

FENMARC PRODUCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 JUNE 2021

Whitings LLP
Chartered Accountants
The Old School House
Dartford Road
March
Cambridgeshire
PE15 8AE

FENMARC PRODUCE LIMITED

COMPANY INFORMATION

Directors	MA Harrod MF Walton PJ Beckett MJ Walton HD Wilson
Registered number	02508638
Registered office	178 Gosmoor Lane Elm Wisbech Cambridgeshire PE14 0EG
Independent auditors	Whitings LLP Chartered Accountants & Statutory Auditor The Old School House Dartford Road March Cambridgeshire PE15 8AE
Bankers	Santander UK Plc Santander House AHMG83 201 Grafton Gate East Milton Keynes MK9 1AN

FENMARC PRODUCE LIMITED

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FENMARC PRODUCE LIMITED

STRATEGIC REPORT
FOR THE PERIOD ENDED 26 JUNE 2021

Business review

As a Board, we acknowledge the challenging trading conditions, and are satisfied with the financial results for the year. Our strategy to maximise our utilisation of factory capacity and focus on reducing costs and increasing efficiencies has enabled us to minimise the impact to operating profit. We are disappointed that the COVID-19 pandemic has continued to stifle the growth in financial performance of the business.

The impact of which can be seen in over £300,000 of directly attributable costs such as sick pay, testing and social distancing measures. We have also seen the effect of less quantifiable costs such as managements time and focus and the changes in shopper's buying habits and resulting decline in sales.

Since the year end, and at the time of writing, the costs associated with COVID-19 have continued to impact the business. Further challenges are also being seen through significant inflationary pressures, and we are working with the whole supply chain to minimise the impact to our business and customers. Despite these challenging conditions, we are delighted to have successfully onboarded two new significant retail customers in this period.

We remain focused on our investment in people and are now recognised as a living wage employer. We are proud of our culture of safety that continues to exist in the business, with the Company's health and safety statistics as testimony to that. We also remain committed to our investment and automation strategy, which is evidenced by £2 million of capital expenditure in this year, playing a significant part in minimising inflation.

We remain confident about the future and in the Company's ability to drive the business forward. We continue to take advantage of opportunities as they arise with both current and new retail customers.

Principal risks and uncertainties

The business operates in a highly competitive market place, particularly around price, quality and availability. In order to mitigate the risks that these pressures can put on margins we are continually reviewing the requirements of our customers and the workings of our supply chain to ensure we are best placed to deliver great quality at good value.

The nature of the core business is the sourcing and supply of fresh produce and as a result the business is always faced with the uncertainties of weather and its impact on both the supply of products and the demand for products. However the business has traded in this market for many years and has a well established team of talented individuals who mitigate these risks.

FENMARC PRODUCE LIMITED Financial Accounts 2021-06-26

Financial key performance indicators

The Company uses a number of financial measures to monitor progress against strategies and corporate objectives. These include turnover, gross profit, net profit and net worth.

FENMARC PRODUCE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 JUNE 2021

Directors' statement of compliance with duty to promote the success of the Company

As a Board, we have a legal responsibility under section 172 of the Companies Act 2006 to act in a way we consider, in good faith, would be most likely to promote the success of the company for the benefits of its members as a whole and have a regard to the long-term effect of our decisions on the Company, its stakeholders and the environment. How we fulfil this responsibility is outlined within the Directors' Report.

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

.....
MA Harrod
Director

Date: 28 March 2022

FENMARC PRODUCE LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 26 JUNE 2021**

The directors present their report and the financial statements for the period ended 26 June 2021.

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.

Principal activity

Results and dividends

The results for the year are set out in the attached financial statements.

The profit for the period, before taxation, amounted to £1,007 *thousand* (2020 - £1,276 *thousand*).

A dividend of £120 thousand was proposed and paid during the year (2020: £120 *thousand*).

Directors

The directors who served during the period were:

MA Harrod
MF Walton
PJ Beckett
MJ Walton
HD Wilson

FENMARC PRODUCE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 JUNE 2021**

Environmental policy

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

The directors are confident the business is well placed with talent, facilities and investment opportunities to take advantage of the future and to continue to grow the business in terms of both sales and profit.

Our Colleagues and Community

The Company values the contribution made by colleagues and communicates with them regularly through, listening groups and colleague briefings.

