

REGISTERED NUMBER: 02704138 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 March 2021
for
CHELMER FOODS LIMITED**

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

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for the year ended 31 March 2021**

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CHELMER FOODS LIMITED

**Company Information
for the year ended 31 March 2021**

Directors:	R A Weaire J Weaire A J Smith P W Pleasant C E Wilding S J Heather
Secretary:	P W Pleasant
Registered office:	Coopers House 65a Wingletye Lane Hornchurch Essex RM11 3AT
Registered number:	02704138 (England and Wales)
Auditors:	Haines Watts Essex LLP Coopers House 65a Wingletye Lane Hornchurch Essex RM11 3AT

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

**Strategic Report
for the year ended 31 March 2021**

The directors present their strategic report for the year ended 31 March 2021.

Nature of operations and principal activities

The principal activity of the company during the year continued to be the import and distribution of dried fruits, edible nuts, seeds and pulses.

Review of business

Considering the varying and unexpected challenges that we faced in the year, we are pleased to report a solid trading performance. Although the Pandemic is ongoing, the business has successfully negotiated the challenges it has brought, with pleasing performance. Revenue has grown by 1.22%, in spite of the fact that a number of core commodities are trading at lower values than a year ago. We have sustained a steady growth in our volume sold, seeing an increase of 3.72% compared with the previous year. The reduction on margin, year on year, is in part due to increasing costs at port and increasing warehousing costs.

During the year, the the group holding company, Chelmer UK holdings Limited, acquired a Warehouse in Chatteris, Cambridgeshire. The Warehouse will compliment our long standing relationship with third party providers and will form a central part of the strategic development of the business, long term.

We continue to hold large volumes of both Dollar and Euro forward foreign exchange contracts to mitigate our exposure on the potential weakening of the pound. The revaluation of these forward derivatives has resulted in a positive impact on our financial results of over £1,285,000 compared with circa £717,000 losses in the prior year.

Principal risks and uncertainties

Market risk

In addition to the usual key drivers, market direction has been influenced by the Pandemic which has led to unpredictable demand patterns and has brought an extra dimension to predicting market direction. The business has managed this well to date, maintaining its high service levels. Supply from most core markets is adequate, however, the impact of short crops in other markets, will need to be carefully monitored.

Financial risk

Distortion of global trade patterns due to the impact of The Pandemic, has led to dramatically increased freight rates, a shortage of empty shipping containers in various locations and resultant delays in lead times. This situation is compounded by a chronic shortage of drivers within the UK, for both containerised and palletised transactions.

We have successfully mitigated the logistical impact to date, through careful planning, but the resultant costs may impact margin. Whilst we will continue to exercise diligence in an effort to maintain an appropriate stock profile, this will also lead to a significant impact on our working capital requirement.

Technical/Food safety & regulations

The Board are pleased to confirm that we once again attained our British Retail Consortium accreditation with AA grade. The business will strengthen its technical department in order that it remains well placed to meet industry requirements and customer expectation.

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

**Strategic Report
for the year ended 31 March 2021**

Section 172(1) statement

During the year end 31 March 2021, the Board of Chelmer Foods Limited considers, as individuals and collectively, that it has acted in good faith and in a way that would most likely promote the success of the company for the benefit of its members as a whole by having regard (amongst other matters) to:

- a. the likely long-term consequences of any decisions,
- b. the interests of the company's employees,
- c. the need to foster the company's business relationships with suppliers, customers and others,
- d. the impact of the company's operations on the community and the environment,
- e. the desirability of the company maintaining a reputation for high standards of business conduct, and
- f. the need to act fairly as between members of the company.

Our people

The company is committed to being a responsible and professional business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. Our staff, investors and clientèle are always at the forefront of our minds when making key business decisions. We encourage and support our staff to enhance their knowledge and grow within the business, creating a strong and stable team. We see this as the basic foundation on which this company has had its success.

Business relationships

We are always looking for ways to grow our business. This would not be possible without the continuous support of our supply base. We strive for long-standing relationships with our key suppliers. This enables us to enhance our portfolio and offer a wide range of products to attract and maintain new and existing customers. We are also proud to have long-standing relationships with key service providers and professional bodies which has helped to bring us much success in the past and will provide continued success in the future.

