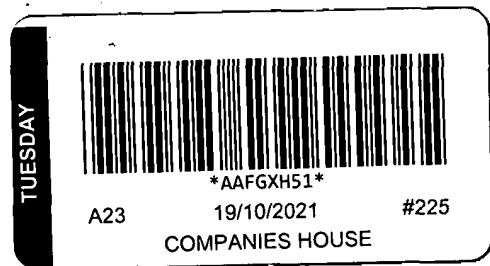


Fayrefield Ingredients Limited

Annual Report and Financial Statements

For the year ended 31 December 2020



Fayrefield Ingredients Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

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Fayrefield Ingredients Limited

OFFICERS AND PROFESSIONAL ADVISERS

Directors

T M Robinson
S Davenport
A Weaver

Company secretary

P A Austin

Registered office

Englesea House
Barthomley Road
Crewe
Cheshire
CW1 5UF
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
The Hanover Building
Corporation Street
Manchester
M4 4AH
United Kingdom

Bankers

National Westminster Bank plc
2 – 8 Church Street
Liverpool
L1 3BG
United Kingdom

Solicitors

SAS Daniels LLP
30 Greek Street
Stockport
Cheshire
SK3 8AD
United Kingdom

Fayrefield Ingredients Limited

DIRECTORS' REPORT

The directors present their annual report on the affairs of Fayrefield Ingredients Limited (the 'company'), together with the audited financial statements and auditor's report, for the year ended 31 December 2020. This directors' report has been prepared under FRS 102 and the small companies' exemption from preparing a strategic report has been taken.

Principal activities

The principal activity of the company is that of trading in food ingredients.

Future developments

The company's activities will be unchanged for the ensuing year. The directors are confident that the future prospects of the company are good and believe that the company is very well placed to meet any challenging economic conditions. There have been no material post balance sheet events (2019: same).

Directors

The directors who served the company during the year and thereafter were as follows:

T M Robinson
S Davenport
A Weaver

Directors' liability insurance

The company had suitable Directors' and Officers' liability insurance cover in place during the year and up to the date of signing the financial statements.

Key performance indicators

The Board focus on a range of key performance indicators (KPIs) to help assess the performance of the company against its primary objectives:

	2020 £	2019 £
Profit before taxation	0.20m	0.31m
Net assets	1.59m	2.05m
Net cash balance	1.60m	2.02m

The Board also consider the company's commissions receivable as an important performance indicator and this is reviewed on a monthly basis by the directors of the company.

Principal risks and uncertainties

The company has established an effective risk management policy which covers all areas of business risk. The key risks to the company remain unanticipated fluctuations in dairy commodity prices, consumer demand and political uncertainty.

Brexit

The company has adapted well to the requirements of Brexit. The company does not import or export goods into the EU and so the impact of Brexit on the company's operations is not significant.

Fayrefield Ingredients Limited

DIRECTORS' REPORT *(continued)*

Covid-19 Pandemic

The directors have followed the Government guidance on Covid-19 to ensure that the company meets its responsibilities to employees, their families and the wider community. The company is well placed to mitigate the risk of Covid-19 due to a strong supply chain and its good financial standing. The company has not been adversely impacted by Covid-19. The company did not utilise any of the government assistance schemes during the year (2019: same).

Going concern

The company meets its day to day working capital requirements through existing cash resources (cash in hand at 31 December 2020 totalled £1,597,502) and although levels of demand for the company's products and the costs of raw materials are difficult to predict and are therefore inherently uncertain, the directors expect to be able to operate within the level of its current resources, given forecast sales, expected expenditure and resources available. The company is a subsidiary of The Fayrefield Group Limited and benefits from the financial strength of being a member within a large group structure. The directors have prepared detailed forecasts showing that the company is expected to remain profitable and cash generative for the foreseeable future. Consequently, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the next twelve months after the approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

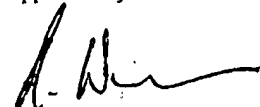
Statement as to disclosure of information to auditor

The directors who were in office at the date of approval of this report have confirmed that, as far as they are aware, there is no relevant audit information of which the company's auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have been deemed re-appointed under section 487 of the 2006 Act.