It is committed to an active policy of equal opportunity from selection and recruitment, through training and development, appraisal and promotion to retirement. The policy promotes an environment free from discrimination, harassment and victimisation where all colleagues can receive equal treatment.

The Company gives full and fair consideration to the recruitment of disabled persons. Where disabled persons are employed their training and development are encouraged and assisted. This includes retraining for alternative work for employees that become disabled.

The Company supports local communities and charities by way of financial and product donations. This year's projects have included vegetable boxes for our vulnerable neighbours, NHS workers, schools and other charities. In addition, the Company is happy to support colleagues in their fundraising efforts.

Engagement with suppliers, customers and others

Integrity is at the heart of how the Company operates.

The Company works collaboratively with its retail customers and is recognised by them for their consistently high quality, good value, excellent service and strong innovation.

The relationships both with growers/suppliers of raw material and suppliers of other key goods and services are equally important. The Company develop longstanding relationships with raw material suppliers who are experts in their field in order to provide year-round availability at sustainable prices and work closely with their key non-raw material suppliers to deliver great value, service and innovation to the business to continually drive the Company forward.

FENMARC PRODUCE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 JUNE 2021

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company's greenhouse gas emissions and energy consumption for the year ended 31 March 2021 was 310.5 Tonnes of CO2 emissions (2020: 57.8 tonnes) and 2,149 thousand kWh (2020: 2,134 thousand kWh). This equates to 16.9kg CO2/tonne sold (2020: 2.8kg CO2/tonne sold).

The consumption of electricity increased by less than 1% in the year to March 2021. The increase in CO2/kWh is a result of changes in the mix of fuels used to generate the electricity over which we have no control.

The calculations are based on fuel mix reports provided by our energy supplier for the OFGEM Fuel Mix Disclosure reporting period. In the period 1 April 2020 to 30 September 2020 the Company's electricity was from a Conventional fuel mix, from 1 October 2020 the Company's electricity was from renewable source with zero CO2 emissions.

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, Whittings 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.

.....
MA Harrod
Director

Date: 28 March 2022

FENMARC PRODUCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FENMARC PRODUCE LIMITED

Opinion

We have audited the financial statements of Fenmarc Produce Limited (the 'Company') for the period ended 26 June 2021, which comprise the Statement of comprehensive income, the Balance sheet, 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 26 June 2021 and of its profit for the period 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.

FENMARC PRODUCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FENMARC PRODUCE 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. 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 period 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 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.

FENMARC PRODUCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FENMARC PRODUCE 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:

- Enquiry of management around actual and potential litigation and claims;
- Reviewing financial statement disclosures and testing supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading 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.

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.

Andrew R Band FCA (Senior statutory auditor)
for and on behalf of

Whittings LLP

Chartered Accountants & Statutory Auditor

The Old School House

Dartford Road

March

Cambridgeshire

PE15 8AE

30 March 2022

FENMARC PRODUCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 26 JUNE 2021

	Note	2021 £000	2020 £000
Turnover	4	40,222	40,570
Cost of sales		(33,404)	(34,012)
Gross profit		6,818	6,558
Administrative expenses		(5,747)	(5,181)
Other operating income	5	55	48
Operating profit		1,126	1,425
Interest receivable and similar income	9	-	1
Interest payable and similar expenses	10	(119)	(150)
Profit before tax		1,007	1,276
Tax on profit	11	(407)	(254)
Profit for the financial period		600	1,022

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 13 to 30 form part of these financial statements.

FENMARC PRODUCE LIMITED
REGISTERED NUMBER: 02508638

BALANCE SHEET
AS AT 26 JUNE 2021

	Note	26 June 2021 £000	27 June 2020 £000
Fixed assets			
Tangible assets	12	7,502	6,796
		<u>7,502</u>	<u>6,796</u>
Current assets			
Stocks	13	643	554
Debtors: amounts falling due within one year	14	10,229	8,670
Cash at bank and in hand	15	381	105
		<u>11,253</u>	<u>9,329</u>
Creditors: amounts falling due within one year	16	(9,270)	(6,996)
Net current assets		<u>1,983</u>	<u>2,333</u>
Total assets less current liabilities		<u>9,485</u>	<u>9,132</u>
Creditors: amounts falling due after more than one year	17	(2,203)	(2,681)
Provisions for liabilities			
Deferred tax	20	(739)	(388)
		<u>(739)</u>	<u>(388)</u>
Net assets		<u><u>6,543</u></u>	<u><u>6,063</u></u>

