

Mindful Chef Limited

**Annual Report and Financial Statements
Year Ended 31 December 2022**

Registration number: 09270945

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Mindful Chef Limited

Contents

Company Information	1
Strategic Report	2 to 5
Directors' Report	6 to 7
Statement of Directors' Responsibilities	8
Independent Auditor's Report	9 to 12
Profit and Loss Account	13
Balance Sheet	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 to 33
Non-statutory pages	34 to 36

Mindful Chef Limited

Company Information

Directors	Robert Grieg-Gran Myles Hopper Giles Humphries Timothy Lee Wayne England Paolo Fagnoni Richard Watson
Registered office	Unit D Discovery House Juniper Drive London SW18 1UY
Solicitors	Michelmores LLP Woodwater House Pynes Hill Exeter Devon EX3 5WR
Auditors	PKF Francis Clark Statutory Auditor Ground Floor Blackbrook Gate 1 Blackbrook Business Park Taunton Somerset TA1 2PX

Mindful Chef Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company is the retail of premium healthy recipe kit boxes.

Mindful Chef is on a mission to make healthy eating easy by providing healthy, delicious and convenient recipe boxes direct to consumers homes. The Company prides itself on its health, quality and sustainability credentials, being in the outstanding category of B Corporations, it is using its position to be a force for good.

Review of the business

During the year the Company continued to execute its strategy of *Making Healthy Eating Easy*. The Company focussed on improving the quality and experience of its service and offering in the UK through primarily its direct to consumer recipe box business. After two years of significant revenue growth through the Covid-19 pandemic, the Company has seen a levelling off as the Covid-cohorts churn, which is in common with other businesses in the online food retail sector, and recognises it is in a period of normalisation. Underlying customer performance remains strong, with very good customer spend, retention and average order values relative to pre-pandemic cohorts.

The directors consider the key performance indicators of the business to be turnover growth and gross profit as % sales, these are summarised below:

	Unit	2022	2021
Turnover growth	%	(12.3)	39.3
Gross profit as a % of sales	%	25.1	30.7

Turnover for the year was £58,805,154 (2021: £67,022,775) and the directors deem this to be a decent performance YoY given the challenges in the macro environment. The directors recognise that this remains a significant increase from its pre-pandemic turnover of £14,609,161 in the year ending 31 December 2019.

Gross margin percentage decreased from 30.7% to 25.1% reflecting the challenges during 2022 from inflationary economic conditions.

The loss after tax for the year ending 31 December 2022 amounted to -£6,404,975. In the prior year a profit after taxation of £33,754,156 was achieved primarily due to a one-off gain arising from the sale of intellectual property to another member of the Nestle group. Excluding this one-off gain, the operating loss of the business was -£2,569,616. This decrease was inline with the 2022 forecasts and is primarily a factor of the inflationary pressures the company has seen. Additionally, the business strategy has continued to be to invest in driving customer awareness, building the brand and acquiring new customers.

As at 31 December 2022, the Company has cash at bank and in hand of £5,691,226 (2021: £6,586,611) as well as amounts owed by group undertakings of £25,408,585 (2021: £36,602,760) which provides the ability to fund the ongoing operations of the business.

Mindful Chef Limited

Strategic Report for the Year Ended 31 December 2022

The directors recognise that 2022 was a challenging year and all things considered are pleased with the performance of the Company for the year ended 31 December 2022 and its success in helping more and more customers solve the problem of healthy eating. The directors recognise the continued ongoing risks associated with the wider economic uncertainties and the impact on business performance.

Principal risks and uncertainties

The process of risk management is addressed through a framework of policies, procedures and internal controls. There is a robust forecasting process in place and regular performance reviews by the Board, with optionality and flexibility built into the business plan. The Company is well placed to take any necessary action associated with the risks identified.

Economic risks

The Company recognises that the UK has been going through a challenging time with the cost of living crisis, post-pandemic environment and international impact of the Ukraine war. The Company has no direct suppliers in Russia or Ukraine but understands that it has contributed to the cost of living crisis in the UK. This has had the potential to impact sales and cost prices. Management and the board regularly review forecasts and are able to adjust spend and retail prices flexibly if required to minimise the overall impact to the business.