Environmental impact

The company encourages the use of recycled products to the best of its ability. We continue to annually declare our packing waste in line with government regulations.

Greenhouse gas emissions, energy consumption and energy efficiency disclosures are not required as the company's consumed less than 40,000 kWh of energy during the year to 31 March 2021.

Financial key performance indicators

	2021	2020
Turnover - £'000	73,890	72,998
Gross Margin - %	4.86%	6.07%

Other key performance indicators

	2021	2020
Volume - tonnage	38,380	37,005

On behalf of the board:

J Weaire - Director

1 December 2021

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

**Report of the Directors
for the year ended 31 March 2021**

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

Dividends

No dividends will be distributed for the year ended 31 March 2021.

Directors

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

R A Weaire
J Weaire
A J Smith
P W Pleasant
C E Wilding
S J Heather

Financial instruments

Use of derivatives

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of purchases of foreign currency used to settle material cost charges in foreign currencies.

Disclosure in the strategic report

Information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) regulations 2008 is set out in the Strategic Report in accordance with 1.141C(11) Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

**Report of the Directors
for the year ended 31 March 2021**

Auditors

The auditors, Haines Watts Essex LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

J Weaire - Director

1 December 2021

**Report of the Independent Auditors to the Members of
Chelmer Foods Limited**

Opinion

We have audited the financial statements of Chelmer Foods Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The directors' view on the impact of COVID-19 is disclosed in note 3 to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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.

**Report of the Independent Auditors to the Members of
Chelmer Foods Limited**

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

**Report of the Independent Auditors to the Members of
Chelmer Foods Limited**

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 a Report of the Auditors 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:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to material misstatement in the financial statements. We determined that the most significant included, but are not limited to, those that relate to the reporting framework, the Companies Act 2006 and taxation laws. We understood how the company is complying with those legal and regulatory frameworks by making enquires of management. We corroborated our enquiries through our review of underlying supporting documentation.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Our audit procedures in relation to fraud included but were not limited to:

- identifying and gaining an understanding of the internal controls management has in place to prevent and detect fraud;
- meeting/discussing how fraud might occur with directors and management
- discussing the risks of fraud amongst the engagement team;
- assessing the significant estimates and judgements in the financial statements for possible manipulation or management bias;
- identifying and testing journal entries, in particular any journals indicating large or unusual transactions based on our understanding of the business;
- assessing the extent of compliance with the relevant laws and regulations.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those relating to a material misstatement in the financial statements, or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The primary responsibility for the prevention and detection of irregularities including fraud remains with management.

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 Report of the Auditors.

**Report of the Independent Auditors to the Members of
Chelmer Foods Limited**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Ian Gorsuch (Senior Statutory Auditor)
for and on behalf of Haines Watts Essex LLP
Coopers House
65a Wingletye Lane
Hornchurch
Essex
RM11 3AT

7 December 2021

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

**Statement of Income and
Retained Earnings
for the year ended 31 March 2021**

	Notes	2021 £	2020 £
Turnover	4	73,889,802	72,998,029
Cost of sales		(70,296,341)	(68,566,660)
Gross profit		3,593,461	4,431,369
Administrative expenses		(1,706,938)	(1,791,013)
		1,886,523	2,640,356
Other operating income		13,231	-
Operating profit	7	1,899,754	2,640,356
Interest receivable and similar income		9,754	34,605
		1,909,508	2,674,961
Gain/loss on revaluation of assets		1,285,735	(717,422)
		3,195,243	1,957,539
Interest payable and similar expenses	8	(444)	(448)
Profit before taxation		3,194,799	1,957,091
Tax on profit	9	(608,180)	(394,444)
Profit for the financial year		2,586,619	1,562,647
Retained earnings at beginning of year		21,361,117	19,798,470
Retained earnings at end of year		<u>23,947,736</u>	<u>21,361,117</u>