FENMARC PRODUCE LIMITED
REGISTERED NUMBER: 02508638

BALANCE SHEET (CONTINUED)
AS AT 26 JUNE 2021

	Note	26 June 2021 £000	27 June 2020 £000
Capital and reserves			
Called up share capital	21	1,107	1,107
Share premium account	22	3	3
Other reserves	22	1,491	1,491
Profit and loss account	22	3,942	3,462
		<u>6,543</u>	<u>6,063</u>

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

.....
MA Harrod
Director

Date: 28 March 2022

The notes on pages 13 to 30 form part of these financial statements.

FENMARC PRODUCE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 JUNE 2021

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 29 June 2019	1,107	3	1,491	2,560	5,161
Comprehensive income for the period					
Profit for the period	-	-	-	1,022	1,022
Dividends: Equity capital	-	-	-	(120)	(120)
At 27 June 2020	1,107	3	1,491	3,462	6,063
Comprehensive income for the period					
Profit for the period	-	-	-	600	600
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	600	600
Dividends: Equity capital	-	-	-	(120)	(120)
Total transactions with owners	-	-	-	(120)	(120)
At 26 June 2021	<u>1,107</u>	<u>3</u>	<u>1,491</u>	<u>3,942</u>	<u>6,543</u>

The notes on pages 13 to 30 form part of these financial statements.

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

1. General information

Fenmarc Produce Limited is a company limited by shares and incorporated and domiciled in the UK. The registered number is 02508638 and the registered address is 178 Gosmoor Lane, Elm, Wisbech, Cambridgeshire, PE14 0EG.

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 presentation currency of these financial statements is sterling. All amounts within the financial statements have been rounded to the nearest £1,000.

The Company's accounting reference date is 30 June. Financial statements are drawn up for a 52-week period ending within seven days of the accounting reference date, at which time a 53-week period is used.

The Company's ultimate parent undertaking, Fenmarc Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statement of Fenmarc Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from the address given on the company information page. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures;

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

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:

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

2. Accounting policies (continued)

2.2 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 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.

2.3 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.

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.

2.4 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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 Interest income

interest income is recognised in profit or loss using the effective interest method.

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

2. Accounting policies (continued)

2.7 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.

2.8 Borrowing costs

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

2.9 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 Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the period 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 balance sheet 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 Balance sheet 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 balance sheet date.

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

2. Accounting policies (continued)

2.11 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Land is not depreciated. Depreciation on other assets 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	- 10 to 20 years
Plant and machinery	- 3 to 10 years
Office/computer equipment	- 2 to 5 years

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.

2.12 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 standard cost 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.

2.13 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.

2.14 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.

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

2. Accounting policies (continued)

2.15 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.

2.16 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 Balance sheet 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 Balance sheet.

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

2. Accounting policies (continued)

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 non-puttable ordinary shares.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final

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

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other relevant factors. In some cases, actual results may differ from these estimates.

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

There are no estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

4. Turnover

Turnover represents the amounts derived from the provision of goods after deduction of value added tax. The turnover and profits are entirely attributable to the Company's main activity of packaging and further processing of fresh and prepared produce. All turnover is derived from activities undertaken in the United Kingdom. Any discounts are presented within turnover in the Profit & Loss Account.

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £000	2020 £000
Government grants receivable	55	46
	<u>55</u>	<u>46</u>

Government grants have all been received by way of the Coronavirus job retention scheme. In line with government guidance, support was accessed to assist colleagues to shield if they were clinically vulnerable to serious illness had they contracted COVID-19.

6. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>13</u>	<u>10</u>

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

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

7. Employees

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

	2021 £000	2020 £000
Wages and salaries	6,768	6,286
Social security costs	615	562
Cost of defined contribution scheme	159	164
	<u>7,542</u>	<u>7,012</u>

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

	2021 No.	2020 No.
Directors	5	5
Other salaried staff	58	56
Non-salaried staff	191	195
	<u>254</u>	<u>256</u>

8. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	463	345
Company contributions to defined contribution pension schemes	32	37
	<u>495</u>	<u>382</u>

During the period retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £147 thousand (2020 - £130 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1 thousand (2020 - £1 thousand).