Operating risks

The Company is reliant on its digital product and third party warehouse operations. The Company has a framework of policies and controls in place to ensure minimal downtime and disruption to the operation, as well as a robust testing programme and contingency plans. The Company has in place reliable security measures to safeguard the information it holds in order to deliver its service to customers.

Food safety risks

The Company depends on suppliers providing fresh ingredients that are essential to the end product. The Company has in place appropriate controls and safety procedures to mitigate risks associated with product recall or consumer harm, as well as working with a BRC accredited (grade A) fulfilment provider.

Future developments

The directors are confident in the ongoing long-term strategy to focus on high quality healthy food. The company continues to stretch the brand and diversify its product offering, to support the company mission to help make healthy eating easy for as many people as possible.

Mindful Chef Limited

Strategic Report for the Year Ended 31 December 2022

Section 172(1) statement

The directors acknowledge their duty under section 172 of the UK Companies Act 2006 and consider that they have acted in the way that, in good faith, would be most likely to promote the success of their company for the benefit of its members as a whole. The following section describes how the directors of this Company have had regard to these matters when performing their duty.

Principal decisions taken in the year include approval of:

- 2022 re-forecasts and the 2023 budget;
- Investment in capex at the warehouse to improve service and reduce costs;
- Director changes;
- New HR policies & Modern Slavery statement; and
- Award of share options to eligible employees.

Decision making

The Board has been faced with another unprecedented year of events including the normalisation after the Covid-19 pandemic, the Ukraine War and global supply chain disruption. As such they have conducted regular Board meetings and approached decision making in a flexible yet fair and balanced manner. They have considered the interests of all of their stakeholders and demonstrated strong leadership during the year.

Employees

The Board recognises that engagement of the workforce and the culture of the Company is key to retaining talented and committed employees, which contributes to the success of the Company. Employees are encouraged to live by the Company's values of being Mindful, Unafraid and Personal and the People Strategy is centred around these pillars, demonstrated by Leadership. The Board receives updates on key elements of the People Strategy which provides insight into the culture and engagement of the Company's employees.

Suppliers

The Board recognises that by building long term trusted partnerships with our suppliers we will deliver better quality service and products to our customers. The quality of our supply base is critical to maintaining our sourcing standards. We endeavour to work with suppliers fairly and honestly.

Customers

Customers are at the heart of all decision making by the Company. Consistently delivering a top class customer experience across product, digital and delivery is at the forefront of the company strategy. Data on customer behaviour as well as regular customer surveys, focus groups and recipe feedback drive both long term and tactical decision making. The Board receives regular updates on the customer and it is committed to maintaining the achievement of being the UK's number one recipe box as rated by customers.

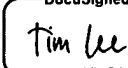
Mindful Chef Limited

Strategic Report for the Year Ended 31 December 2022

Community and Environment

Being the first recipe box to be registered as a B Corporation, and recently re-certifying with a score of 107.3, being in the outstanding category of B Corporations and focussed on leveraging its brand positioning to be a force for good. Examples include donating 4.8 million meals in 2022 (2021: 5.2 million) charity One Feeds Two and 350,000 meals to The Felix Project. During 2022 we launched our Regenerative Farming programme which aims to support our suppliers to convert to low carbon methods of farming and reduce the impact of our ingredients at source, as well as supporting biodiversity and soil health in the UK.

Approved and authorised by the Board on 22/05/2023 and signed on its behalf by:

DocuSigned by:

69E1C70EC1C5477
Timothy Lee
Director

Mindful Chef Limited

Directors' Report for the Year Ended 31 December 2022

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

Directors of the company

The directors who held office during the year were as follows:

Robert Grieg-Gran

Myles Hopper

Giles Humphries

Timothy Lee

Stefano Agostini (resigned 1 March 2023)

Wayne England

Jorge Llach Fernandez (resigned 1 July 2022)

Paolo Fagnoni (appointed 1 July 2022)

The following director was appointed after the year end:

Richard Watson (appointed 13 March 2023)

Results and dividends

For the year ending 31 December 2022, turnover was £58,805,154 (2021: £67,022,775) and the loss for the year after taxation, amounted to -£6,404,975 (2021: profit £33,754,156).

