Alatoni Limited

Annual Report and Financial Statements

Year Ended

31 March 2020

Company Number 02997024

Alatoni Limited

Company Information

Directors	S J Higginson D J Shaw M J Lane
Company secretary	D J Kimber
Registered number	02997024
Registered office	Granville House Gatton Park Business Centre Wells Place Redhill Surrey RH1 3AS
Independent auditor	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
Bankers	HSBC Bank Plc City of London Corporate Banking Centre 60 Queen Victoria Street London EC4N 4TR
Solicitors	Travers Smith LLP 10 Snow Hill London EC1A 2AL

Alatoni Limited

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Alatoni Limited

Strategic Report
For the Year Ended 31 March 2020

The directors present their Strategic Report for the year ended 31 March 2020.

Business review and key performance indicators

For the year under review the directors are satisfied with the performance of the Company. The Company has assisted The Compleat Food Group Limited (a fellow subsidiary in the Group headed by Helsinki Topco Limited "the Group") in further consolidating its position as a major contributor to the food retail sector.

The directors manage the performance of the Company primarily through sales volume, gross margin and underlying overheads.

Turnover has decreased by 13.7% compared to 2019 due to a reallocation of production to other sites in the wider Group and in turn this has impacted the operating profit of the Company - this has also resulted in a reduction in stock and trade debtors at year-end.

The retail environment continues to demand highly efficient supply chains that are able to deliver superior quality and service. We partner with our supply base and invest in our technical and distribution capability in order to meet those demands. We continue to focus on product development in order to bring new experiences to our consumers so that the categories we focus on grow over the long-term. There continues to be uncertainty as to the outcome of Brexit negotiations.

The Company operates one of the Group's manufacturing sites in the UK. The Group has positioned itself to meet the market challenges by:

- investment in innovation and product development - the Group's investment in innovation and product development is fully embedded within the organisation and we continue to drive food innovation within our chosen categories;
- insight - we enhance our customer service by using all available information to understand our consumers and deliver added value to our customers;
- investment in agriculture and welfare, our technical team continue to be at the forefront of improving animal welfare standards; and
- using, and enhancing, our technological platform and business processes to ensure customer service level requirements are achieved.

Future developments

The current economic conditions as a result of the global COVID-19 pandemic will continue to impact the UK market for the foreseeable future. In addition, there continues to be uncertainty as to the outcome of Brexit negotiations. The board continues to monitor the longer term effects of these matters and recognise that the year ahead will remain challenging.

Principal risks and uncertainties

The directors have identified that product quality and continuity of supply are key business risks faced by the business. Close technical management of procurement and our production site ensures we maintain our position at the leading edge of food safety and quality. Through understanding the dynamics of supply and demand, and daily management of stock, we maximise our ability to meet customer demand and minimise our exposure to stock wastage.

The outbreak of COVID-19 in quarter 1 of 2020 was of concern to the directors, however the business has traded extremely well both during lockdown and after restrictions had been eased. Cash flow has remained in line with historical trading and the Board review the latest 13 week cash flow forecast at every meeting so that any cash conservation measures can be taken if needed. Additional health and safety measures, in line with government legislation, were implemented for all staff to protect our workforce and limit the spread of the virus. The directors continually monitored and amended the Company policies as the situation developed.

Financial instruments

The directors consider that the Company's principal financial instruments comprise trade debtors, balances with fellow subsidiary companies and trade creditors.

The Company has limited exposure to credit risk as its debtors comprise mainly inter-group balances which are managed by the directors on the basis of the requirements within the Group.

The Company's cash flow is managed on a daily basis via group funding arrangements to ensure adequate funds are available to settle trade creditors. The directors thus consider the expose to liquidity risk to be small. The Company sources a majority of its supplies from overseas producers and is thus exposed to foreign exchange transaction risk. The directors mitigate this risk at Group level with the use of forward currency contracts that are negotiated with the Group's bankers.

This report was approved by the board on 29 July 2020 and signed on its behalf.

M J Lane

M J Lane
Director

Directors' Report
For the Year Ended 31 March 2020

The directors present their report together with the audited financial statements for the year ended 31 March 2020.

Principal activity

The principal activity of the Company during the year under review was that of food manufacturing.

Results and dividends

The profit for the year, after taxation, amounted to £48,000 (2019 - £482,000).

The directors do not recommend a final dividend (2019 - £Nil).

