Registered number: SC440783

KEPAK GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

CONTENTS

KEPAK GROUP LIMITED

COMPANY INFORMATION

DIRECTORS	Simon Walker Robert Grogan John Horgan
COMPANY SECRETARY	Walter Martin
REGISTERED NUMBER	SC440783
REGISTERED OFFICE	Cookston Road Portlethen Aberdeen Scotland AB124QB
INDEPENDENT AUDITORS	Forvis Mazars Chartered Accountants and Statutory Audit Firm Block 3 - Harcourt Centre Harcourt Road Dublin 2
BANKERS	Allied Irish Banks City Business Centre 26 Finsbury Square London EC2A 1DS
SOLICITORS	Forbes Solicitors Oak House 28 Sceptre Way Walton Summit Preston Lancashire PR5 6AW

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

BUSINESS REVIEW

The Company is engaged in red meat processing. The Company's turnover was £585m (2022 - £571m). Net assets at 31 December 2023 amounted to £0.4m (2022 - £5.3m).

The Directors are pleased to report that following a period of steady progress in streamlining and integrating the UK business into the wider group we have now commenced a phase of rapid growth. This expansion is supported by investments in state of the art equipment for our Value-Added facility in Wales. Our continued commitment to training and development for our valued colleagues, coupled with our long standing relationships with our trusted farmer supply base, has positioned the business to provide a fully integrated end to end service at scale for our customers.

In 2023, we successfully acquired and began servicing a significant volume of new business with a major new international retail customer from this facility. As anticipated with an investment of this scale, the initial ramp up phase incurred significant start up costs. This phase is largely complete and we enter a further growth period with this customer. The demand for meat remains strong and inflation pressures have eased considerably. Our expanded Value-Added capacity and expertise of our people strengthens our ability to grow through the acquisition of similar new business.

Our customers value the security of supply provided by our fully integrated model. The Directors are confident the Company is in a strong competitive position for the future. We have laid a sold foundation driven by our strategic investments and anticipate a return to profitability in 2024.

PRINCIPAL RISKS AND UNCERTAINTIES

Economic Risk

The Company's trading is significantly influenced by (i) the availability and pricing of high quality beef and lamb stocks, (ii) the risk of increased interest rates and/or inflation having an adverse impact on served markets, (iii) the risk of unrealistic increases in wages or infrastructural cost impacting adversely on competitiveness of the Company and its principal customers and (iv) the risk of adverse exchange movements. The Company actively manages its purchasing activity by innovative product sourcing to ensure an adequate supply of stocks to meet market requirements. These risks are also managed by strict control of costs. Foreign exchange exposure is actively managed using both forward foreign exchange contracts and currency contracts.

Competition Risk

The Company has traditionally been at risk from competitors, using tactics such as predatory pricing, looking to damage key customer relationships. The directors of the Company manage competition risk through paying close attention to customer service levels and by distinguishing the Company from our competitors through innovation of both products and services.

Environmental Risk

The Company is continually at risk from the various animal and human health scares that are linked to food. In recent years, this has included foot and mouth disease, avian flu and bovine spongiform encephalopathy. The Company has developed product quality and traceability systems to minimise the potential risks from all known sources.

Financial Risk

The Company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk.

FINANCIAL KEY PERFORMANCE INDICATORS

Movement in Turnover
2023 vs. 2022 2.5%
2022 vs. 2021 8.4%
2021 vs. 2020 5.7%
Movement in Operating Profit
2023 vs. 2022 (132.1)%
2022 vs. 2021 24.1%
2021 vs. 2020 177.0%

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022 has introduced requirements aligned to the Task Force on Climate-related Financial Disclosures (TCFD) framework. Kepak Group Limited supports the TCFD recommendations, and we are committed to developing our climate-related disclosures to engage with our investors and other stakeholders during our climate journey.