The directors do not recommend a final dividend for the financial year (2021: £nil).

Financial instruments

Objectives and policies

The company's principal financial instruments comprise bank balances, trade creditors and group debtors and creditors. The company's primary financial risk is liquidity.

Liquidity risk

Liquidity risk is regularly assessed through a regular cash forecasting process and robust management of discretionary marketing spend. The forecasting process is designed to ensure the company is well positioned to support the business strategy and growth plans.

Currency risk

The company operates only in the UK and as such the currency risk is low.

Credit risk

Due to the direct to consumer business model, the company takes payment from the customer prior to delivering the product, therefore the credit risk is also low.

Streamlined Energy & Carbon Reporting

The Company puts the planet at the forefront of its strategy, being a certified B-Corporation it balances People, Planet & Profit in its decision making. As part of the B Corp Collective, Mindful Chef is committed to reducing emissions and become Net Zero by 2030.

Mindful Chef Limited

Directors' Report for the Year Ended 31 December 2022

The Company's energy usage (scope 2) for the year ended 31 December 2022 was 1,678,126 kWh and the greenhouse gas emissions were 585 tonnes of CO₂e.

The Company's emissions from the combustion of fuel for business travel (scope 3) for the year ended 31 December 2022 was 8.75 tonnes of CO₂e.

Methodology

The information on energy consumption has been obtained from primarily external invoices or supplier meter readings. The Company has then used the UK Government GHG Conversion Factors for Company Reporting to convert the kWh into associated greenhouse gas emissions per tonne.

The company measures its intensity ratio as tCO₂ per £ revenue. In 2022 this ratio was 0.029.

Energy efficiency actions

During the year, the company has taken a number of steps to improve its energy efficiency and is committed to reducing its impact on the environment. Steps include:

- Packaging; increasing the recyclability of our packaging and educating the customer on what can be recycled and where
- Warehouse; limiting opening of doors to chillers and ensuring machinery is turned off
- Lighting; replacing all lighting with LED at our offices and implementing absence detection lights.

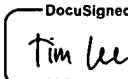
Research and development

The company continues to invest in its direct-to-consumer meal-kit delivery software with the aim to improve both customer experience and streamline the company's supply chain. Expenditure on research and development in 2022 was £86,403 (2021 - £182,999).

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved and authorised by the Board on 22/05/2023 and signed on its behalf by:

DocuSigned by:

69E1C70EC1C5477.....
Timothy Lee
Director

Mindful Chef Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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.

Mindful Chef Limited

Independent Auditor's Report to the Members of Mindful Chef Limited

Opinion

We have audited the financial statements of Mindful Chef Limited (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

We have nothing to report in this regard.

Mindful Chef Limited

Independent Auditor's Report to the Members of Mindful Chef Limited

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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 Responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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:

Mindful Chef Limited

Independent Auditor's Report to the Members of Mindful Chef Limited

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the company. We gained an understanding of the industry in which the company operates as part of this assessment to identify the key laws and regulations affecting the company. As part of this, we reviewed the company's website for indication of any regulations and certification in place and discussed these with the relevant individuals responsible for compliance. The key regulations we identified were employment law, Food Standards Agency regulations and The General Data Protection Regulation ("GDPR"). We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the company's ability to continue operating and the risk of material misstatement to the accounts. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements.
- Reviewing the company's GDPR policy and enquiries to the company's legal counsel as to the occurrence and outcome of any reportable breaches.
- Reviewing the Information Commissioner's Office (ICO) website for any enforcement actions or decision notices impacting the company.
- Reviewing legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.

As part of our enquiries, we discussed with management whether there had been any instances of known or alleged fraud, of which management confirmed there were none.

We assessed the susceptibility of the financial statements to material misstatement through management override or fraud, including in relation to income and expenditure, and obtained an understanding of the controls in place to mitigate the risk of fraud. We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. The key risks we identified were the overstatement of the financial position of the company for commercial purposes and to meet investor expectations. Based upon our understanding we designed and conducted audit procedures including:

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewing estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.
- Undertook specific cut-off procedures in respect of revenue recognition.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Mindful Chef Limited

Independent Auditor's Report to the Members of Mindful Chef Limited

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.