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

9. Interest receivable

	2021 £000	2020 £000
Bank interest	-	1
	<u>-</u>	<u>1</u>

10. Interest payable and similar expenses

	2021 £000	2020 £000
Bank interest payable	48	67
Finance leases and hire purchase contracts	71	83
	<u>119</u>	<u>150</u>

11. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	52	98
Adjustments in respect of previous periods	3	(13)
	<u>55</u>	<u>85</u>
Total current tax	<u>55</u>	<u>85</u>
Deferred tax		
Origination and reversal of timing differences	230	169
Changes to tax rates	122	-
	<u>352</u>	<u>169</u>
Total deferred tax	<u>352</u>	<u>169</u>
Taxation on profit on ordinary activities	<u>407</u>	<u>254</u>

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19 %). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	<u>1,007</u>	<u>1,276</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	191	242
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6	1
Capital allowances for period in excess of depreciation	27	24
Adjustments to tax charge in respect of prior periods	3	(13)
Effect of change of rate used for deferred tax	122	-
Other timing differences	58	-
Total tax charge for the period	<u>407</u>	<u>254</u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 (on 24 May 2021). This means that the 25% main rate of corporation tax and marginal relief will be relevant for any asset sales or timing differences expected to reverse on or after 1 April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

12. Tangible fixed assets

	Freehold property	Plant and machinery	Office equipment	Assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 28 June 2020	3,852	7,171	274	853	12,150
Additions	20	102	32	1,830	1,984
Disposals	-	(512)	-	-	(512)
Transfers between classes	-	2,306	-	(2,306)	-
At 26 June 2021	3,872	9,067	306	377	13,622
Depreciation					
At 28 June 2020	1,351	3,816	184	-	5,351
Charge for the period	152	960	59	-	1,171
Disposals	-	(402)	-	-	(402)
At 26 June 2021	1,503	4,374	243	-	6,120
Net book value					
At 26 June 2021	2,369	4,693	63	377	7,502
At 27 June 2020	2,501	3,355	90	853	6,799

The net book value of assets held under finance leases or hire purchase contracts, included above, are £2,277 thousand (2020: £2,876 thousand). Depreciation of £546 thousand was charged on these assets during the year.

13. Stocks

	26 June 2021 £000	27 June 2020 £000
Goods for resale	193	170
Packaging	214	178
Other	236	206

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

14. Debtors

	26 June	<i>27 June</i>
	2021	<i>2020</i>
	£000	<i>£000</i>
Trade debtors	4,105	<i>3,261</i>
Amounts owed by group undertakings	150	<i>-</i>
Other debtors	5,595	<i>5,199</i>
Prepayments and accrued income	379	<i>210</i>
	<u>10,229</u>	<u><i>8,670</i></u>

15. Cash and cash equivalents

	26 June	<i>27 June</i>
	2021	<i>2020</i>
	£000	<i>£000</i>
Cash at bank and in hand	381	<i>105</i>
	<u>381</u>	<u><i>105</i></u>

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

16. Creditors: Amounts falling due within one year

	26 June 2021 £000	27 June 2020 £000
Invoice discounting facility	2,696	880
Bank loans	1,282	89
Trade creditors	3,025	3,344
Amounts owed to group undertakings	-	118
Amounts owed to related undertakings	164	263
Corporation tax	61	98
Other taxation and social security	154	721
Obligations under finance lease and hire purchase contracts	760	749
Other creditors	70	77
Accruals and deferred income	1,058	657
	<u>9,270</u>	<u>6,996</u>

The following liabilities were secured:

	26 June 2021 £000	27 June 2020 £000
Invoice discounting facility	2,696	880
Bank term loan	1,282	89
Obligations under finance lease and hire purchase contracts	760	749
	<u>4,738</u>	<u>1,718</u>

Details of security provided:

The invoice discounting facility is secured against the sales ledger debtors. The finance lease liabilities are secured against the asset to which they relate. The term loan is secured against the land and buildings at Gosmoor Lane, Wisbech, Cambridgeshire.

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

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

	26 June 2021 £000	27 June 2020 £000
Bank loans	1,200	982
Net obligations under finance leases and hire purchase contracts	1,003	1,695
	<u>2,203</u>	<u>2,681</u>

The following liabilities were secured:

	26 June 2021 £000	27 June 2020 £000
Bank term loan	1,200	982
Net obligations under finance leases and hire purchase contract	1,003	1,695
	<u>2,203</u>	<u>2,681</u>

Details of security provided:

The finance lease liabilities are secured against the asset to which they relate. The term loan is secured against the land and buildings at Gosmoor Lane, Wisbech, Cambridgeshire.