Governance arrangements in relation to assessing and managing climate-related risks and opportunities

The sustainability team are responsible for assessing and managing climate-related risks and opportunities. The Head of Sustainability will identify risks and opportunities and will take full ownership of completing and managing. The sustainability leadership council, which is cross functional, is responsible for making decisions around sustainability related projects, reporting requirements, policy and action plans to minimise risk and undertake opportunities. The Senior executive team will have ultimate sign off and steer the business strategy in line with sustainability arrangements.

Identifying, assessing, and managing climate-related risks and opportunities

The Company completes a double materiality assessment to identify, assess and manage climate related impacts, risks and opportunities.
The double materiality assessment captures financial and sustainability impacts, risks and opportunities. The risk management process is integrated into the double materiality assessment as a key component to ensure the Company have identified sustainability topics which are relevant to the business. Climate Change is one of those topics.

Principal climate-related risks and opportunities arising in connection with the Company’s operations
Principle Climate related risks: Physical and transitional risk – 5 – 25-year impact

• Reputational risk due to inability to meet emission reduction targets and / or inability to influence emission reductions within upstream supply chain, affecting ability to secure loans and potentially resulting in reputational fallout and / or loss of market share.
• Investment risk if customers are not willing and / or able to cover additional costs arising from large capital requirements for transitional infrastructure within own operations or investments in emission reductions within upstream supply chain , resulting in loss of market share, increased costs and / or a decrease in revenue.
• Operational efficiency risk if continued rise in industry level emissions results in regulatory reforms that limit cattle production numbers, resulting in a significant disruption in supply and threatening the viability of the Company's business model.
• Operational disruption risk due to changing weather patterns and potential for extreme weather events to impact the Company's operations and supply chain activities, resulting in increased costs and/or decreased.
• Regulatory risk due to increasing regulatory requirements arising from ambitious climate change targets and potential failure to comply, resulting in additional costs and potentially resulting in legal fines and/or sanctions.

Principle climate-related opportunities: Physical and transitional risk – 5 – 25 years

• Opportunity to adopt emission reduction technologies and embrace renewable energy solutions within own operations, resulting in decreased costs and increased revenue.
• Opportunity to reduce scope 1, 2 and 3 emissions whilst contributing to industry level emission reductions targets by driving internal climate change mitigation efforts and increasing farmer participation in producer groups, enhancing brand reputation and thus increasing market share.
• Opportunity to gain a competitive advantage by showcasing stronger environmental credentials compared to peers, attracting environmentally conscious customers and increasing market share.
• Opportunity to use market influence and set industry standards for lower carbon footprint across beef supply chain, gaining new customers and increasing market share through enhanced brand reputation.

Actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy

• Impact on climate change by improving operational efficiency and investing in energy saving technologies to minimise energy consumption and thus reduce GHG emissions within own operations, resulting in positive impact on the environment.

• Impact on climate change by funding and participating in industry level initiatives focused on improving genetics and cattle rearing solutions, resulting in reduced industry level emissions and positive impact on the environment.
• Impact on climate change by influencing and incentivising farmers within the upstream supply chain to reduce on farm emissions, resulting in a positive impact on suppliers and on the environment.
• Impact on climate change by offering less popular cuts of meat to help satisfy market demand with fewer animal inputs, contributing to a reduction in industry emissions and resulting in positive impacts on the environment.
• Impact on climate change due to high level of GHG emissions generated within upstream supply chain, contributing to high industry emissions and resulting in negative impact on the environment.
• Impact on climate change due to high energy use in manufacturing and distribution processes, resulting in negative impacts on the environment.

Targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets

• 50.4% reduction in scope 1 & 2 emissions across operations.
• 100% renewable electricity sourced by 2030.
• 30% reduction in scope 3 category 1 purchased goods and services by 2030.
• Each site has a energy monitoring system in place, energy data is analysed weekly and performance targets are at each one of our sites to reduce scope 1 & 2.
• 80% of the Company's scope 3 contains GHG emissions from the livestock bought – predominantly cattle. Targets are in place for each country in which sourced from to manage industry incentives and support farmers to adopt sustainable agriculture practices. The Company's scope 3 contains primary emission factors which are calculated by industry bodies – livestock emissions are monitored monthly against the Company's targets set.
• Furthermore, the Company have built an agricultural strategy to ensure targets are met and update can be made when required to.