Nicholas Farrant BA MSc FCA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Ground Floor
Blackbrook Gate 1
Blackbrook Business Park
Taunton
Somerset
TA1 2PX

Date: 22 May 2023

Mindful Chef Limited

Profit and Loss Account

Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	3	58,805,154	67,022,775
Cost of sales		<u>(44,065,600)</u>	<u>(46,446,409)</u>
Gross profit		14,739,554	20,576,366
Administrative expenses		(22,446,096)	(23,217,332)
Other operating income	4	<u>-</u>	<u>71,350</u>
Operating loss	5	<u>(7,706,542)</u>	<u>(2,569,616)</u>
Profit on sale of intellectual property	9	-	42,773,000
Other interest receivable and similar income	10	721,420	81,738
Interest payable and similar expenses	11	<u>(579,650)</u>	<u>(484,410)</u>
		<u>141,770</u>	<u>42,370,328</u>
(Loss)/profit before tax		(7,564,772)	39,800,712
Tax on (loss)/profit	12	<u>1,159,797</u>	<u>(6,046,556)</u>
(Loss)/profit for the financial year		<u><u>(6,404,975)</u></u>	<u><u>33,754,156</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Mindful Chef Limited**Balance Sheet****31 December 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	3,527,953	2,473,116
Tangible assets	14	<u>4,780,701</u>	<u>1,754,628</u>
		<u>8,308,654</u>	<u>4,227,744</u>
Current assets			
Stocks	15	2,391,012	1,789,089
Debtors	16	31,137,251	41,850,014
Cash at bank and in hand	17	<u>5,691,226</u>	<u>6,586,611</u>
		39,219,489	50,225,714
Creditors: Amounts falling due within one year	18	<u>(5,996,744)</u>	<u>(8,546,053)</u>
Net current assets		<u>33,222,745</u>	<u>41,679,661</u>
Total assets less current liabilities		41,531,399	45,907,405
Creditors: Amounts falling due after more than one year	18	(10,784,768)	(10,217,542)
Provisions for liabilities	21	<u>(873,047)</u>	<u>(228,994)</u>
Net assets		<u>29,873,584</u>	<u>35,460,869</u>
Capital and reserves			
Called up share capital		534	534
Share premium reserve		9,023,749	9,023,749
Capital contribution reserve		817,690	-
Other reserves		10,000	10,000
Profit and loss account		<u>20,021,611</u>	<u>26,426,586</u>
Shareholder's funds		<u>29,873,584</u>	<u>35,460,869</u>

Approved and authorised by the Board on 22/05/2023 and signed on its behalf by:

DocuSigned by:

Tim Lee

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Timothy Lee
Director

Company Registration Number: 09270945

Mindful Chef Limited**Statement of Changes in Equity
Year Ended 31 December 2022**

	Share capital £	Share premium £	Capital contribution reserve £	Other reserves £	Profit and loss account £	Total £
At 1 January 2022	534	9,023,749	-	10,000	26,426,586	35,460,869
Loss for the year	-	-	-	-	(6,404,975)	(6,404,975)
Total comprehensive income	-	-	-	-	(6,404,975)	(6,404,975)
Share based payment transactions	-	-	817,690	-	-	817,690
At 31 December 2022	534	9,023,749	817,690	10,000	20,021,611	29,873,584

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total £
At 1 January 2021	534	9,023,749	10,000	(7,327,570)	1,706,713
Profit for the year	-	-	-	33,754,156	33,754,156
Total comprehensive income	-	-	-	33,754,156	33,754,156
At 31 December 2021	534	9,023,749	10,000	26,426,586	35,460,869

The notes on pages 16 to 33 form an integral part of these financial statements.
Page 15

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office and its principal place of business is:

Unit D Discovery House
Juniper Drive
London
SW18 1UY

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. There are no material departures from FRS 102.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

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

Summary of disclosure exemptions

Mindful Chef Limited 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 individual financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management.