Approved by the Board and signed on its behalf by:



A Weaver

Director

18 October 2021

Fayrefield Ingredients Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

In preparing these financial statements, the directors are required to:

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

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

Fayrefield Ingredients Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAYREFIELD INGREDIENTS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Fayrefield Ingredients Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

Fayrefield Ingredients Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAYREFIELD INGREDIENTS LIMITED *(continued)*

Other information *(continued)*

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the 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 company's industry and its control environment, and reviewed the company'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 and irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company 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 2006, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which is fundamental to the company's ability to operate or to avoid a material penalty. These included the Food Safety Act 1990.

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

Fayrefield Ingredients Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAYREFIELD INGREDIENTS LIMITED *(continued)*

Extent to which the audit was considered capable of detecting irregularities, including fraud *(continued)*

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

Revenue overstatement – cut off

- 1) Review and design and implementation of management controls around revenue recorded close to the reporting date; and
- 2) Randomly selected revenue booked close to the year end and traced to underlying delivery notes, invoices and incoterms to ensure revenue is recorded in the correct period and only upon transfer of risk and rewards to the buyer.

In common with all audits under ISA's (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 procedure 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 misstatements due to fraud;
- enquiring of management 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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

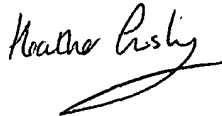
We have nothing to report in respect of these matters.

Fayrefield Ingredients Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAYREFIELD INGREDIENTS LIMITED *(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.



Heather Crosby BSc ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

18 October 2021

Fayrefield Ingredients Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2020

	<i>Notes</i>	2020 £	2019 £
Turnover	3	398,065	512,457
Gross profit		398,065	512,457
Administrative expenses		(196,595)	(208,724)
Operating profit		201,470	303,733
Finance income (net)	6	2,574	4,069
Profit before taxation	4	204,044	307,802
Taxation	7	(38,770)	(58,456)
Profit for the financial year		165,274	249,346

All activities arise from the company's continuing operations.

No separate statement of other comprehensive income has been presented as all such income and expenses are presented in the profit and loss account.

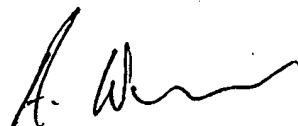
Fayrefield Ingredients Limited

BALANCE SHEET

As at 31 December 2020

	Notes	2020 £	2019 £
Non-current assets			
Tangible fixed assets	9	436	660
Current assets			
Debtors	10	134,571	184,421
Stock	11	677,974	-
Cash at bank and in hand		1,597,502	2,017,729
		2,410,047	2,202,150
Creditors			
Amounts falling due within one year	12	(818,031)	(150,632)
Net current assets		1,592,016	2,051,518
Net assets		1,592,452	2,052,178
Capital and reserves			
Called-up share capital	14	10,000	10,000
Profit and loss account		1,582,452	2,042,178
Shareholders' funds		1,592,452	2,052,178

The financial statements of Fayrefield Ingredients Limited (registered number: 06704337) on pages 9 to 20 were approved by the Board of Directors and authorised for issue and are signed on their behalf by:



A Weaver

Director

18 October 2021

Fayrefield Ingredients Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

		Called - up share capital	Profit and loss account	Total
	<i>Notes</i>	£	£	£
At 1 January 2019		10,000	1,942,832	1,952,832
Profit for the financial year		-	249,346	249,346
Dividends paid	8	-	(150,000)	(150,000)
Balance at 31 December 2019		10,000	2,042,178	2,052,178
Profit for the financial year		-	165,274	165,274
Dividends paid	8	-	(625,000)	(625,000)
Balance at 31 December 2020		10,000	1,582,452	1,592,452

Fayrefield Ingredients Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Fayrefield Ingredients Limited (the 'company') is a company incorporated in the United Kingdom under the Companies Act.