Going concern

The Company is an integral part of the wider Group. The Board reviews the financial position of the Group on a monthly basis, including short term cash flow forecasts. The Group is funded through long term debt provided by a syndicate of financial institutions. These facilities are subject to financial covenants and the Board monitors the forecast performance against the financial covenants on a monthly basis. The facility was extended in May 2018 and now falls due on 31 December 2022. The Board has reviewed the future projections in preparing the financial statements, the financial position and future prospects of the Company, and given the financial strength within the Statement of Financial Position, the directors have concluded that it is appropriate to continue to prepare the financial statements on a going concern basis.

Directors

The directors who served during the year were:

S J Higginson
D J Shaw
M J Lane

Charitable donations and political contributions

The Company did not make any charitable donations or political contributions during the year (2019 - £Nil).

Research and development activities

The Company did not undertake research and development expenditure in the year (2019 - £Nil).

Directors' qualifying third party indemnity provision

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the period, the policy of providing employees with information about the Company has been continued through the group newsletter 'The Compleat Account', group intranet and quarterly Company update presentations, in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between the management team and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Company's bonus arrangements, and certain senior management hold shares in the ultimate parent company.

Existence of branches outside the UK

The Company does not have any branches outside the UK as designed in section 1046 (3) of the Companies Act 2006.

Matters covered in the Strategic Report

Please refer to the Strategic Report for the business review, principal risks including an overview on the future developments of the Company and uncertainties facing the Company and financial instruments.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 July 2020 and signed on its behalf.

M J Lane
Director

Directors' Responsibilities Statement
For the Year Ended 31 March 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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; 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.

Independent Auditor's Report to the Members of Alatoni Limited

Opinion

We have audited the financial statements of Alatoni Limited ("the Company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the 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 101 *Reduced Disclosure Framework* (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 March 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 and Financial Statements, 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 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 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 Directors' Report.

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

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

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Owen Pettifor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom

Date: 29 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Alatoni Limited

Statement of Comprehensive Income
For the Year Ended 31 March 2020

	Note	2020 £000	2019 £000
Turnover	4	**11,369**	13,171
Cost of sales		**(9,897)**	(10,719)
Gross profit		**1,472**	2,452
Administrative expenses		**(1,376)**	(1,852)
Operating profit	5	**96**	600
Interest payable and expenses	8	**(15)**	-
Profit before tax		**81**	600
Tax on profit on ordinary activities	9	**(33)**	(118)
Profit for the financial year		**48**	482
Other comprehensive income		**-**	-
Total comprehensive income for the year		**48**	482

The notes on pages 12 to 30 form part of these financial statements.

Alatoni Limited
Registered number: 02997024

Statement of Financial Position
As at 31 March 2020

	Note		2020 £000		2019 £000
Fixed assets					
Tangible assets	11		**927**		574
Current assets					
Stocks	12	**25**		1,405	
Debtors: amounts falling due within one year	13	**14,233**		11,251	
Cash and cash equivalents	14	**1,013**		512	
		15,271		13,168	
Creditors: amounts falling due within one year	15	**(11,221)**		(8,966)	
Net current assets			**4,050**		4,202
Total assets less current liabilities			**4,977**		4,776
Creditors: amounts falling due after more than one year	16		**(195)**		-
Provisions for liabilities					
Deferred taxation	17		**(10)**		(21)
Net assets			**4,772**		4,755
Capital and reserves					
Called up share capital	18		**-**		-
Share premium account	19		**47**		47
Profit and loss account	19		**4,725**		4,708
Total equity			**4,772**		4,755

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27 July 2020

M J Lane
Director

The notes on pages 12 to 30 form part of these financial statements.

Alatoni Limited

Statement of Changes in Equity
For the Year Ended 31 March 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2019	-	47	4,708	4,755
Impact of adoption of IFRS 16 (see note 2.2)	-	-	(31)	(31)
At 1 April 2019 (adjusted balance)	-	47	4,677	4,724
Comprehensive income for the year				
Profit for the year	-	-	48	48
Total comprehensive income for the year	-	-	48	48
At 31 March 2020	-	47	4,725	4,772

Statement of Changes in Equity
For the Year Ended 31 March 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2018	-	47	4,226	4,273
Comprehensive income for the year				
Profit for the year	-	-	482	482
Total comprehensive income for the year	-	-	482	482
At 31 March 2019	-	47	4,708	4,755

The notes on pages 12 to 30 form part of these financial statements.

1. General information

Alatoni Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Strategic Report and the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Impact of new international reporting standards, amendments and interpretations

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019.

The new standard, IFRS 16, has replaced the previously applicable standard, IAS 17 with effect from 1 January 2019. The scope of IFRS 16 includes all rental and lease arrangements, sub-letting arrangements and sale-and-leaseback transactions.

