

Company Registration No. 00344808 (England and Wales)

UGO FOODS GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

UGO FOODS GROUP LIMITED

COMPANY INFORMATION

Directors	P L Ugo S Cooke
Company number	00344808
Registered office	1 Hertsmere Industrial Park Warwick Road Borehamwood Herts WD6 1GT
Auditor	Arram Berlyn Gardner LLP 30 City Road London EC1Y 2AB

UGO FOODS GROUP LIMITED

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UGO FOODS GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2020

The directors present the strategic report for the year ended 30 April 2020.

Fair review of the business

The Directors report that pre-tax profit for the year was £234,677 and consider the results to be very satisfactory considering the continued effect that Brexit uncertainty had during the financial year with Sterling being adversely impacted which was somewhat negated with foreign exchange contracts. There was also the emergence of Covid-19 towards the end of the financial year which due to the nature of the business fortunately has had a minor impact on these results and little action has been required. Despite these issues the company has continued and will be continuing its new product development and capital investment program and this will have an ongoing positive effect on future results.

Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties for the Company are as follows:

- The continued strong business relationships with each of our key customers;
- The stability of the value of Sterling against the Euro due to the volume of purchases from the Euro zone and in particular Italy;
- The continued relative stability in the commodity markets and in particular wheat, dairy and feed grains due to the volume of purchases relating to these types of products;
- The continued support of the Company's bankers and shareholders for ensuring sufficient funding remains available to meet the Company's strategic requirements;
- The continued uncertainty surrounding Brexit and what impact it could have on future imports and potential duties; and
- The continued uncertainty surrounding Covid-19 and what impact it could have on future trading.

Key performance indicators

	2020	2019
	£	£
Turnover	20,358,272	19,141,867
Gross profit	5,439,816	5,390,173
Operating profit	311,109	467,032

On behalf of the board

S Cooke

Director

26 April 2021

UGO FOODS GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2020

The directors present their annual report and financial statements for the year ended 30 April 2020.

Principal activities

The principal activity of the company continued to be that of production and supply of pasta and noodles.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B P Klug	(Resigned 27 May 2019)
P L Ugo	
S Cooke	
A Blackett	(Resigned 15 November 2019)

Results and dividends

The results for the year are set out on page 7.

Interim ordinary dividends were paid during the year amounting to £211,750 (2019: £60,000). The directors do not recommend payment of a final dividend.

Financial instruments

The company's principal financial instruments comprise trade debtors, bank balances and other loans, trade creditors, and short term foreign exchange forward contracts. The main purpose of those financial instruments is to raise funds for and finance the company's operations.

The company uses short term foreign exchange forward contracts in order to minimise the currency risk arising from the translation of the value of goods purchased from abroad.

Trade debtors are managed in respect of credit and cash flow policies are closely monitored to evaluate the timings of repayments.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of loans at variable rates of interest.

In respect of other loans, these comprise loans from a director and another individual at commercial rates of interest.

These loans are being repaid over a period of time in accordance with formal agreements between the parties.

Trade creditors are managed in respect of liquidity risk by ensuring the sufficient funds are available to meet amounts when they fall due, and are in accordance with the credit terms agreed with suppliers.

Auditor

The auditors, Arram Berlyn Gardner LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

UGO FOODS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

On behalf of the board

S Cooke
Director

26 April 2021

UGO FOODS GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2020

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). 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;
- 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.

UGO FOODS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF UGO FOODS GROUP LIMITED

Opinion

We have audited the financial statements of Ugo Foods Group Limited (the 'company') for the year ended 30 April 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

UGO FOODS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF UGO FOODS GROUP LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Paul Berlyn FCA (Senior Statutory Auditor)
for and on behalf of Arram Berlyn Gardner LLP