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

Statement of Financial Position
31 March 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	10		396,807		401,241
Current assets					
Stocks	11	11,025,905		8,486,318	
Debtors	12	16,566,761		13,297,307	
Cash at bank		4,116,088		6,845,895	
		31,708,754		28,629,520	
Creditors					
Amounts falling due within one year	13	7,982,638		7,668,644	
Net current assets			23,726,116		20,960,876
Total assets less current liabilities			24,122,923		21,362,117
Provisions for liabilities	16		174,187		-
Net assets			23,948,736		21,362,117
Capital and reserves					
Called up share capital	17		1,000		1,000
Retained earnings	18		23,947,736		21,361,117
Shareholders' funds			23,948,736		21,362,117

The financial statements were approved by the Board of Directors and authorised for issue on 1 December 2021 and were signed on its behalf by:

J Weaire - Director

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

Statement of Cash Flows
for the year ended 31 March 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	(2,403,332)	1,009,751
Interest paid		(444)	(448)
Tax paid		(425,000)	(550,000)
Government grants		13,231	-
Net cash from operating activities		<u>(2,815,545)</u>	<u>459,303</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(25,217)	(9,191)
Interest received		9,754	34,605
Net cash from investing activities		<u>(15,463)</u>	<u>25,414</u>
Cash flows from financing activities			
Amount introduced by directors		101,201	139,000
Net cash from financing activities		<u>101,201</u>	<u>139,000</u>
(Decrease)/increase in cash and cash equivalents		<u>(2,729,807)</u>	<u>623,717</u>
Cash and cash equivalents at beginning of year	2	6,845,895	6,222,178
Cash and cash equivalents at end of year	2	<u><u>4,116,088</u></u>	<u><u>6,845,895</u></u>

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

Notes to the Statement of Cash Flows
for the year ended 31 March 2021

1. Reconciliation of profit before taxation to cash generated from operations		2021	2020
		£	£
Profit before taxation		3,194,799	1,957,091
Depreciation charges		29,650	28,662
FV (gain)/loss on derivatives		(1,285,735)	717,422
Government grants		(13,231)	-
Finance costs		444	448
Finance income		(9,754)	(34,605)
		<u>1,916,173</u>	<u>2,669,018</u>
(Increase)/decrease in stocks		(2,539,587)	1,973,745
Increase in trade and other debtors		(2,557,723)	(2,611,458)
Increase/(decrease) in trade and other creditors		777,805	(1,021,554)
Cash generated from operations		<u>(2,403,332)</u>	<u>1,009,751</u>
2. Cash and cash equivalents			
The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:			
Year ended 31 March 2021			
		31.3.21	1.4.20
		£	£
Cash and cash equivalents		<u>4,116,088</u>	<u>6,845,895</u>
Year ended 31 March 2020			
		31.3.20	1.4.19
		£	£
Cash and cash equivalents		<u>6,845,895</u>	<u>6,222,178</u>
3. Analysis of changes in net funds			
	At 1.4.20	Cash flow	At 31.3.21
	£	£	£
Net cash			
Cash at bank	<u>6,845,895</u>	<u>(2,729,807)</u>	<u>4,116,088</u>
	<u>6,845,895</u>	<u>(2,729,807)</u>	<u>4,116,088</u>
Total	<u>6,845,895</u>	<u>(2,729,807)</u>	<u>4,116,088</u>

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

**Notes to the Financial Statements
for the year ended 31 March 2021**

1. **Statutory information**

Chelmer Foods Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **Statement of compliance**

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

3. **Accounting policies**

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed and considered relevant information, including the annual budget and forecasts in making their assessments. In particular, the directors have taken into account the impact on their business of possible scenarios caused by the COVID-19 pandemic, alongside the measures that they have taken to mitigate the impact. Based on these assessments, and given the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the financial statements.

Key source of estimation, uncertainty and judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. Management considers factors including current credit rating of the debtor, the ageing profile of debtors and historical experience.

Valuation of stocks

The company makes an estimate of the net realisable value of the goods it holds for resale, based in the condition and age of the goods held. Management also considers current and future market conditions that may have an effect on the value of the products. An impairment provision is made where net realisable value is estimated to be lower than the cost.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods.