Going concern

On the basis of their assessment of the company's financial position and resources, and having made all necessary enquiries, the directors are satisfied that the company will continue to meet its liabilities as they fall due, and are satisfied that the company will continue to operate with sufficient cash headroom for a period of at least 12 months (from the date of approval of these financial statements).

Therefore the directors are satisfied that it remains appropriate for the company to adopt the going concern basis of accounting in preparing these financial statements.

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

Key judgements and sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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.

The key accounting judgement that has a significant impact on these financial statements is that of going concern, as described above.

The key estimates that have a significant effect on the amounts recognised in the financial statements are as follows.

The carrying value of intangible assets requires estimation as to the useful economic life of the assets, in addition to the value of any impairment provision to be recognised against the asset. The carrying value of intangible assets is reviewed in light of the operational performance of the assets. The carrying amount is £3,527,953 (2021 - £2,473,116).

The carrying value of stocks held at year end requires estimation as to the recoverable value of stock held. Provision is made against amounts which are considered irrecoverable on a line-by-line basis. The carrying amount is £2,391,012 (2021 - £1,789,089).

The fair value of share options is an estimate. It is calculated with reference to an option pricing model. The carrying amount is £817,690 (2021 - £Nil).

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue upon delivery to the customer. Revenue from the sale of gift vouchers is deferred and recognised on use of the voucher by the customer.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on all timing differences at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software development	Straight line over 3 years

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Over life of lease
Furniture, fittings and equipment	Straight line over 2-5 years
Motor vehicles	Straight line over 2 years
Other property, plant and equipment	Straight line over 2-10 years

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the average cost method.

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

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Share based payments

The fair value of equity settled share options is recognised in the balance sheet over the vesting period of the options. The fair value of share options is calculated with reference to an option pricing model, where an observable market price is not available.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted.

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Intercompany debtors and creditors; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

3 Turnover

The analysis of the company's Turnover for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	<u>58,805,154</u>	<u>67,022,775</u>

The analysis of the company's turnover for the year by class of business is as follows:

	2022	2021
	£	£
Sale of recipe boxes and meals	<u>58,805,154</u>	<u>67,022,775</u>

The analysis of the company's Turnover for the year by market is as follows:

	2022	2021
	£	£
UK	<u>58,805,154</u>	<u>67,022,775</u>

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022	2021
	£	£
Research and development tax credit	<u>-</u>	<u>71,350</u>

5 Operating (loss)/profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	554,951	277,418
Amortisation expense	1,636,217	878,430
Research and development cost	86,403	182,999
Foreign exchange (gains)/losses	(4,639)	1,928
Profit on disposal of property, plant and equipment	<u>(6,500)</u>	<u>(313)</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	6,289,405	4,675,520
Social security costs	721,440	519,364
Pension costs, defined contribution scheme	<u>100,337</u>	<u>81,677</u>
	<u>7,111,182</u>	<u>5,276,561</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Production	21	21
Head Office	<u>96</u>	<u>84</u>
	<u>117</u>	<u>105</u>

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	526,858	502,659
Contributions paid to money purchase schemes	5,283	6,806
Directors' amount under long term incentive schemes	384,891	-
	<u>917,032</u>	<u>509,465</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Received or were entitled to receive shares under long term incentive schemes	1	-
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>4</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	157,916	153,207
Benefits under long-term incentive schemes	384,891	-
Company contributions to money purchase pension schemes	<u>1,321</u>	<u>1,318</u>

During the year the highest paid director received or was entitled to receive shares under a long term incentive scheme.

8 Auditor's remuneration

	2022 £	2021 £
Audit of the financial statements	<u>15,750</u>	<u>11,390</u>
Other fees to auditors		
Taxation compliance services	-	2,890
All other non-audit services	<u>12,000</u>	<u>16,692</u>
	<u>12,000</u>	<u>19,582</u>

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

9 Profit on sale of intellectual property

	2022 £	2021 £
Profit on sale of intellectual property	-	42,773,000

In the prior year, the company sold its intellectual property, including the brand, trade marks, domain names and patents, to a fellow group company. See note 24 for further information.