26 April 2021

Chartered Accountants
Statutory Auditor

30 City Road
London
EC1Y 2AB

UGO FOODS GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2020

	Notes	2020 £	2019 £
Turnover	3	20,358,272	19,141,867
Cost of sales		(14,932,979)	(13,751,694)
Gross profit		5,425,293	5,390,173
Distribution costs		(609,864)	(517,521)
Administrative expenses		(4,511,192)	(4,405,620)
Other operating income		6,872	-
Operating profit	4	311,109	467,032
Interest payable and similar expenses	7	(76,432)	(72,144)
Profit before taxation		234,677	394,888
Tax on profit	8	(29,853)	11,277
Profit for the financial year		204,824	406,165

UGO FOODS GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2020

		2020	2019
	Notes	£	£
Fixed assets			
Tangible assets	10	2,574,440	2,980,329
Investments	11	155	155
		<u>2,574,595</u>	<u>2,980,484</u>
Current assets			
Stocks	13	1,186,192	884,990
Debtors	14	4,080,349	2,907,126
Cash at bank and in hand		7,780	4,008
		<u>5,274,321</u>	<u>3,796,124</u>
Creditors: amounts falling due within one year	15	<u>(5,134,332)</u>	<u>(4,403,276)</u>
Net current assets/(liabilities)		<u>139,989</u>	<u>(607,152)</u>
Total assets less current liabilities		<u>2,714,584</u>	<u>2,373,332</u>
Creditors: amounts falling due after more than one year	16	(766,481)	(416,407)
Provisions for liabilities	19	(167,550)	(169,446)
Net assets		<u><u>1,780,553</u></u>	<u><u>1,787,479</u></u>
Capital and reserves			
Called up share capital	22	11,372	11,372
Share premium account	23	228,891	228,891
Capital redemption reserve	23	5,498	5,498
Profit and loss reserves	23	1,534,792	1,541,718
Total equity		<u><u>1,780,553</u></u>	<u><u>1,787,479</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 April 2021 and are signed on its behalf by:

S Cooke
Director

Company Registration No. 00344808

UGO FOODS GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 May 2018		11,372	228,891	5,498	1,195,553	1,441,314
Year ended 30 April 2019:						
Profit and total comprehensive income for the year		-	-	-	406,165	406,165
Dividends	9	-	-	-	(60,000)	(60,000)
Balance at 30 April 2019		11,372	228,891	5,498	1,541,718	1,787,479
Year ended 30 April 2020:						
Profit and total comprehensive income for the year		-	-	-	204,824	204,824
Dividends	9	-	-	-	(211,750)	(211,750)
Balance at 30 April 2020		11,372	228,891	5,498	1,534,792	1,780,553

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

Company information

Ugo Foods Group Limited is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is 1 Hertsmere Industrial Park, Warwick Road, Borehamwood, Herts, WD6 1GT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Ugo Foods Group Limited is a wholly owned subsidiary of Appetite Holdings Limited and the results of Ugo Foods Group Limited are included in the consolidated financial statements of Appetite Holdings Limited which are available from 1 Hertsmere Industrial Park, Warwick Road, Borehamwood, Herts, WD6 1GT.

1.2 Going concern

The accounts have been prepared on a going concern basis. The validity of the going concern concept is dependent on the continuing support of the company's bankers who have indicated their willingness to continue to provide this support. The company has a strong relationship with the bank with facilities being renewed annually with the next review due in March 2022.

Having considered the above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	over the life of the lease
Plant and machinery	over 3 to 15 years
Fixtures, fittings & equipment	over 2 to 10 years
Motor vehicles	over 1 to 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

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

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Raw materials are valued at cost on a first in first out basis. Cost of finished goods comprises the cost of direct materials and direct labour.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

1.13 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.15 Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Tangible fixed assets

Accounting for tangible fixed assets involves the use of estimates and judgements for determining the useful lives over which these are to be depreciated and amortised, and the existence and amount of any impairment.

Tangible assets are depreciated on a straight line basis over their estimated useful lives and taking into account their expected residual values. When the Company estimates useful lives, various factors are considered including expected technological obsolescence and the expected usage of the asset.