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

18. Loans

One bank loan bears interest at 3.8% over base rate, and is repayable by installments. The year of maturity on this loan is 2026.
The second bank loan bears interest at 1.75% above LIBOR, and is repayable by equal monthly repayments plus a final payment. The year of maturity on this loan is 2022.

Analysis of the maturity of loans is given below:

	26 June	<i>27 June</i>
	2021	<i>2020</i>
	£000	<i>£000</i>
Amounts falling due within one year		
Bank loans	1,282	89
	<u>1,282</u>	<u>89</u>
Amounts falling due 1-5 years		
Bank loans	1,200	982
	<u>1,200</u>	<u>982</u>
	<u>2,482</u>	<u><i>1,071</i></u>

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	26 June	<i>27 June</i>
	2021	<i>2020</i>
	£000	<i>£000</i>
Within one year	760	749
Between 1-5 years	1,003	1,699
	<u>1,003</u>	<u>1,699</u>

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

20. Deferred taxation

	2021 £000
At beginning of year	387
Charged to profit or loss	352
At end of year	<u>739</u>

The provision for deferred taxation is made up as follows:

	26 June 2021 £000	27 June 2020 £000
Accelerated capital allowances	739	387
	<u>739</u>	<u>387</u>

21. Share capital

	26 June 2021 £000	27 June 2020 £000
Allotted, called up and fully paid		
1,007,154 (2020 - 1,007,154) Ordinary voting shares shares of £1.00 each	1,007	1,007
100,000 (2020 - 100,000) Ordinary non-voting shares shares of £1.00 each	100	100
	<u>1,107</u>	<u>1,107</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time. The voting shares are entitled to one vote per share at meetings of the Company.

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

22. Reserves

Share premium account

The balance classified as share premium relates to the aggregate net proceeds less nominal value of shares on issue of the Company's equity share capital.

Other reserves

As part of the restructuring in 2015, amounts owed to and from group undertakings were forgiven. Where these were amounts owed to group undertakings this was accounted for as a capital contribution. Where these were amounts owed from group undertakings this was accounted for as a dividend.

Profit and loss account

Represents all current and prior period retained profits and losses, less dividends paid.

23. Capital commitments

At 26 June 2021 the Company had capital commitments as follows:

	26 June 2021 £000	<i>27 June 2020 £000</i>
Contracted for but not provided in these financial statements	215	<i>1,506</i>
	<u>215</u>	<i><u>1,506</u></i>

24. 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 £159 thousand (2020: £164 thousand). Contributions totalling £8 thousand (2020: £20 thousand) were payable to the fund at the balance sheet date and are included in creditors.

FENMARC PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2021

25. Commitments under operating leases

At 26 June 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	26 June 2021 £000	<i>27 June 2020 £000</i>
Not later than 1 year	201	<i>212</i>
Later than 1 year and not later than 5 years	40	<i>59</i>
	241	<i>271</i>

26. Related party transactions

Included within debtors is a balance of £2,690 thousand (*2020: £2,191 thousand*) due from companies in the group headed by Agellus One Limited, a group controlled by RE Harrod, spouse of MA Harrod. During the year the Company received charges from this group of £1 thousand (*2020: £7 thousand*) and made charges to the group of £41 thousand (*2020: £40 thousand*).

Included within debtors is a balance of £2,347 thousand (*2020: £2,342 thousand*) due from Lifecrown Investments Limited, a company controlled by MA Harrod.

Included within creditors falling due within one year is a balance of £164 thousand (*2020: £263 thousand*) due to Evolution Flowers Limited, a company controlled by MA Harrod.

Key management personnel are considered to be the directors of the company, remuneration of these individuals is disclosed within note 8.

27. Controlling party

The Company is a subsidiary undertaking of Fenmarc Holdings Limited, registered address of 178 Gosmoor Lane, Elm, Wisbech, Cambridgeshire, England, PE14 0EG. The ultimate controlling party is MA Harrod who holds a majority shareholding in Fenmarc Holdings Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by Fenmarc Holdings Limited, incorporated in England and Wales. The consolidated financial statements of the groups are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