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

**Notes to the Financial Statements - continued
for the year ended 31 March 2021**

3. **Accounting policies - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2%	straight line
Office equipment	- 15%	reducing balance
Computer equipment	- 25%	reducing balance

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and any accumulated impairment losses.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review of indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Government grants

Government grants are recognised at the fair value of the amounts received or receivable using the accruals model.

Under the accruals model, government grants relating to revenue are recognised on a systematic basis over the period in which the company recognises the related costs for which the grant is intended to compensate.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

**Notes to the Financial Statements - continued
for the year ended 31 March 2021**

3. **Accounting policies - continued**

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors with no stated interest and are receivable or payable within one year are classified as basic financial instruments and recorded at transaction price. Any losses from impairment are recognised in the income statement in administrative expenses.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts.

Loans from directors are stated at transaction price. All loans are repayable on demand and no interest is charged.

Derivative financial instruments are initially measured at fair value at the date on which a derivative contract is entered into and are subsequently measured at fair value through the income statement..

The company uses derivatives in the form of forward foreign exchange currency contracts to facilitate the purchase of goods invoiced in foreign currencies. The value of the contract at the year-end is computed by comparison of the contract rate with the rate of an equivalent instrument at the statement of financial position date.

Fair value profits and losses that arise from the year end valuation of forward foreign exchange contracts, where they relate to the same class of contract and are contracted to the same bank, are netted off and are shown as one amount measured through the income statement after operating profit.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

Notes to the Financial Statements - continued
for the year ended 31 March 2021

3. Accounting policies - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

4. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
United Kingdom	71,957,501	70,987,219
Europe	1,850,961	1,735,121
Rest of the world	81,340	275,689
	<u>73,889,802</u>	<u>72,998,029</u>

5. Employees and directors

	2021	2020
	£	£
Wages and salaries	1,180,464	1,176,658
Social security costs	133,227	135,211
Other pension costs	71,826	52,268
	<u>1,385,517</u>	<u>1,364,137</u>

The average number of employees during the year was as follows:

	2021	2020
Office and management	<u>24</u>	<u>23</u>

6. Directors' emoluments

	2021	2020
	£	£
Directors' remuneration	651,976	736,805
Directors' pension contributions to money purchase schemes	<u>45,000</u>	<u>29,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>6</u>	<u>6</u>
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Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	204,826	216,481
Pension contributions to money purchase schemes	<u>20,000</u>	<u>10,000</u>

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

Notes to the Financial Statements - continued
for the year ended 31 March 20217. **Operating profit**

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

	2021	2020
	£	£
Depreciation - owned assets	29,651	28,662
Auditors' remuneration	27,000	18,000
Other non- audit services	17,590	4,307
Exchange (gain)/loss	<u>(67,791)</u>	<u>135,601</u>

8. **Interest payable and similar expenses**

	2021	2020
	£	£
Bank interest	<u>444</u>	<u>448</u>

9. **Taxation****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	363,087	530,444
Deferred tax	<u>245,093</u>	<u>(136,000)</u>
Tax on profit	<u>608,180</u>	<u>394,444</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Profit before tax	<u>3,194,799</u>	<u>1,957,091</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	607,012	371,847
Effects of:		
Expenses not deductible for tax purposes	3	19,098
Depreciation in excess of capital allowances	<u>1,165</u>	<u>3,499</u>
Total tax charge	<u>608,180</u>	<u>394,444</u>

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

Notes to the Financial Statements - continued
for the year ended 31 March 2021

10. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Totals £
Cost			
At 1 April 2020	418,544	224,707	643,251
Additions	-	25,217	25,217
At 31 March 2021	<u>418,544</u>	<u>249,924</u>	<u>668,468</u>
Depreciation			
At 1 April 2020	83,710	158,300	242,010
Charge for year	8,371	21,280	29,651
At 31 March 2021	<u>92,081</u>	<u>179,580</u>	<u>271,661</u>
Net book value			
At 31 March 2021	<u>326,463</u>	<u>70,344</u>	<u>396,807</u>
At 31 March 2020	<u>334,834</u>	<u>66,407</u>	<u>401,241</u>