Key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based

• % renewable electricity consumed
• % self-generated electricity
• kWh per unit of output
• Scope 1 & 2 emissions per unit of output (Tonnes of CO_2e / tonne of output)
• % of total revenue attributed to climate related projects
• Scope 3 emissions per unit of output
• % of sustainable agriculture practices adopted by our suppliers

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

The Directors of the Company must act in a way they consider, in good faith, would most likely promote the success of the Company for the benefits of its members as a whole, and in doing so have regard (amongst other matters) to:
• The likely consequence of any decision in the long term
• The interest of the Company’s employees
• The need to foster the Company’s business relationships with suppliers, customer and others
• The impact of the Company’s operations on the community and the environment
• The desirability of the Company maintaining a reputation for high standards of business conduct
• The need to act fairly as between members of the Company
The Board considers that it has complied in all material respects with their duties under Section 172 (1) of the Companies Act 2006.

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

Robert Grogan
Director

Date: 3 September 2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the financial statements for the year ended 31 December 2023.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £4,900,257 *(2022 - profit £2,055,595)*.

No dividends (2022 - £Nil) or transfers to reserves are recommended by the Directors.

DIRECTORS

The Directors who served during the year were:

Simon Walker
Robert Grogan
John Horgan

POLITICAL CONTRIBUTIONS

There were no political contributions during the year (2022 - £Nil).

ENVIRONMENTAL MATTERS

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

FUTURE DEVELOPMENTS

It is the intention of the Directors to continue to develop the activities of the Company.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company is committed to a programme of research and development activities which is expected to result in the development of new production and packaging techniques.

ENGAGEMENT WITH EMPLOYEES

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. In addition, some employees receive an annual bonus related to the overall profitability of the Company.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The Company and its Directors ensure that exceptional customer satisfaction is at the core of the business and it is recognised that, in order to perform successfully, engagement with employees and support where relevant is required as the employees represent the frontline of the delivery of service.
The Company culture is imperative to uphold and this is done so via the Directors and senior management team who are in direct contact with the employees on a regular basis to ensure all objectives are aligned and a good working environment exists within the Company. The Directors, via senior leadership, ensure the setting and maintaining of core Company values, and ensure ethical business behaviours.
The Company culture also includes a focus on building and maintaining relationships with key suppliers and customers, whose support is paramount to the ongoing success of the business. Key suppliers are kept up to date with business developments and offered opportunities as they arise for continued and growing business. Key customers have built a strong relationship with the Company which allows for a joint beneficial relationship with increased business and a common trust on the level of service provided.

DISABLED EMPLOYEES

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

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

STREAMLINED ENERGY AND CARBON REPORTING (SECR) DISCLOSURE

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent Scope 3 emissions. It contains an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and a summary of energy efficiency actions taken during the relevant financial year.

	2023	*2022*
Energy consumption used to calculate emissions (kWh)	**51,372,044**	*51,984,416*
Emissions from combustion of gas (Scope 1) tCO2e	**4,442**	*4,978*
Emissions from combustion of fuel for transport purposes (Scope 1) tCO2e	**3**	*23*
Emissions from purchased electricity (Scope 2, location based) tCO	**5,529**	*4,732*
Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO2e	**85**	*32*
Total gross tCO2e based on above	**10,058**	*9,765*
Intensity ratio (tCO2e/Tonnes of production)	**0.04828**	*0.04823*

ENERGY EFFICIENCY ACTION SUMMARY
The Company continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including;