The purpose of the new standard is to account for all obligations arising from rental and lease arrangements. The principal innovation of IFRS 16 as compared to IAS 17 relates to lessee accounting. Going forward, lessees will no longer be required to classify leases as either operating or finance leases. Instead, the lessee must recognise a liability as at the date on which the lessor transfers the asset to the lessee for use as well as a corresponding right-of-use asset, which is generally equal to the present value of the future lease payments plus directly attributable costs. During the term of the lease, the lease liability is adjusted using a model based on financial mathematics, while the usage right is amortised.

The new standard has materially affected operating profit: the future lease payments attributable to leases to be recognised are no longer reported as a lease expense. These leases are recognised through profit or loss by amortising the recognised right-of-use asset and discounting the lease liability.

The Company has applied the standard from the mandatory effective date on 1 January 2019 using the modified retrospective approach. The lease liability must be measured as at the date of first-time application, being 1 April 2019, using the present value of the lease payments still outstanding as at the transition date, applying the incremental borrowing rate. The right-of-use asset is recognised at the same amount less amounts recognised as provisions if the lease is an onerous contract as defined in IAS 37. Any difference is recognised in retained earnings.

Upon application of the modified retrospective approach a number of practical expedients have been applied. The Company deemed the leases held, that did not have an interest charge inherent in the lease, had reasonably similar characteristics and therefore a single discount rate was applied.

2. Accounting policies (continued)

2.2 Impact of new international reporting standards, amendments and interpretations (continued)

On transition to IFRS 16, the Company has elected to apply the exemption available for leases previously classified as operating leases under IAS 17 not to recognise right-of-use assets and lease liabilities for leases with less than 12 months of remaining lease term at the date of application.

The Company reviewed significant leases (property, plant and equipments and vehicles) with respect to the new accounting requirements for leases under IFRS 16 and as at 1 April 2019, a lease liability exists to the value of £393,000 and right of use assets exists to the value of £355,000.

An interest rate of 4.1% per cent was used to calculate the present value. Options to renew are only taken into account if, on the basis of the plans approved by management, it is sufficiently certain that the corresponding leased asset will continue to be operated over this period; otherwise, the shortest possible lease term is assumed.

The following tables summarise the impacts of adoption of IFRS 16:

Statement of Financial Position (extract)

	31 March 2019 As originally presented £000	IFRS 16 £000	1 April 2019 Adjusted balance £000
Fixed assets			
Tangible assets	574	355	929
	574	355	929
Current assets			
Stocks	1,405	-	1,405
Debtors: amounts falling due within one year	11,251	-	11,251
Cash at bank and in hand	512	-	512
Total current assets	13,168	-	13,168
Creditors: amounts falling due within one year	(8,966)	(106)	(9,072)
Creditors: amount falling due after more than one year	-	(287)	(287)
Total assets less current liabilities	4,776	(38)	4,738
Deferred taxation	(21)	7	(14)
Net assets	4,755	(31)	4,724

2. Accounting policies (continued)

2.2 Impact of new international reporting standards, amendments and interpretations (continued)

Statement of Financial Position (extract) (continued)

	31 March 2019 As originally presented £000	IFRS 16 £000	1 April 2019 Adjusted balance £000
Capital and reserves			
Called up share capital	-	-	-
Share premium account	47	-	47
Profit and loss account	4,708	(31)	4,677
	4,755	(31)	4,724

Reconciliation of minimum lease commitment to lease liability

	2020 £000
Minimum operating lease commitments at 31 March 2019	600
Dilapidations obligations included in the lease liability	-
Other adjustments to the lease liability	-
	600
Undiscounted lease payments	
Effect of discounting at the date of initial application	(207)
Lease liability at 1 April 2019	393

2. Accounting policies (continued)

2.3 Financial reporting standard 101 - reduced disclosure exemptions

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- the disclosure requirements of IFRS 7 Financial Instruments: Disclosures;
- disclosure of related party transactions with other wholly owned members of the group headed by Helsinki Topco Limited;
- New disclosure exemptions taken advantage of in preparing these financial statements, as permitted by FRS 101 'Reduced Disclosure Framework': the requirements of paragraphs 113(a), 114, 115, 118, 119(a) to (e), 120 to 127, and 129 of IFRS 15: Revenue from Contracts with Customers; and
- the disclosure requirements of IFRS 16 paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total.

2.4 Going concern

The directors have reviewed the financial position of the Company and the current and forecast trading prospects of the Company in light of the current COVID-19 outbreak. Given the financial strength within the Statement of Financial Position, integral position of the Company within the Group and current financial forecasts, the directors have concluded that the Company has adequate resources to continue to trade for the foreseeable future and as such have concluded that it is appropriate to prepare these financial statements on a going concern basis.