10 Interest receivable and similar income

	2022 £	2021 £
Other interest income	7,365	7,978
Interest on amounts owed by group undertakings	714,055	73,760
	<u>721,420</u>	<u>81,738</u>

11 Interest payable and similar expenses

	2022 £	2021 £
Interest on obligations under finance leases	5,280	1,450
Interest expense on other finance liabilities	574,370	482,960
	<u>579,650</u>	<u>484,410</u>

12 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	(1,863,209)	5,836,556
UK corporation tax adjustment to prior periods	79,546	-
	<u>(1,783,663)</u>	<u>5,836,556</u>
Deferred taxation		
Arising from origination and reversal of timing differences	423,739	210,000
Arising from changes in tax rates and laws	200,127	-
Total deferred taxation	<u>623,866</u>	<u>210,000</u>
Tax (credit)/expense in the income statement	<u>(1,159,797)</u>	<u>6,046,556</u>

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
(Loss)/profit before tax	<u>(7,564,772)</u>	<u>39,800,712</u>
Corporation tax at standard rate	(1,437,307)	7,562,135
Income not taxable for tax purposes	-	(2,168)
Effect of expenses not deductible	(1,489)	12,272
Deferred tax expense relating to changes in tax rates or laws	200,127	50,364
Decrease from tax losses for which no deferred tax asset was recognised	-	(1,390,127)
Increase in current tax from unrecognised temporary difference from a prior period	77,274	-
Tax decrease from effect of capital allowances and depreciation	(153,763)	(65,649)
Tax increase from effect of grant of employee share options	155,361	-
Tax decrease arising from group relief	-	(3,349)
Tax decrease from effect of R&D tax incentives	-	(116,922)
Total tax (credit)/charge	<u>(1,159,797)</u>	<u>6,046,556</u>

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2022		
Fixed asset timing differences	-	(839,425)
Other timing differences	5,559	-
	<u>5,559</u>	<u>(839,425)</u>
2021		
Fixed asset timing differences	-	(210,000)
	<u>-</u>	<u>(210,000)</u>

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

13 Intangible assets

	Internally generated software development costs £	Total £
Cost or valuation		
At 1 January 2022	3,804,608	3,804,608
Additions acquired separately	<u>2,691,054</u>	<u>2,691,054</u>
At 31 December 2022	<u>6,495,662</u>	<u>6,495,662</u>
Amortisation		
At 1 January 2022	1,331,492	1,331,492
Amortisation charge	<u>1,636,217</u>	<u>1,636,217</u>
At 31 December 2022	<u>2,967,709</u>	<u>2,967,709</u>
Carrying amount		
At 31 December 2022	<u>3,527,953</u>	<u>3,527,953</u>
At 31 December 2021	<u>2,473,116</u>	<u>2,473,116</u>

The aggregate amount of research and development expenditure recognised as an expense during the period is £86,403 (2021 - £182,999).

Mindful Chef Limited

Notes to the Financial Statements
Year Ended 31 December 2022

14 Tangible assets

	Leasehold improvements £	Furniture, fittings and equipment £	Motor vehicles £	Assets under construction £	Other property, plant and equipment £	Total £
Cost or valuation						
At 1 January 2022	502,971	179,967	2,875	-	1,537,738	2,223,551
Additions	883,416	56,716	-	763,916	1,876,976	3,581,024
At 31 December 2022	1,386,387	236,683	2,875	763,916	3,414,714	5,804,575
Depreciation						
At 1 January 2022	89,374	88,216	2,875	-	288,458	468,923
Charge for the year	193,398	77,767	-	-	283,786	554,951
At 31 December 2022	282,772	165,983	2,875	-	572,244	1,023,874
Carrying amount						
At 31 December 2022	1,103,615	70,700	-	763,916	2,842,470	4,780,701
At 31 December 2021	413,597	91,751	-	-	1,249,280	1,754,628

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

Assets held under finance leases

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases:

	2022 £	2021 £
Other property, plant and equipment	<u>124,815</u>	<u>108,158</u>

Included within the net book value of leasehold improvements above is £1,103,615 (2021 - £413,597) in respect of short leasehold land and buildings.

