

Registered number: SC154900

ENTERPRISE FOODS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019



ENTERPRISE FOODS LTD

COMPANY INFORMATION

Directors	R A Moloney D H B Burgess F M Goltz J O Loizeaux A I Peterson G J Clarke A D Gardner
Registered number	SC154900
Registered office	Napier Building Unit 2, Napier Building Reynolds Avenue East Kilbride Glasgow Lanarkshire G75 0AF Scotland
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 110 Queen Street Level 8 Glasgow G1 3BX
Bankers	Clydesdale Bank plc 35 Regent Street London SW1Y 4ND
Solicitors	Knights PLC The Brampton Newcastle-Under-Lyme Staffordshire ST5 0QW

ENTERPRISE FOODS LTD

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 - 26

ENTERPRISE FOODS LTD

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2019

Introduction

The Directors present their strategic report for the year ended 30 June 2019.

The narrative in this Strategic Report relates to the EF Investco Limited group of companies. As the main trading company within the Group, it is appropriate to review the performance of the Group as a whole within this Strategic Report.

Business Review

The group continues to deliver supply chain solutions to the food industry, by enabling national retail customers to trade with multiple small local suppliers. This is achieved through a combination of supplier sourcing, transactional simplicity, and category management, whilst always ensuring food safety standards are strictly adhered to.

The core craft bakery business continues to grow year on year. Additionally, new opportunities are arising in other craft product categories such as locally sourced ambient and fresh products and craft beers. The business continues to invest in margin to win business in food service which is reflected in the reduced profitability year on year.

The business has made significant investments in technology, and in its business processes and systems. This reflects the importance of technology to the Enterprise Foods business model. Technology is critical to long term customer and supplier relationships, which in turn is key to business stability and growth.

Key performance indicators

The company monitors its KPIs on a weekly basis. These include turnover, gross margins, operating profits and liquidity as well as operational KPIs including customer sales and waste targets, range review plans and master data controls. These KPIs form part of weekly operational and board reviews.

	£m	£m
	2017/18	2018/19
Sales	72.3	72.2
Margin	7.8	7.2
PBT	2.6	2.1

Principal risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks. The directors are of the opinion that a risk management process is adopted which involves the formal review of all the risks identified. Where possible the processes are in place to monitor and mitigate such risks.

ENTERPRISE FOODS LTD

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Financial risk management

The Group uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risk arising from the Group's financial instruments is liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The Group has reviewed the risks associated with Brexit and do not believe this will have a material impact on the business.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available through bank facilities to meet foreseeable needs and to invest cash assets safely and profitably.

Price risk

The company is exposed to commodity price risk as a result of its operations.

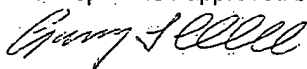
Credit risk

The company has implemented a policy that requires credit checks on potential customers before sales are made. The amount of exposure to any individual counterpart is subject to a limit, which is reassessed regularly by the board.

Interest rate cash flow risk

The company has interest bearing assets. The interest bearing assets only include cash balances, which earn interest at fixed and variable rates. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

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



G J Clarke
Director

Date: 18/12/2019.

ENTERPRISE FOODS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

The directors present their report and the financial statements for the year ended 30 June 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,914,047 (2018: £2,488,888).

Directors

The directors who served during the year were:

J R McCormick (resigned 5 November 2019)
A M Kenny (resigned 7 November 2018)
R A Moloney
D H B Burgess
F M Goltz
J O Loizeaux
A I Peterson
G J Clarke
A D Gardner

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

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

Post balance sheet events

There have been no significant events affecting the company since the year end.

ENTERPRISE FOODS LTD

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Future developments and financial risk management

Future developments and financial risk management are considered strategically important and have been discussed within the strategic report.

Disclosure of information to auditor

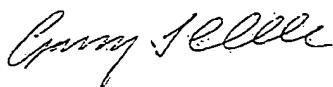
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, 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.



G J Clarke
Director

Date: 18/12/2019.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENTERPRISE FOODS LTD

Opinion

We have audited the financial statements of Enterprise Foods Ltd (the 'company') for the year ended 30 June 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30 June 2019 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENTERPRISE FOODS LTD (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENTERPRISE FOODS LTD (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Grant Thornton UK LLP

Lynne Bicket
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
Date: 18 December 2019

ENTERPRISE FOODS LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Turnover	4	72,205,728	72,267,484
Cost of sales		(65,005,561)	(64,422,342)
Gross profit		7,200,167	7,845,142
Administrative expenses		(6,127,579)	(6,167,415)
Other operating income		20,440	62,501
Operating profit	5	1,093,028	1,740,228
Interest receivable and similar income	9	986,774	863,430
Interest payable and expenses	10	(149,732)	(135,360)
Profit before tax		1,930,070	2,468,298
Tax on profit on ordinary activities	11	(16,023)	20,590
Profit and total comprehensive income for the year		1,914,047	2,488,888

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The accounting policies and notes on pages 11 to 26 form part of these financial statements.