- Tray Wash Unit Project - Water pressure through the unit dropped to 1-1.5 bars. Water recycling enabled through the unit. Weekly water use dropped from approximately 250m³ to 40-60m³.
- Tripery Project - Engineering improvements made (replaced metering, fixing of leaks, fixing of pumps). Improvements to process, such as switching to cold water to wash reeds and washing two bins of manifolds at the same time in the tripe washer.
- Water Mapping - Water mapping project undertaken to identify points of high-water usage and opportunities for savings.
- Water Metering - Site-wide replacement of water meters to enable improved monitoring.
- Energy and Water Management Meetings - Weekly meetings with senior management to track usage and identify actionable problems and opportunities for improvement. Two site energy and water champions appointed.
- Slaughter Sterilisers - Improvements made to the flow and pressure of water through sterilisers. Over 30 sterilisers identified as needing replacement.
- Implementation of Sensorfact monitoring and equipment software - Electricity, gas and water monitoring.
- Bluecube blast freezers - More efficient blast freezing.
- Rolling LED light replacement.
- Move to cold wash tripe - reduction in 90C water usage.
- Implementation of rolling leak detection programme - Water, F-Gas and compressed air.
- Reduction in cold water flow rate in Tripery - Large water saving
- Reduced water flow rate in Effluent Treatment Plant - Large water saving in equipment cleaning.
- New LED lights through different departments (hide store, boning, lairage completed).
- New blast freezer units.
- 41% of green energy from energy supplier, so significant reduction on carbon footprint.
- New compressor units, planned electricity reduction 17%.

- Compressor heat recovery units to reduce energy usage for heating purposes (cleaning operations, offices heating).
- Ongoing steriliser updates in slaughter.

SECR disclosure has been prepared in line with the Company's annual accounts made up to 31 December 2023. Using operational control approach,

GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Relevant data is prepared on a monthly basis by our external energy management supplier. The validity, accuracy and completeness of the data was checked and used to calculate the GHG emissions for the Company.
Emissions are calculated as activity data multiplied by emission factors (DEFRA, 2023 for all emission and conversion factors, source: https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023); kWh consumption is calculated as activity multiplied by conversion factors (Federal Register EPA for natural gas and gasoline (petrol), (https://www.ecfr.gov/cgi-bin/text-idx?SID=ae265d7d6f98ec86fcd8640b9793a3f6&mc=true&node=pt40.23.98&rgn=div5#ap40.23.98_138.1). EPA GHG Emission Factors Hub for natural gas and gasoline (petrol) (https://www.epa.gov/climateleadership/center-corporate-climate-leadership-ghg-emission-factors-hub. U.S. Energy Information Administration for diesel (https://www.eia.gov/totalenergy /data/monthly /pdf/sec12_2.pdf).
Where applicable, consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. Transport data was calculated from liters, the liter figures were calculated from litres to kWh and GHG emissions using the method above. Where the transport data was calculated from mileage, the mileage was converted to litres using DEFRA 'UK Government GHG Conversion Factors for 2022' which was then converted to kWh using the method above. In case of fuel card claims, the transport data was provided in cost mileage and it was converted to kWh using the method above.
Based on the nature of the business, as well as following the recommendations of the SECR legislation we chose the following intensity metric: Tonnes of total production. This metric shows the development of our energy efficiency in line with the production and shows great transparency expressing the business's annual emissions. Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%).

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information.

AUDITORS

The auditors, Forvis Mazars, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Robert Grogan
Director

Date: 3 September 2024

KEPAK GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEPAK GROUP LIMITED

OPINION

We have audited the financial statements of Kepak Group Limited (the 'Company') for the year ended 31 December 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

KEPAK GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEPAK GROUP LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. In connection with our audit of the financial statements, our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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 or the 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 set out on page 6, 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.

KEPAK GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEPAK GROUP LIMITED (CONTINUED)

AUDITORS' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.
We evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgments and assumptions in significant accounting estimates and significant one-off or unusual transactions.
Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:
• Discussing with the Directors and management their policies and procedures regarding compliance with laws and regulations;
• Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
• Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.
Our audit procedures in relation to fraud included but were not limited to:
• Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
• Gaining an understanding of the internal controls established to mitigate risks related to fraud;
• Discussing amongst the engagement team the risks of fraud; and
• Addressing the risks of fraud through management override of controls by performing journal entry testing.
There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Auditors' 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 Auditors' 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.