15 Stocks

	2022 £	2021 £
Raw materials	842,523	1,030,707
Finished goods	966,267	390,602
Packaging	<u>582,222</u>	<u>367,780</u>
	<u>2,391,012</u>	<u>1,789,089</u>

16 Debtors

	Note	2022 £	2021 £
Trade debtors		362,258	148,203
Amounts owed by group undertakings	24	25,408,585	36,602,760
Other debtors		2,269,394	3,165,656
Prepayments		892,351	1,512,395
Corporation tax debtor	12	<u>2,204,663</u>	<u>421,000</u>
		31,137,251	41,850,014
Non-current portion		<u>(26,953,440)</u>	<u>(38,232,021)</u>
		<u>4,183,811</u>	<u>3,617,993</u>

The non-current portion comprises £25,316,815 (2021 - £36,602,760) due from a fellow group company in respect of the sale of intellectual property in the prior year and £1,636,625 (2021 - £1,629,261) due from directors and key employees in respect of share options, deal fees and associated taxes. Further details are provided in Note 23.

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

17 Cash and cash equivalents

	2022 £	2021 £
Cash at bank	<u>5,691,226</u>	<u>6,586,611</u>

18 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	19	66,029	41,265
Trade creditors		2,058,874	4,859,386
Social security and other taxes		183,817	174,515
Outstanding defined contribution pension costs		22,234	43,185
Other creditors		22,450	34,988
Accruals		3,035,089	3,051,662
Deferred income		<u>608,251</u>	<u>341,052</u>
		<u>5,996,744</u>	<u>8,546,053</u>

Due after one year

Loans and borrowings	19	<u>10,784,768</u>	<u>10,217,542</u>
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19 Loans and borrowings

	Note	2022 £	2021 £
Non-current loans and borrowings			
Finance lease liabilities	20	59,485	66,628
Amounts owed to group undertakings		<u>10,725,283</u>	<u>10,150,914</u>
		<u>10,784,768</u>	<u>10,217,542</u>

	2022 £	2021 £
Current loans and borrowings		
Finance lease liabilities	<u>66,029</u>	<u>41,265</u>

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

Amounts owed to group undertakings

The intra-group loan is denominated in sterling with a nominal interest rate of SONIA + 4.5793%, is unsecured, and is due for repayment in full on 1 December 2025. The carrying amount at year end is £10,725,283 (2021 - £10,150,914). In the previous year, amounts owed to group undertakings were repayable on demand.

During the year the company entered into an amendment agreement with regards to the loan, whereby the interest rate from 16 December 2021 is based on SONIA rather than LIBOR. The practical expedient permissible under FRS102 11.20C has been applied in respect of this change.

Finance lease liabilities

Finance leases relate to other property, plant and equipment. Interest rates underlying all obligations under finance leases are fixed at 3%. The finance leases are secured by the lessors' title to the leased assets.

20 Obligations under leases

Finance leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	66,029	41,265
Later than one year and not later than five years	59,485	66,628
	<u>125,514</u>	<u>107,893</u>

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	1,367,246	1,211,356
Later than one year and not later than five years	4,426,783	4,979,452
Later than five years	1,380,322	2,117,044
	<u>7,174,351</u>	<u>8,307,852</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,318,465 (2021 - £1,731,503).

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

21 Provisions for liabilities

	Deferred tax £	Dilapidation provisions £	Total £
At 1 January 2022	210,000	18,994	228,994
Increase in existing provisions	623,866	20,187	644,053
At 31 December 2022	833,866	39,181	873,047

Provisions have been recognised in respect of obligations under property leases. It is anticipated that the rectification works will be payable at the termination of the lease term.

22 Share-based payments

Option Scheme

Scheme details and movements

Mindful Chef Topco Limited introduced a share option scheme in which certain employees of and advisors to Mindful Chef Limited participate.

Under the scheme, Mindful Chef Topco has granted options over B Ordinary shares in Mindful Chef Topco. The options vest over the period to 31 December 2024. If an exit event occurs, any options not already vested shall vest immediately prior to completion of such exit event.