The company is a private company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The principal activities of the company are set out in the directors' report on page 2.

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and have also been prepared under the small companies regime section 1a.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its ultimate parent, The Fayrefield Group Limited which may be obtained at Englesea House, Barthomley Road, Crewe, Cheshire, United Kingdom, CW1 5UF. Exemptions have been taken in these separate company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The company meets its day to day working capital requirements through existing cash resources (cash in hand at 31 December 2020 totalled £1,597,502) and although levels of demand for the company's products and the costs of raw materials are difficult to predict and are therefore inherently uncertain, the directors expect to be able to operate within the level of its current resources, given forecast sales, expected expenditure and resources available. The company is a subsidiary of The Fayrefield Group Limited and benefits from the financial strength of being a member within a large group structure. The directors have prepared detailed forecasts showing that the company is expected to remain profitable and cash generative for the foreseeable future. Consequently, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the next twelve months after the approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover relates to commissions receivable and the direct sale of goods and services and both are recognised at the point of sale of goods and services in the ordinary nature of the business. Turnover is shown net of Value Added Tax.

Fayrefield Ingredients Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2020

1 Accounting policies *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Fixtures, fittings and equipment – 33% straight line.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments, in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply, in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pensions

Fayrefield Foods Limited, the company's immediate parent operates a defined contribution scheme providing benefits additional to those from the state. In addition, Fayrefield Foods Limited makes payments to certain employees' money purchase pension plans. The pension cost charge represents contributions payable by the company in respect of the year, under the rules of the scheme.

Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method.

Fayrefield Ingredients Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2020

1 Accounting policies *(continued)*

Financial instruments *(continued)*

(i) Financial assets and liabilities *(continued)*

(a) Returns to the holder are:

- (i) a fixed amount; or
 - (ii) a fixed rate of return over the life of the instrument; or
 - (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or
 - (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique.

Fayrefield Ingredients Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2020

1 Accounting policies *(continued)*

Financial instruments *(continued)*

(iii) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Finance income

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably). Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, 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. 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.

i. Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied.

Fayrefield Ingredients Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2020

2 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

ii. Key accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors do not consider there to be any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Turnover

An analysis of the company's turnover by category is as follows:

	2020 £	2019 £
Commission received	<u>398,065</u>	<u>512,457</u>

The company's turnover arises solely in the United Kingdom.

4 Profit before taxation

Profit before taxation is stated after charging:

	2020 £	2019 £
Amounts paid under operating leases – land and buildings	21,244	20,312
Auditor's remuneration - audit of the financial statements	<u>3,943</u>	<u>3,750</u>

A total of £4,000 was recharged by Fayrefield Foods Limited, the company's immediate parent in respect of non-audit services paid to the company's auditor (2019: £4,000).

5 Particulars of employees

Other than the three directors and company secretary (2019: four directors and company secretary) there were no employees of the company throughout the year (2019: same).

The remuneration of the directors was paid by Fayrefield Foods Limited, the company's immediate parent. The amounts recharged to the company by its immediate parent in respect of the time spent by directors on the company were:

	2020 £	2019 £
Emoluments	109,500	121,000
Employers N I	13,920	15,514
Pensions	7,400	7,400
	<u>130,820</u>	<u>143,914</u>

One director was a member of a money purchase pension scheme (2019: same).

Fayrefield Ingredients Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2020

5 Particulars of employees *(continued)*

The pension cost charge represents contributions recharged by the parent company in respect of payments made to certain directors' money purchase pension plans during the year. The pension charge for the year was £7,400 (2019: £7,400) and there were no amounts outstanding at 31 December 2020 (2019: £nil).