2.5 Revenue from Contracts with Customers

Revenue is recognised as the performance obligation to deliver goods to customers is satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligation. Revenue on the sale of goods is recognised when the control of goods has passed to the buyer and represents the value of sales to customers' net of discounts, similar allowances and estimates for returns, and excludes value added tax. Revenue for services is recognised when the service has been provided to the customer.

Sales related discounts and similar allowances comprise volume rebates (sales incentives related to volumes purchased and sales growth) and promotional contributions which are directly related to promotions run by customers. Management makes estimates taking into account customer performance, sales volumes and agreed terms, to determine total amounts earned and to be recorded as deductions from revenue.

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following bases:

Plant and machinery	-	20% per annum straight line basis
Office equipment	-	25% per annum straight line basis
Leasehold property	-	over the life of the lease
Computer equipment	-	25% per annum straight line basis
Right-of-use property	-	over the lease term
Right-of-use plant and machinery	-	over the lease term

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

The useful economic lives (UEL) and residual values of the Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The UEL are based on historical experience with similar assets as well as anticipation of future events which may impact their UEL, such as changes in technology.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

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

2.8 Debtors

Short term debtors are measured at transaction price, less any allowance for expected credit losses. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.10 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

2.11 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within administrative expenses.

2.13 Leases

The Company as a lessee

The Company's leases consist of buildings, warehouses and machinery. The buildings relate to mostly administrative activities, whereas the warehouses and machinery relate to the operating activities of the entity.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. As such, the comparatives for the year ended 31 March 2019 have not been restated.

For the year ended 31 March 2019, the Company had operating leases which were accounted for as follows:

Rentals payable under operating leases are charges against income on a straight-line basis over the lease term.

From 1 April 2019, the Company has adopted IFRS 16 and accounted for leases as follows:

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

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

2. Accounting policies (continued)

2.13 Leases (continued)

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees; or
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Statement of Financial Position.

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

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

- the lease term has changed in which case the lease liability is re-measured by discounting the revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

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

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2. Accounting policies (continued)

2.13 Leases (continued)

The right-of-use assets are included in 'Tangible Fixed Assets' in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in full in profit or loss in the year in which the impairment is identified.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 11)

  Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Revenue

Revenue is derived from the sale of food products primarily to retailers and related supply chain services. All revenue contracts are for delivery of goods within 12 months and are wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit is stated after charging:

	2020 £000	2019 £000
Auditor's remuneration	**12**	12
Depreciation of tangible fixed assets	**283**	203
Exchange difference	**-**	25
Defined contribution pension cost	**34**	46

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the Group accounts of the ultimate parent company.

6. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	**908**	1,861
Social security costs	**70**	178
Defined contribution pension costs	**34**	99
	1,012	2,138

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

	2020 No.	2019 No.
Operational	**40**	58
Administration	**-**	7
	40	65

7. Directors' remuneration

For the current year and prior year, the directors of the Company are also directors of the parent undertaking and fellow subsidiaries. The directors' remuneration in the current year was paid by The Compleat Food Group Limited, a fellow subsidiary undertaking (2019 - TCFG Holdings Limited). The directors' remuneration is therefore disclosed in the financial statements of that company. The directors do not believe that it is practicable to apportion this amount between their qualifying services as directors of the Company and their qualifying services as directors of the holding and fellow subsidiary companies.

8. Interest payable and similar expenses

	2020 £000	2019 £000
Interest on lease liabilities	**15**	-

9. Taxation

	2020 £000	2019 £000
Corporation tax		
UK corporation tax payable on profits for the year	37	-
Group taxation relief payable	-	133
Total current tax	37	133
Deferred tax		
Origination and reversal of temporary differences	(6)	(15)
Changes to tax rates	2	-
Total deferred tax	(4)	(15)
Taxation on profit on ordinary activities	33	118

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	81	600
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	15	114
Effects of:		
Other permanently disallowable items	16	3
Changes in tax rates	2	1
Total tax charge for the year	33	118

9. Taxation (continued)

Factors that may affect future tax charges

On 11 March 2020, it was announced that the main rate of corporation tax would remain at 19% for the financial year beginning 1 April 2020. This rate was substantively enacted on 17 March 2020. As a result, opening deferred tax balances have been recognised at a rate of 19% as this was the substantively enacted rate as at 31 March 2020.