ENTERPRISE FOODS LTD
REGISTERED NUMBER: SC154900

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	624,419	513,295
Tangible assets	13	329,653	377,861
		954,072	891,156
Current assets			
Stocks		115,935	45,154
Debtors: amounts falling due within one year	14	31,377,395	29,488,468
Cash at bank and in hand	15	386,387	600,563
		31,879,717	30,134,185
Creditors: amounts falling due within one year	16	(17,686,951)	(17,857,762)
Net current assets		14,192,766	12,276,423
Total assets less current liabilities		15,146,838	13,167,579
Provisions for liabilities			
Deferred tax	17	(106,188)	(40,976)
		(106,188)	(40,976)
Net assets		15,040,650	13,126,603
Capital and reserves			
Called up share capital	19	33,444	33,444
Profit and loss account	18	15,007,206	13,093,159
		15,040,650	13,126,603

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



G J Clarke
Director

Date: 18/12/2019.

The notes on pages 11 to 26 form part of these financial statements.

ENTERPRISE FOODS LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2018	33,444	13,093,159	13,126,603
Comprehensive income for the year			
Profit for the year and total comprehensive income for the year	-	1,914,047	1,914,047
At 30 June 2019	<u>33,444</u>	<u>15,007,206</u>	<u>15,040,650</u>

The notes on pages 11 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 26 June 2016	33,444	10,604,271	10,637,715
Comprehensive income for the period			
Profit for the year and total comprehensive income for the year	-	2,488,888	2,488,888
At 30 June 2018	<u>33,444</u>	<u>13,093,159</u>	<u>13,126,603</u>

The notes on pages 11 to 26 form part of these financial statements.

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. General information

Enterprise Foods Ltd (the 'Company') was incorporated primarily for the purpose of manufacturing and supply management in the craft bakery market in the United Kingdom. Enterprise Foods Ltd is a private company limited by shares and is registered in Scotland.

The registered office of the Company during the financial year was Napier Building Unit 2, Napier Building, East Kilbride, Glasgow, Lanarkshire, G75 0AF, Scotland.

Registration number SC154900.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of EF Investco Limited as at 30 June 2019 and these financial statements may be obtained from Companies House.

2.3 Going concern

The directors have ensured the Group's ability to continue in operational existence for the foreseeable future. The directors have considered forecasts for the period to 31 December 2020 which show that the Group have sufficient available facilities to meet its trading cash requirements throughout that period. For that reason they adopt the going concern basis in presenting their accounts.

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Fixtures & fittings	- 25% straight line
Computer equipment	- 20-33% straight line

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.

2.5 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.

2.6 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.

2.7 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Revenue

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, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods and services

Revenue from the sale of goods and services 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	3	years
Development expenditure	-	3	years
Goodwill	-	3	years

2.11 Stocks

Stocks relate to goods held for resale. They 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.

At each balance sheet 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 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 or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.15 Pensions

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 payments 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.

2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.17 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 Statement of financial position 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.

2.18 Research & Development tax credits

Any research and development tax relief is recognised on receipt and as a credit within the tax charge in the Statement of comprehensive income and as a reconciling item within the taxation disclosures.

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Discounts given to customers

The markets the group operates in have an established practice of requesting discounts based on the volume of sales, support requests for product marketing or general requirements. Estimating these discounts can be difficult but the company takes account of past practice and forecast values to calculate these numbers and provide its best estimate in the accounts.

Principal or agent

The group transacts between buyers and sellers. The group takes all the risks and rewards for the collection of revenue and therefore considers itself to be principal on all transactions. The directors consider this to be a significant judgement.

Development costs

During the year the company has capitalised development costs. The directors have used their judgement to assess these costs as an item which can be capitalised in line with the accounting standards due to the future economic benefit they believe the development will bring.

ENTERPRISE FOODS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

4. Turnover

Analysis of turnover by country of destination:

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
United Kingdom	<u>72,205,728</u>	<u>72,267,484</u>

5. Operating profit

The operating profit is stated after charging:

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Depreciation of tangible fixed assets	147,956	117,631
Amortisation of intangible fixed assets	257,662	84,047
Other operating lease rentals	<u>332,976</u>	<u>69,514</u>

6. Auditor's remuneration

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Fees payable to the company's auditor and its associates in respect of:		
Fees payable to the Company's auditor - audit fees	21,530	20,500
Fees payable to the Company's auditor - non-audit fees	20,250	2,500
	<u>41,780</u>	<u>23,000</u>

ENTERPRISE FOODS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Wages and salaries	2,837,977	2,860,076
Social security costs	304,998	329,343
Cost of defined contribution scheme	107,962	120,588
	<u>3,250,937</u>	<u>3,310,007</u>

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

	Year ended 30 June 2019 No.	Year ended 30 June 2018 No.
Technical/development	2	2
Sales and marketing	25	27
Administration	46	44
	<u>73</u>	<u>73</u>

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. Directors' remuneration

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Directors' emoluments	793,961	779,123
Company contributions to defined contribution pension schemes	72,165	79,246
	<u>866,126</u>	<u>858,369</u>

During the year retirement benefits were accruing to 6 directors (2018: 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £210,358 (2018: £192,486).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2018: £Nil).