Tommy Doherty (Senior Statutory Auditor)
for and on behalf of
Forvis Mazars
Chartered Accountants and Statutory Audit Firm

3 September 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Turnover	4	585,449,826	570,924,253
Cost of sales		(558,168,148)	(535,645,47[illegible])
GROSS PROFIT		27,281,678	35,278,776
Distribution costs		(12,463,839)	(12,617,575)
Administrative expenses		(12,646,154)	(16,543,695)
Exceptional items	5	(4,137,135)	-
OPERATING (LOSS)/PROFIT	6	(1,965,450)	6,117,506
Interest payable and similar expenses	9	(4,659,807)	(2,651,911)
(LOSS)/PROFIT BEFORE TAX		(6,625,257)	3,465,595
Tax on (loss)/profit	10	1,725,000	(1,410,000)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(4,900,257)	2,055,595
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(4,900,257)	2,055,595

The notes on pages 21 to 34 form part of these financial statements.

KEPAK GROUP LIMITED
REGISTERED NUMBER: SC440783

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note		2023 £		2022
FIXED ASSETS					
Tangible assets	11		**51,446,936**		*36,365,44*
			51,446,936		*36,365,44*
CURRENT ASSETS					
Stocks	12	**30,935,059**		*30,239,830*	
Debtors: amounts falling due within one year	13	**62,653,769**		*59,326,791*	
Cash at bank and in hand	14	**305,218**		*491,036*	
		93,894,046		*90,057,657*	
Creditors: amounts falling due within one year	15	**(143,554,538)**		*(119,185,109)*	
NET CURRENT LIABILITIES			**(49,660,492)**		*(29,127,45*
TOTAL ASSETS LESS CURRENT LIABILITIES			**1,786,444**		*7,237,99*
PROVISIONS FOR LIABILITIES					
Deferred tax	17	**-**		*(490,000)*	
			-		*(490,00*
Accruals and deferred income	18		**(1,363,389)**		*(1,424,68*
NET ASSETS			**423,055**		*5,323,31*
CAPITAL AND RESERVES					
Called up share capital	19		**1**		
Profit and loss account	20		**423,054**		*5,323,31*
			423,055		*5,323,31*

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

Robert Grogan
Director

Date: 3 September 2024

The notes on pages 21 to 34 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2022	1	3,267,716	3,267,717
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	2,055,595	2,055,595
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	2,055,595	2,055,595
At 1 January 2023	1	5,323,311	5,323,312
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(4,900,257)	(4,900,257)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(4,900,257)	(4,900,257)
AT 31 DECEMBER 2023	1	423,054	423,055

The notes on pages 21 to 34 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	*2022* *£*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	**(4,900,257)**	*2,055,595*
ADJUSTMENTS FOR:		
Taxation charge	**(1,725,000)**	*1,410,000*
Interest paid	**4,659,807**	*2,651,911*
Depreciation of tangible assets	**2,871,728**	*2,747,305*
Loss / (profit) on disposal of tangible assets	**17,625**	*(96,433)*
Amortisation of government grants	**(61,294)**	*(66,069)*
(Increase) in stocks	**(695,229)**	*(2,627,374)*
Decrease/(increase) in debtors	**8,423,596**	*(17,455,20[illegible])*
(Increase) in amounts owed by groups	**(10,680,574)**	*(6,884,854)*
Increase in creditors	**4,589,095**	*8,486,544*
Increase/(decrease) in amounts owed to groups	**18,100,193**	*20,999,298*
NET CASH GENERATED FROM OPERATING ACTIVITIES	**20,599,690**	*11,220,715*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	**(17,970,842)**	*(6,990,950)*
Sale of tangible fixed assets	**-**	*96,433*
Government grants received	**-**	*424,712*
Hire purchase interest paid	**-**	*(2,012)*
NET CASH USED IN INVESTING ACTIVITIES	**(17,970,842)**	*(6,471,817)*