6 Finance income (net)

	2020 £	2019 £
Interest receivable and similar income		
Bank interest received	2,629	4,089
Other interest received	4	-
Other interest paid	(59)	(20)
	<u>2,574</u>	<u>4,069</u>

7 Taxation

(a) Analysis of charge in the year

	2020 £	2019 £
Current tax:		
UK corporation tax	38,804	58,361
Adjustments in respect of prior years	(34)	95
Total current tax charge	<u>38,770</u>	<u>58,456</u>

(b) Factors affecting total tax charge

The tax assessed on the profit for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%), as explained below:

	2020 £	2019 £
Profit before taxation	<u>204,044</u>	<u>307,802</u>
Tax on profit at the standard UK corporation tax rate of 19% (2019: 19%)	38,768	58,482
Adjustments in respect of prior years	(34)	95
Expenses not deductible for tax purposes	-	20
Depreciation for the year more than / (less than) capital allowances	36	(141)
Total tax charge (note 7 a)	<u>38,770</u>	<u>58,456</u>

In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to maintain the Corporation tax main rate at 19% for the financial year 2022. For financial year 2023 the Corporation tax main rate will increase to 25% with a small profits rate of 19% applying to profits of £50,000 or less. Profits between £50,000 and £250,000 will be taxed at the main rate of 25% but marginal relief will apply.

Fayrefield Ingredients Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2020

8 Dividends

	2020 £	2019 £
Interim dividend for the year ended 31 December 2020 of £62.50 (2019: £15.00) per ordinary share	<u>625,000</u>	<u>150,000</u>

The directors have not proposed or declared a final dividend (2019: same).

9 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2020	1,670
At 31 December 2020	<u>1,670</u>
Depreciation	
At 1 January 2020	1,010
Charge for the year	224
At 31 December 2020	<u>1,234</u>
Net book value	
At 31 December 2020	<u>436</u>
At 31 December 2019	<u>660</u>

10 Debtors

	2020 £	2019 £
Amounts owed by group undertakings	126,502	176,707
Prepayments and accrued income	8,069	7,714
	<u>134,571</u>	<u>184,421</u>

The balances arising from group undertakings have arisen from the usual course of business and follow the same terms and conditions as those that would be offered to other customers.

11 Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>677,974</u>	<u>-</u>

There is no material difference between the balance sheet value of stock and their replacement cost.

Fayrefield Ingredients Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

12 Creditors

	2020	2019
	£	£
Trade creditors	2,328	2,245
Accruals	4,507	8,875
Amounts owed to group undertakings	776,948	88,815
Corporation tax	19,191	21,791
VAT payable	15,057	28,906
	<u>818,031</u>	<u>150,632</u>

The balances arising from group undertakings have arisen from the usual course of business and follow the same terms and conditions as those offered to other suppliers.

13 Related party transactions

Control

The company is an 80% subsidiary of Fayrefield Foods Limited, a company incorporated in England and Wales.

During the year the company entered into sales and purchases with other companies controlled by The Fayrefield Group Limited. Purchases include amounts paid by the company for the provision of employees (see note 5) and other general recharges. The transactions together with the year end balances are listed below:

Transactions

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Fayrefield Foods Limited	<u>398,065</u>	<u>512,457</u>	<u>855,517</u>	<u>189,938</u>

Year end balances

	Debtors		Creditors	
	2020	2019	2020	2019
	£	£	£	£
Fayrefield Foods Limited	<u>126,502</u>	<u>176,707</u>	<u>776,948</u>	<u>88,815</u>

14 Called-up share capital

	2020	2019
	£	£
Allotted, called-up and fully paid: 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

The company has one class of ordinary shares which carry no right to fixed income. The profit and loss reserve represents cumulative profits net of dividends paid.

Fayrefield Ingredients Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2020

15 Financial commitments

There were no capital commitments at 31 December 2020 (2019: £nil).

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Within one year	10,380	20,760
Between one and five years	-	10,380
	<u>10,380</u>	<u>31,140</u>

16 Ultimate parent company

The ultimate parent and controlling undertaking is The Fayrefield Group Limited, a company incorporated in England and Wales, which is under the control of J D Kerr, the chairman, who is personally interested in 100% of the group's issued share capital.

The Fayrefield Group Limited is the parent company of the only group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements of the ultimate parent company can be obtained from Englesea House, Barthomley Road, Crewe, Cheshire, CW1 5UF.