9. Interest receivable

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Interest receivable from group companies	<u>986,774</u>	<u>863,430</u>

10. Interest payable and similar expenses

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Bank interest payable	728	-
Invoice finance interest	149,004	135,360
	<u>149,732</u>	<u>135,360</u>

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

11. Taxation

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Corporation tax		
Current tax on profits for the year	134,401	233,828
Adjustments in respect of previous periods	(183,590)	(276,112)
	<u>(49,189)</u>	<u>(42,284)</u>
Total current tax	(49,189)	(42,284)
Deferred tax		
Origination and reversal of timing differences	(8,653)	12,640
Adjustments in respect of prior periods	73,865	9,054
	<u>65,212</u>	<u>21,694</u>
Total deferred tax	65,212	21,694
Taxation on profit on ordinary activities	16,023	(20,590)

ENTERPRISE FOODS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Profit on ordinary activities before tax	<u>1,930,070</u>	<u>2,468,298</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	361,834	468,977
Effects of:		
Expenses not deductible for tax purposes	1,199	21,470
Non-qualifying depreciation	22,890	17,278
Adjustments to tax charge in respect of prior periods	(183,590)	(267,058)
Adjustments in respect of prior periods (deferred tax)	73,865	-
Group relief claimed	(261,193)	(259,769)
Adjustment in respect of change in deferred tax rate	-	(1,488)
Effect of rate changes	1,018	-
Total tax charge for the year/period	<u>16,023</u>	<u>(20,590)</u>

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2016 Budget Statement with the main rate of corporation tax reduced from 19% to 17% from 1 April 2020. These changes were substantively enacted at the period end and therefore are included in these financial statements.

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

12. Intangible assets

	Development costs £	Software £	Goodwill £	Total £
Cost				
At 1 July 2018	551,684	-	45,658	597,342
Additions	371,844	13,545	-	385,389
At 30 June 2019	<u>923,528</u>	<u>13,545</u>	<u>45,658</u>	<u>982,731</u>
Amortisation				
At 1 July 2018	84,047	-	-	84,047
Charge for the year	254,373	3,289	16,603	274,265
At 30 June 2019	<u>338,420</u>	<u>3,289</u>	<u>16,603</u>	<u>358,312</u>
Net book value				
At 30 June 2019	<u>585,108</u>	<u>10,256</u>	<u>29,055</u>	<u>624,419</u>
At 30 June 2018	<u>467,637</u>	<u>-</u>	<u>45,658</u>	<u>513,295</u>

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. Tangible fixed assets

	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 July 2018	167,594	690,024	857,618
Additions	42,135	57,613	99,748
At 30 June 2019	<u>209,729</u>	<u>747,637</u>	<u>957,366</u>
Depreciation			
At 1 July 2018	75,889	403,868	479,757
Charge for the year	33,789	114,167	147,956
At 30 June 2019	<u>109,678</u>	<u>518,035</u>	<u>627,713</u>
Net book value			
At 30 June 2019	<u>100,051</u>	<u>229,602</u>	<u>329,653</u>
At 30 June 2018	<u>91,705</u>	<u>286,156</u>	<u>377,861</u>

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

14. Debtors

	2019 £	2018 £
Trade debtors	9,461,468	10,011,425
Amounts owed by group undertakings	21,202,558	18,896,921
Other debtors	382,810	184,664
Prepayments and accrued income	330,559	395,458
	<u>31,377,395</u>	<u>29,488,468</u>

15. Cash and cash equivalent

	2019 £	2018 £
Cash at bank and in hand	386,387	600,563
Less: invoice finance facility	(5,367,799)	(5,485,872)
	<u>(4,981,412)</u>	<u>(4,885,309)</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Invoice finance facility	5,367,799	5,485,872
Trade creditors	10,598,183	9,710,887
Taxation and social security	109,813	114,001
Other creditors	8,843	59,345
Accruals and deferred income	1,602,313	2,487,657
	<u>17,686,951</u>	<u>17,857,762</u>

A floating charge over the assets of the company is held by Clydesdale Bank Plc.

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

17. Deferred taxation

	2019 £
At beginning of year	(40,976)
Charged to profit or loss	(65,212)
At end of year	(106,188)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
FA timing differences	(110,425)	(45,214)
Short term timing differences	4,237	4,238
	<u>(106,188)</u>	<u>(40,976)</u>

18. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
33,444 (2018: 33,444) Ordinary shares shares of £1.00 each	33,444	33,444

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

ENTERPRISE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

20. Commitments under operating leases

At 30 June 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	300,218	335,404
Later than 1 year and not later than 5 years	457,764	1,002,111
Later than 5 years	308,797	48,236

21. Related party transactions

The company has taken advantage of the exemption in FRS 102 (section 33) 'Related party disclosure' not to disclose transactions with other members that are wholly owned within the Group.

22. Controlling party

The immediate parent undertaking is Moloney Technologies Limited by virtue of its 100% ownership of the company's ordinary share capital. The ultimate controlling party is EF Investco Limited.

The largest group in which the results of the company are consolidated is that headed by EF Investco Limited. The smallest group in which the results of the company are consolidated is that headed by EF Midco Limited. The consolidated accounts are available to the public and may be obtained from Companies House.