

COMPANY REGISTRATION NUMBER: 03831143

**REGISTRAR OF
COMPANIES**

Worldwide Fruit Limited
Financial Statements
28 December 2019



BURGESS HODGSON LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

Worldwide Fruit Limited
Financial Statements
Year ended 28 December 2019

Contents	Page
Strategic report	1
Directors' report	4
Independent auditor's report to the members	8
Statement of income and retained earnings	12
Statement of financial position	13
Statement of cash flows	14
Notes to the financial statements	15

Worldwide Fruit Limited

Strategic Report

Year ended 28 December 2019

The directors present their strategic report for the 52 weeks ended 28 December 2019 which is a 12 month trading period.

The principal activity of the company during the period was sourcing, packing and the distribution of fruit. The fruit supplied by the shareholders is under an agency agreement and Worldwide Fruit Limited takes a principal position on fruit sales.

Business Review

The trading results for the 52 weeks ended 28 December 2019 are shown in the company's Statement of Income and Retained Earnings on page 12. The company's turnover in the 12 months was £160.984m and the company achieved an operating profit of £3.025m in that period.

Sales and profit performed well in a very challenging market. Our key category of apples and pears struggled against a deflationary market whilst avocados, stonefruit and softfruit saw growth. We have a robust Business Framework and continue to focus on being our Customers First Choice Supplier. Customer results are at the heart of our business as we aim for Enterprise Excellence delivered by Our Purpose, Our Processes and Our People. As our business continued to change to meet Customer requirements and add Customer value our people have been outstanding tackling all challenges head on with skill and enthusiasm.

The company spent £0.381m on capital expenditure in 2019 against the £0.164m spent in 2018. Dividends of £2.7m have been paid to shareholders in the period (period to 29 December 2018: £1.2m).

The profit for the 12 months, after taxation amounted to £2.211m (2018: £2.132m),

The position of the company at the year end is considered to be satisfactory by the directors and is set out in the Statement of Financial Position on page 13.

The 12 months performance mentioned in paragraph one shows:

	2019 £'m	2018 £'m
Revenue	160.984	155.321
Gross Profit	12.787	11.608
Gross Profit %	7.9%	7.5%
Operating Profit	3.025	2.656
Operating Profit %	1.9%	1.7%
EBITDA	3.864	3.462
EBITDA %	2.4%	2.2%

Worldwide Fruit Limited

Strategic Report *(continued)*

Year ended 28 December 2019

Key performance indicators (KPIs)

As part of our commitment to enhanced narrative reporting, the Directors have set out the key performance indicators (KPIs) that are used to monitor the company's performance against its strategy. The key financial KPIs include revenue growth, gross profit margin, earnings before interest, taxation, depreciation and amortisation (EBITDA) and net profit margin.

	2019	2018
Revenue growth	3.6%	10.0%
Gross Profit %	7.9%	7.5%
Operating Profit %	1.9%	1.7%
EBITDA %	2.4%	2.2%
Net Profit Margin %	1.9%	1.7%

Revenue growth % - This is defined as the change in current year sales from prior year and is expressed as a percentage of prior year sales.

Gross profit margin % - The measure of performance is the gross profit and is expressed as a percentage of revenue.

Operating profit % - The measure of performance is the operating profit and is expressed as a percentage of revenue.

EBITDA % - The measure of performance is the EBITDA expressed as a percentage of revenue. EBITDA is defined as earnings before taxation adjusted for interest, depreciation and amortisation.

Net profit margin % - The measure of performance is the net profit and is expressed as a percentage of revenue.

The strategy of the directors is to increase the revenues of the company while maintaining the margins achieved in order to generate increased profits.

Worldwide Fruit Limited

Strategic Report *(continued)*

Year ended 28 December 2019

Principal risks

The company's operations expose it to a number of commercial and financial risks.

The principal risks that face the business are:

Supply risk - The company sources 30% of its supply from Shareholders on a fixed commission basis which protects the income stream. On the remaining purchased fruit we have the ability to negotiate lower prices from suppliers if the sale price to our customers is reduced.

Credit risk - The company's credit risk is primarily attributable to the quality of its debtors. A high proportion of third party non blue chip debt is covered by bank guarantees or cash deposits. Supermarket debts are considered an acceptable risk.