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	*2022* *£*
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of new finance leases	**-**	*(195,200)*
Interest paid	**(4,659,807)**	*(2,649,899)*
NET CASH USED IN FINANCING ACTIVITIES	**(4,659,807)**	*(2,845,099)*
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(2,030,959)**	*1,903,799*
Cash and cash equivalents at beginning of year	**(357,138)**	*(2,260,937)*
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**(2,388,097)**	*(357,138)*
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	**305,218**	*491,036*
Bank overdrafts	**(2,693,315)**	*(848,174)*
	(2,388,097)	*(357,138)*

The notes on pages 21 to 34 form part of these financial statements.

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2023

	At 1 January 2023 £	Cash flows £	At 31 Decemb 20
Cash at bank and in hand	491,036	(185,818)	305,218
Bank overdrafts	(848,174)	(1,845,141)	(2,693,315)
	(357,138)	(2,030,959)	(2,388,097)

The notes on pages 21 to 34 form part of these financial statements.

1. GENERAL INFORMATION

The Company is limited by shares and incorporated in the United Kingdom, having its registered office at Cookston Road, Portlethen, Aberdeen, AB12 4QB, Scotland. The Company's registered number is SC440783. The Company's principal activity continued to be beef and lamb processing.

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 profit or loss 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 profit or loss within 'other operating income'.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.5 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.
Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.6 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.8 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 profit or loss 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.

2.9 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.10 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.10 TANGIBLE FIXED ASSETS (CONTINUED)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	4%
Plant and machinery	-	10%
Motor vehicles	-	20%

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 profit or loss.

2.11 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. Work in progress and finished goods include labour and attributable overheads.
Finished goods cost is calculated in two main ways depending on the nature of the stock:
1. Standard costing – raw material costs together with an appropriate amount of direct labour and overhead is included in the stocks valuation.
2. Estimate of cost based on selling price – where actual costs cannot be accurately ascertained, an approximation is made by deducting the costs of marketing, distribution and selling from the net invoice price.

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.

2.12 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. 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.

2.13 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2. ACCOUNTING POLICIES (CONTINUED)

2.14 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 HOLIDAY PAY ACCRUAL

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

2.16 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.
Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.
When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Derivatives, including interest rate swaps and 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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make certain estimates and assumptions that affect the reported profits, assets and liabilities. Assumptions include, but are not limited to, the following areas:

Provision for Risks and Liabilities:

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits would be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the time value of money and, where appropriate, the risks specific to the liability.

4. TURNOVER

Analysis of turnover by country of destination:

	2023 £	*2022 £*
United Kingdom	**556,167,070**	*521,082,393*
Rest of Europe	**26,025,615**	*49,801,990*
Rest of the world	**3,257,141**	*39,870*
	585,449,826	*570,924,253*

5. EXCEPTIONAL ITEMS

	2023 £	*2022 £*
Exceptional items	**4,137,135**	-
	4,137,135	-

Exceptional items relate to expansionary start-up costs during the year.

6. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2023 £	*2022 £*
Exchange differences	**400,155**	*(336,713)*
Other operating lease rentals	**1,332,957**	*725,900*

7. AUDITORS' REMUNERATION

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2023 £	*2022 £*
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	**41,098**	*36,533*

8. EMPLOYEES

Staff costs were as follows:

	2023 £	*2022 £*
Wages and salaries	**46,231,565**	*41,593,038*
Social security costs	**4,733,405**	*4,236,591*
Cost of defined contribution scheme	**1,286,255**	*1,067,510*
	52,251,225	*46,897,139*

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

	2023 No.	*2022 No.*
Production	**1,448**	*1,225*
Selling and distribution	**-**	*11*
Administration	**72**	*64*
	1,520	*1,300*