10. Goodwill

	2020 £000
Cost	
At 1 April 2019 and 31 March 2020	5
Amortisation	
At 1 April 2019 and 31 March 2020	5
Net book value	
At 31 March 2020 and 31 March 2019	-

11. Tangible fixed assets

	Leasehold Property £000	Leasehold Improvements £000	Plant and machinery £000	Office equipment £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 April 2019	-	415	2,077	77	34	2,603
Additions	-	16	330	-	11	357
Transfer of assets to Group company	-	-	(116)	-	-	(116)
Impact of adoption of IFRS 16 (see note 2.2)	296	-	58	-	-	354
At 31 March 2020	296	431	2,349	77	45	3,198
Depreciation						
At 1 April 2019	-	171	1,757	73	28	2,029
Charge for the year	74	43	158	3	5	283
Depreciation on transfer of assets to Group company	-	-	(41)	-	-	(41)
At 31 March 2020	74	214	1,874	76	33	2,271
Net book value						
At 31 March 2020	222	217	475	1	12	927
At 31 March 2019	-	244	320	4	6	574

Included within the net book value of tangible fixed assets at 31 March 2020 are the following amounts in respect of right of use assets - leasehold property £222,000 (2019 - £Nil) and plant and machinery £61,000 (2019 - £Nil) which are shown in the table below.

12. Stocks

	2020 £000	2019 £000
Raw materials	25	1,405

13. Debtors

	2020 £000	2019 £000
Trade debtors	**31**	2,270
Amounts owed by group undertakings	**13,877**	8,779
Other debtors	**207**	74
Prepayments and accrued income	**118**	128
	14,233	11,251

14. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	**1,013**	512

15. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	**567**	934
Amounts owed to group undertakings	**10,328**	7,627
Other taxation and social security	**32**	29
Lease liabilities	**122**	-
Other creditors	**6**	1
Accruals and deferred income	**166**	375
	11,221	8,966

16. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Lease liabilities	**195**	-

17. Deferred taxation

	2020 £000	2019 £000
At beginning of year	**(21)**	(36)
Release to profit or loss	**6**	15
Changes in tax rate	**(2)**	-
Impact of adoption of IFRS 16 (see note 2.2)	**7**	-
At end of year	**(10)**	(21)

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	**16**	22
Retirement benefit obligations	**-**	(1)
Other	**(6)**	-
	10	21

18. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
112 Ordinary shares of £1 each	**112**	112

19. Reserves

The Company's reserves are as follows:

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

20. Capital commitments

At 31 March 2020 the Company has the following capital commitments:

	2020 £000	2019 £000
Contracts for future capital expenditure not provided in the financial statements	**124**	-

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £34,081 (2019 - £46,000). Contributions totalling £Nil (2019 - £Nil) were payable to the fund at the reporting date and are included in creditors.

22. Leases

Reconciliation of movement in lease liability

	2020 £000
Opening balance	**393**
Additions	**35**
Payment	**(126)**
Interest	**15**
Lease liability	**317**

22. Leases (continued)

Company as a lessee

See note 2.2 for the nature of leases undertaken by the Company.

Lease liabilities are due as follows:

	2020 £000
Not later than one year	122
Between one year and five years	195
Later than five years	-
	317

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2020 £000
Interest expense on lease liabilities	15

23. Contingent liabilities

The Company, together with fellow subsidiaries, Helsinki Bidco Limited, TCFG Holdings Limited, The Compleat Food Group Limited, Winterbotham Darby & Co Limited, The Compleat Food Group International Limited, Squeaky Bean Limited (formerly FTQA Limited), Deli Solutions Limited and SSG Logistic Solutions Limited has provided unlimited multilateral and cross guarantees to the bank in respect of their borrowings. The borrowings are secured by charges over the assets of each company. At the reporting date, the overall commitment of the Company in respect of these borrowing is £42,515,000 (2019 - £41,218,000).

24. Related party transactions

The Company made net sales of £1,394,000 (2019 - £184,000) to Deli Solutions Limited, a 96.4% owned fellow subsidiary undertaking during the year to 31 March 2020.

At 31 March 2020, the Company was owed by Deli Solutions Limited an amount of £1,113,000 (2019 - owed to £6,000).

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the Company is Winterbotham Darby & Co Limited, a company incorporated in England and Wales. The directors regard Helsinki Topco Limited, a company incorporated in England and Wales, as the ultimate parent undertaking. The largest and smallest group in which the results of the Company are consolidated is that headed by Helsinki Topco Limited. The consolidated financial statements are available from Granville House, Gatton Park Business Centre, Wells Place, Redhill, Surrey, RH1 3AS. No other financial statements include the results of the Company.

The ultimate controlling party is Equistone Partners Europe LLP which manages various funds, holding 49.8% of the issued equity share capital of Helsinki Topco Limited and 51% of the voting rights.