11. Stocks

	2021 £	2020 £
Stocks	<u>11,025,905</u>	8,486,318

12. Debtors: amounts falling due within one year

	2021 £	2020 £
Trade debtors	11,303,491	13,055,287
Other debtors	4,227,999	1,884
Derivative financial assets	782,637	-
VAT	133,763	97,359
Deferred tax asset	-	70,906
Prepayments and accrued income	118,871	71,871
	<u>16,566,761</u>	<u>13,297,307</u>

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

Notes to the Financial Statements - continued
for the year ended 31 March 2021

13. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	5,768,262	4,959,477
Tax	128,723	193,160
Social security and other taxes	193,028	227,420
Other creditors	64,562	66,787
Derivative financial liability	-	503,098
Directors' current accounts	1,693,128	1,591,927
Accruals and deferred income	<u>134,935</u>	<u>126,775</u>
	<u>7,982,638</u>	<u>7,668,644</u>

14. Secured debts

Bank overdrafts and borrowings are secured by a fixed and floating charge over the company's assets.

15. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2021	2020
	£	£
Financial assets measured at fair value through profit or loss		
Derivative financial assets/(liabilities)	<u>782,637</u>	<u>(503,098)</u>

Derivatives

Derivative financial instruments are initially measured at a fair value at the date on which a derivative contract is entered into and subsequently measured at a fair value through profit or loss.

The company uses derivatives in the form of forward foreign currency contracts to facilitate the purchase of goods invoiced in foreign currencies. The fair value of the contract at the year end is computed by comparison of the contract rate with the rate of an equivalent instrument at the balance sheet date.

16. Provisions for liabilities

	2021	
	£	
Deferred tax	<u>174,187</u>	
		Deferred tax
		£
Balance at 1 April 2020		(70,906)
Accelerated capital allowances		803
Fair value adj - derivatives		<u>244,290</u>
Balance at 31 March 2021		<u>174,187</u>

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

Notes to the Financial Statements - continued
for the year ended 31 March 2021

16. Provisions for liabilities - continued

The deferred tax account consists of the tax effect of timing difference in respect of:

	2021	2020
£		
£		
Accelerated capital allowances	(25,486)	(24,683)
Fair value adjustment derivatives	<u>(148,701)</u>	<u>95,589</u>
Included in assets/(provisions)	<u><u>(174,187)</u></u>	<u><u>70,906</u></u>

The expected net reversal of deferred tax assets and liabilities in 2022 is a reduction in net liabilities of £151,831.

This is due to the reversal of the following:

- reduction in deferred tax liabilities of £3,130, relating to changes in the annual timing difference between depreciation and capital allowances.
- reduction in deferred tax liabilities of £148,701, relating to the maturity of the derivatives that give rise to the fair value adjustment.

17. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
1,000	Ordinary	£1	<u><u>1,000</u></u>	<u><u>1,000</u></u>

18. Reserves

	Retained earnings
	£
At 1 April 2020	21,361,117
Profit for the year	<u>2,586,619</u>
At 31 March 2021	<u><u>23,947,736</u></u>

Retained earnings represents cumulative profits and losses net of dividends and other adjustments.

19. Related party disclosures

Entities with control, joint control or significant influence over the entity

	2021	2020
	£	£
Amount due from related party	<u><u>4,156,015</u></u>	<u><u>-</u></u>

CHELMER FOODS LIMITED (REGISTERED NUMBER: 02704138)

**Notes to the Financial Statements - continued
for the year ended 31 March 2021**

19. **Related party disclosures - continued**

Entities over which the entity has control, joint control or significant influence

	2021 £	2020 £
Purchases	62,002	-
Amount due to related party	<u>3,613</u>	<u>-</u>

Key management personnel of the entity

	2021 £	2020 £
Amount due to related party	<u>1,693,128</u>	<u>1,591,927</u>

All amounts owed to key management personnel represent unsecured, interest free loans repayable on demand.

Other related parties

	2021 £	2020 £
Compensation paid to family members of key management personnel	<u>36,598</u>	<u>22,971</u>

During the year, a total of key management personnel compensation of £ 696,807 (2020 - £ 765,805) was paid.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company.

20. **Ultimate controlling party**

The ultimate controlling party is R A Weaire.