The Directors remuneration is nil for both the current year and the prior year.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 £	*2022 £*
Bank interest payable	**1,192,657**	*637,816*
Loans from group undertakings	**3,467,150**	*2,012,083*
Finance leases and hire purchase contracts	**-**	*2,012*
	4,659,807	*2,651,911*

10. TAXATION

	2023	*2022*
	£	*£*
TOTAL CURRENT TAX	-	*-*
DEFERRED TAX		
Origination and reversal of timing differences	(1,725,000)	*1,410,000*
TOTAL DEFERRED TAX	(1,725,000)	*1,410,000*
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	(1,725,000)	*1,410,000*

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(2022 - higher than)* the standard rate of corporation tax in the UK of 23.5% *(2022 - 19%)*. The differences are explained below:

	2023	*2022*
	£	*£*
(Loss)/profit on ordinary activities before tax	(6,625,257)	*3,465,595*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	(1,556,935)	*658,463*
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	579,170	*5,700*
Capital allowances for year in excess of depreciation	(3,976,915)	*(1,704,555)*
Utilisation of tax losses	(157,533)	*636,765*
Adjustments to tax charge in respect of prior periods	(165,000)	*-*
Other timing differences leading to an increase (decrease) in taxation	(1,560,000)	*1,410,000*
Non-taxable income	(14,404)	*(12,553)*

Unrelieved tax losses carried forward	**5,126,617**	*416,180*
TOTAL TAX CHARGE FOR THE YEAR	**(1,725,000)**	*1,410,000*

KEPAK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

In 2021 an increase in the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted. The 23.5% rate used above reflects 9 months of this new rate and 3 months of the previous rate of 19%.

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules (Pillar 2). These rules will impose a top-up tax on the profits of subsidiaries of multinational enterprise groups that are taxed at an effective tax rate of less than 15 percent. Kepak Holdings Group (“the Holdings Group”) is within scope of Pillar 2 legislation. Since the Pillar 2 legislation was not effective in respect of the Holdings Group at the reporting date, the Holdings Group has no related current tax exposure for the current year. The Holdings Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes, as provided in the amendments to FRS 102.

The Holdings Group is still in the process of assessing the impact of Pillar 2 income tax legislation on its group entities.

11. TANGIBLE FIXED ASSETS

	Freehold Property	Plant and Machinery	Motor Vehicles	Total
	£	£	£	£
COST OR VALUATION				
At 1 January 2023	22,656,015	31,091,494	8,721	53,756,230
Additions	276,393	17,694,449	-	17,970,842
Disposals	-	(145,149)	-	(145,149)
At 31 December 2023	22,932,408	48,640,794	8,721	71,581,923
DEPRECIATION				
At 1 January 2023	3,744,099	13,637,963	8,721	17,390,783
Charge for the year on owned assets	934,864	1,936,864	-	2,871,728
Disposals	-	(127,524)	-	(127,524)
At 31 December 2023	4,678,963	15,447,303	8,721	20,134,987
NET BOOK VALUE				
At 31 December 2023	18,253,445	33,193,491	-	51,446,936
At 31 December 2022	*18,911,916*	*17,453,531*	*-*	*36,365,447*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12. STOCKS

	2023 £	*2022 £*
Meat and offal	26,335,342	*26,601,275*
Consumables	4,599,717	*3,638,555*
	30,935,059	*30,239,830*

13. DEBTORS

	2023 £	*2022 £*
Trade debtors	35,219,291	*45,997,492*
Amounts owed by group undertakings	19,284,770	*8,604,196*
Other debtors and prepayments	5,085,222	*2,290,438*
VAT recoverable	1,994,486	*2,434,665*
Deferred taxation	1,070,000	-
	62,653,769	*59,326,791*

14. CASH AND CASH EQUIVALENTS

	2023 £	*2022 £*
Cash at bank and in hand	305,218	*491,036*
Less: bank overdrafts	(2,693,315)	*(848,174)*
	(2,388,097)	*(357,138)*