The Directors regularly review these asset lives and change them as necessary to reflect the estimated current remaining lives in light of technological changes, future economic utilisation and physical condition of the assets concerned. A significant change in asset lives can have a significant change on depreciation and amortisation charges for the period.

3 Turnover and other revenue

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	16,500	16,000
Depreciation of owned tangible fixed assets	695,110	677,000
Depreciation of tangible fixed assets held under finance leases	6,313	5,117
(Profit)/loss on disposal of tangible fixed assets	-	117
Operating lease charges	824,445	829,065
	<u> </u>	<u> </u>

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Office and management	38	37
Production	82	72
Distribution	15	14
Total	135	123

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	4,479,681	4,102,219
Social security costs	386,939	354,910
Pension costs	85,273	58,151
	4,951,893	4,515,280

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	543,592	597,845
Company pension contributions to defined contribution schemes	4,500	4,389
	548,092	602,234

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	309,366	306,382

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	4,421	-
Interest on invoice finance arrangements	48,251	47,915
Interest on finance leases and hire purchase contracts	3,155	4,012
Other interest	20,605	20,217
	<u>76,432</u>	<u>72,144</u>

8 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	31,749	-
Adjustments in respect of prior periods	-	(17,114)
Total current tax	<u>31,749</u>	<u>(17,114)</u>
Deferred tax		
Origination and reversal of timing differences	(1,896)	5,837
Total tax charge/(credit)	<u>29,853</u>	<u>(11,277)</u>

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	<u>234,677</u>	<u>394,888</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	44,589	75,029
Tax effect of expenses that are not deductible in determining taxable profit	5,586	2,736
Gains not taxable	-	22
Change in unrecognised deferred tax assets	(1,898)	5,837
Adjustments in respect of prior years	-	(17,114)
Group relief	(6,610)	(22,013)
Permanent capital allowances in excess of depreciation	(86,746)	(98,181)
Depreciation on assets not qualifying for tax allowances	132,072	128,630
Research and development tax credit	(46,683)	(46,709)
Other permanent differences	(10,457)	(15,394)
Use of trading loss brought forward	-	(24,120)
Taxation charge/(credit) for the year	<u>29,853</u>	<u>(11,277)</u>

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

9 Dividends

	2020 £	2019 £
Interim paid	211,750	60,000

10 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 May 2019	1,345,638	6,484,646	692,218	63,690	8,586,192
Additions	10,169	236,349	38,708	3,995	289,221
Disposals	-	(509,713)	(162,477)	(7,080)	(679,270)
At 30 April 2020	1,355,807	6,211,282	568,449	60,605	8,196,143
Depreciation and impairment					
At 1 May 2019	856,601	4,336,932	354,048	58,282	5,605,863
Depreciation charged in the year	106,310	516,805	67,772	4,223	695,110
Eliminated in respect of disposals	-	(509,713)	(162,477)	(7,080)	(679,270)
At 30 April 2020	962,911	4,344,024	259,343	55,425	5,621,703
Carrying amount					
At 30 April 2020	392,896	1,867,258	309,106	5,180	2,574,440
At 30 April 2019	489,037	2,147,714	338,170	5,408	2,980,329

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Plant and machinery	69,198	52,862

11 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	12	155	155

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

11 Fixed asset investments (Continued)

Movements in fixed asset investments

Shares in group
undertakings

£

Cost or valuation

At 1 May 2019 & 30 April 2020

155

Carrying amount

At 30 April 2020

155

At 30 April 2019

155

12 Subsidiaries

These financial statements are separate company financial statements for Ugo Foods Group Limited.

Details of the company's subsidiaries at 30 April 2020 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct
Dellugo Ltd	England and Wales	Dormant	Ordinary	100.00
L Ugo (Property) Company Ltd	England and Wales	Dormant	Ordinary	100.00
The Oriental Noodle Company Ltd	England and Wales	Dormant	Ordinary A and B	100.00

The registered office of the above companies is 1 Hertsmere Industrial Park, Warwick Road, Borehamwood, Herts, WD6 1GT.