The scheme is equity settled. The fair value of the options has been calculated using the Black Scholes model, it was considered that this approach would result in materially accurate estimate of the fair value of options granted.

The entity is part of a group share-based payment scheme and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group.

The movements in the number of share options during the year were as follows:

	2022 Number	2021 Number
Granted during the period	3,397,610	-
Forfeited during the period	(535,553)	-
Outstanding, end of period	2,862,057	-
Exercisable, end of period	195,416	-

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

The movements in the weighted average exercise price of share options during the year were as follows:

	2022 £	2021 £
Granted during the period	0.63	-
Forfeited during the period	(0.83)	-
Outstanding, end of period	0.59	-
Exercisable, end of period	0.83	-

Effect of share-based payments on profit or loss and financial position

The total expense recognised in profit or loss for the year was £817,690 (2021 - £Nil).

23 Share capital

Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
Ordinary of £0.00001 each	37,417,931	374	37,417,931	374
A Ordinary of £0.00001 each	13,195,695	132	13,195,695	132
B Ordinary of £0.00001 each	2,781,177	28	2,781,177	28
	<u>53,394,803</u>	<u>534</u>	<u>53,394,803</u>	<u>534</u>

Rights, preferences and restrictions

Shares have the following rights, preferences and restrictions:

Full voting, dividend and capital distribution (including on winding up) rights.

24 Related party transactions

The company has taken advantage of the exemption in FRS102 from disclosing transactions with other members of the Mindful Chef Topco Limited group.

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

Transactions with directors

	At 1 January 2022 £	Advances to director £	At 31 December 2022 £
2022			
The Directors			
Issue of shares	812,747	-	812,747
Deal fees	289,488	7,052	296,540
	<u>1,102,235</u>	<u>7,052</u>	<u>1,109,287</u>
	At 1 January 2021 £	Advances to director £	At 31 December 2021 £
2021			
The Directors			
Issue of shares	812,747	-	812,747
Deal fees	281,849	7,639	289,488
	<u>1,094,596</u>	<u>7,639</u>	<u>1,102,235</u>

During the year ended 31 December 2020, share options were exercised by a Director. The company loaned the required funds to the Director. The loan is repayable in full at the expiry of the call option in 2025, and the loan is unsecured. The loan is interest free.

During the year ended 31 December 2020 the company paid deal fees on behalf of the directors. The amounts are repayable in full in 2025, and the loans are unsecured. Interest is charged on the loans at 2.5% per annum.

Summary of transactions with group undertakings

In 2021, the company sold its intellectual property to a fellow group company for £42,773,000 via an intercompany loan. The balance outstanding on the loan at 31 December 2022 was £25,316,815 (2021 - £36,602,760). Interest is accrued on the outstanding balance at 0.93% + 3-month SONIA, and the charge for the year was £714,055 (2021 - £73,760). The balance is repayable in full on 31 December 2024.

On 25 October 2021 the company entered into an amendment agreement with regards to the loan, whereby the interest rate from 24 November 2021 is based on SONIA rather than LIBOR. The practical expedient permissible under FRS102 11.20C has been applied in respect of this change.

The intellectual property is leased back to the company free of charge until 31 December 2024.

Mindful Chef Limited

Notes to the Financial Statements

Year Ended 31 December 2022

Income and receivables from related parties

	Entities under common control £
2022	
Sale of goods	12,123
	Entities under common control £
2021	
Sale of goods	14,000

Expenditure with and payables to related parties

There was no expenditure with entities under common control in the current year.

	Entities under common control £
2021	
Purchase of goods	1,441

25 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £100,337 (2021 - £81,677).

Contributions totalling £22,234 (2021 - £43,185) were payable to the scheme at the end of the year and are included in creditors.

26 Parent and ultimate parent undertaking

The company's immediate parent is Mindful Chef Topco Limited, incorporated in England and Wales.

The ultimate parent is Nestlé S.A., incorporated in Switzerland.

The largest and smallest group in which the financial statements of the company are consolidated is that headed by Nestlé S.A. These financial statements are available upon request to the public and may be obtained from Nestlé S.A., CH-1800, Vevey, Switzerland.