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	*2022* *£*
Bank overdrafts	**2,693,315**	*848,174*
Trade creditors	**25,911,519**	*20,441,876*
Amounts owed to group undertakings	**102,646,568**	*84,546,375*
Corporation tax	**-**	*165,000*
Other taxation and social security	**1,415,685**	*1,483,924*
Other creditors and accruals	**10,887,451**	*11,699,760*
	143,554,538	*119,185,109*

The repayment terms of trade creditors vary between on demand and sixty days. No interest is payable on trade creditors.
Tax and social insurance are subject to the terms of the relevant legislation. Interest accrues on late payment at the rate of 0.02% per day in Ireland and 3% per annum in the U.K. No interest was due at the financial year end date.
The terms of the accruals are based on the underlying contracts.
Amounts owed to one specific group undertaking are unsecured, interest bearing and repayable on demand.
Other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.
The Company has granted fixed and floating charges on its assets to secure all the borrowings of the group from the banks providing facilities. All group borrowings are also secured by cross guarantees from group companies and the parent company. The group also has access to an overdraft facility which is secured on the third party debtors of the group.

	2023 £	*2022* *£*
OTHER TAXATION AND SOCIAL SECURITY		
PAYE/NI control	**1,415,685**	*1,483,924*
	1,415,685	*1,483,924*

KEPAK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

16. FINANCIAL INSTRUMENTS

	2023 £	*2022 £*
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	**305,218**	*491,036*
Financial assets that are debt instruments measured at amortised cost	**59,589,283**	*56,892,126*
	59,894,501	*57,383,162*
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	**(143,502,242)**	*(118,960,868)*

17. DEFERRED TAXATION

	2023 £
At 1 January	**(490,000)**
Charged to the profit or loss	**1,560,000**
At 31 December	**1,070,000**

The deferred taxation balance is made up as follows:

	2023 £	*2022 £*
Accelerated capital allowances	**(4,045,000)**	*(1,040,000)*
Tax losses carried forward	**5,455,000**	*550,000*
Other	**(340,000)**	*-*
	1,070,000	*(490,000)*

18. ACCRUALS AND DEFERRED INCOME

GOVERNMENT GRANTS

	2023	*2022*
	£	*£*
RECEIVED AND RECEIVABLE		
At 1 January	2,658,863	*2,234,151*
Receivable	-	*424,712*
Disposal	-	*-*
At 31 December	2,658,863	*2,658,863*
AMORTISATION		
At 1 January	1,234,180	*1,168,111*
Amortisation during the year	61,294	*66,069*
Disposal	-	*-*
At 31 December	1,295,474	*1,234,180*
NET BOOK VALUE		
At 31 December	1,363,389	*1,424,683*
At 1 January	1,424,683	*1,066,040*

19. SHARE CAPITAL

	2023	*2022*
	£	*£*
AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID		
1 *(2022 - 1)* Ordinary share of £1.00	1	*1*

20. RESERVES

Profit and loss account

The profit and loss account reserve represents cumulative gains and losses recognised in the Income Statement, net of transfers to/from other reserves.

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 £1,286,255 (2022 - £1,067,510). Contributions totalling £246,455 (2022 - £164,915) were payable to the fund at the balance sheet date and are included in creditors.

22. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	*2022*
	£	*£*
Not later than 1 year	**786,735**	*576,968*
Later than 1 year and not later than 5 years	**1,784,302**	*1,247,252*
	2,571,037	*1,824,220*

23. OTHER FINANCIAL COMMITMENTS

The Company's bankers have given guarantees to the UK and Dutch Revenue authorities on behalf of the Company amounting to £538k (2022 – £538k).

24. RELATED PARTY TRANSACTIONS

The Company has availed of the exemption under Section 33 of FRS 102 not to disclose transactions between wholly-owned group companies. The Directors are considered to be the key management personnel of the Company. The Directors are not paid any remuneration by the Company.

25. CONTROLLING PARTY

The Company's parent is Kepak Holdings; the ultimate holding company is Kingate Investments Unlimited, an unlimited company incorporated in the Isle of Man.