13 Stocks

	2020 £	2019 £
Raw materials and consumables	876,768	686,735
Finished goods and goods for resale	309,424	198,255
	<u>1,186,192</u>	<u>884,990</u>

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

14 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	2,324,793	2,050,917
Corporation tax recoverable	-	17,114
Amounts owed by group undertakings	994,099	308,679
Other debtors	354,274	309,233
Prepayments and accrued income	407,183	221,183
	<u>4,080,349</u>	<u>2,907,126</u>

15 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans	17	95,455	-
Obligations under finance leases	18	20,604	12,529
Trade creditors		2,520,296	2,069,610
Corporation tax		31,749	-
Other taxation and social security		105,218	92,077
Other creditors		1,703,069	1,655,030
Accruals and deferred income		657,941	574,030
		<u>5,134,332</u>	<u>4,403,276</u>

Details of the security in place for the bank loan is set out in note 17.

Other creditors including the sum of £1,686,800 (2019: £1,636,335) being the HSBC invoice financing net creditor are secured by a fixed and floating charge dated 6 May 2016 over all the assets of the company.

16 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Bank loans and overdrafts	17	354,545	-
Obligations under finance leases	18	11,936	16,407
Other borrowings	17	400,000	400,000
		<u>766,481</u>	<u>416,407</u>

Details of the security in place for the bank loan is set out in note 17.

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

17 Other borrowings

	2020 £	2019 £
Bank loans	450,000	-
Other loans	400,000	400,000
	<u>850,000</u>	<u>400,000</u>
Payable within one year	95,455	-
Payable after one year	<u>754,545</u>	<u>400,000</u>

The other loans are unsecured and interest is payable on the two loans in the sums of £150,000 and £250,000 at the rate of 4% and 5% respectively.

There is a cross guarantee in place for the bank loan between the company and its parent undertaking Appetite Holdings Limited, and a debenture in place comprising a fixed and floating charge over all the assets and undertakings of the group.

A bank loan was taken out in the year by the company for the sum of £450,000. The loan is being repaid in monthly instalments and will be fully repaid by May 2023. Interest is payable on the loan at a rate of 2.35% per annum over the Bank of England base rate.

18 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	22,393	15,021
In two to five years	12,332	17,525
	<u>34,725</u>	<u>32,546</u>
Less: future finance charges	<u>(2,185)</u>	<u>(3,610)</u>
	<u>32,540</u>	<u>28,936</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Provisions for liabilities

	2020 £	2019 £
Deferred tax liabilities	<u>167,550</u>	<u>169,446</u>

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

20 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	167,550	169,446
	<u> </u>	<u> </u>
Movements in the year:		2020 £
Liability at 1 May 2019		169,446
Credit to profit or loss		(1,896)
Liability at 30 April 2020		<u>167,550</u>

21 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	85,273	58,151
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
11,372 Ordinary shares of £1 each	11,372	11,372
	<u> </u>	<u> </u>

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

23 Reserves

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit and loss reserves

Retained earnings represents accumulated comprehensive income for the year and prior periods less dividends paid.

24 Financial commitments, guarantees and contingent liabilities

The company has provided cross guarantees to the bankers' of its parent undertaking Appetite Holdings Limited in respect of the bank loan and a debenture is in place comprising a fixed and floating charge over all the assets and undertakings of the group. The loan outstanding at the balance sheet date was £801,396 (2019: £1,512,233).

25 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	611,681	567,534
Between two and five years	2,139,568	2,103,305
In over five years	471,095	985,628
	<u>3,222,344</u>	<u>3,656,467</u>

26 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	2020 £	2019 £
Key management personnel	<u>6,000</u>	<u>6,000</u>

The company has taken advantage of the exemption available in FRS 102 section 33 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

UGO FOODS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

26 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2020	2019
Amounts due to related parties	£	£
Key management personnel	150,000	150,000
	<u> </u>	<u> </u>

27 Ultimate controlling party

The company is a wholly owned subsidiary of Appetite Holdings Limited, a company incorporated in England and Wales.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.