corporation
3 - 1 Marunouchi
2-Chome
Chiyoda-Ku
Tokyo
100-8086
Japan

The financial statements of Pura Foods Limited are available to the public from Companies House. Copies of Archer Daniels Midland Company Inc. are available online at www.ADM.com.