Foreign currency risk - This can have a significant impact on the business therefore currency is purchased to meet supplier payments using a combination of forward contracts, in line with seasonal programmes and other spot market purchases during the year.

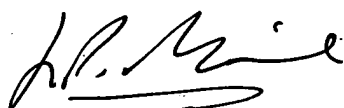
Liquidity risk - The company constructs detailed budgets and forecast updates during the period and maintains detailed cash flows to manage liquidity and working capital requirements within the agreed banking facilities. The ongoing improvement in the balance sheet has allowed further underwriting with regard to credit insurance which has resulted in a reduction of advance payments for the supply of fruit. Since the end of the financial year National Westminster Bank have provided credit backed terms for a new term loan.

The policy of the Board is to pay creditors in accordance to the terms agreed.

'Brexit'

We do not know at this time what kind of Brexit we will have and our Brexit planning is focussed on managing the Flow of Goods. We have a number of alternative plans in place dependant on the outcome. Tariffs and currency are the other variables that will affect us.

This report was approved by the board of directors on 4/2/22 and signed on behalf of the board by:



Mr L P Morrish
Director

Registered office:
Worldwide Fruit Limited
Apple Way
Wardentree Lane
Spalding
Lincolnshire
PE11 3BB

Worldwide Fruit Limited

Directors' Report

Year ended 28 December 2019

The directors present their report and the financial statements of the company for the year ended 28 December 2019.

Directors

The directors who served the company during the year were as follows:

Mr P Mansfield	
Mr R A Hinge	
Mr L P Morrish	
Mr B O von Streit	
Mr D J Bygrave	(Appointed 30 October 2019)
Mr G J Edgecombe	(Appointed 22 March 2019)
Mr P Landon-Lane	(Resigned 30 October 2019)
Mr A T Fissette	(Resigned 8 February 2019)

Dividends

Dividends of £2.7m (2018: £1.2m) were paid during the period. The Directors will consider at their February Board Meeting the dividend to be paid for 2020.

The operating profit for the period was £3.025m (2018: £2.656m).

Future developments

We will continue to listen to the Voice of the Customer and work closely with them to meet future needs. Continuous Improvement will continue to be our bedrock and will drive activities for us to be more effective and more efficient. We remain keen to grow in new categories and embrace new technologies in our facility.

Employment of disabled persons

The company have signed up to the Government's Disability Confident scheme. (Registration Number DCS008095). This gives a commitment that we will: " Ensure our recruitment process is inclusive and accessible " Communicate and promote vacancies to disabled individuals" Offer an interview to disabled people who meet the minimum requirements for the job." Anticipate and provide reasonable adjustments as required.

" Support any existing employee who acquires a disability or long term health condition enabling them to stay in work. " Provide at least one activity to make a difference to disabled people

Worldwide Fruit Limited

Directors' Report *(continued)*

Year ended 28 December 2019

Employee involvement

During 2019 the annual staff opinion survey was completed by 83% of staff, the highest ever, with 82% agreeing Worldwide Fruit is a great place to work, and 86% saying they are content with their working conditions.

Your Voice, the company's work council, was reviewed and new representatives encouraged to join. This has resulted in the group showing increased engagement, momentum and structure. They are now more proactive in delivering social events, fundraisers and employee engagement initiatives, resulting in 74% of staff saying they were satisfied with how the group consults, up from 53% in 2018. With the focus on Mental Health, the business also took all managers of people through a Mental Health Awareness programme, run in conjunction with the MHFA. Following on from this 8 people did a further Mental Health Champions course.

To further support our Continuous Improvement journey, the business has also focussed on the behavioural side of CI, and members of the Executive team attended Enterprise Excellence courses run by Professor Peter Hines. We had already identified 10 Management Principles which linked to the Shingo (Lean) behaviours. However, we needed to identify every day behaviours to these, to make them "come alive". Learnings from the Enterprise Excellence courses were distilled into three different workshops and all managers of people attended Masterclasses during autumn 2019. During 2020 these learnings will be further cascaded.

In terms of recruitment, although recruitment is becoming more difficult we have successfully filled all vacancies during 2019, including two senior management posts.

Modern Slavery Act - Worldwide Fruit Limited's Slavery and Human Trafficking Statement

At Worldwide Fruit we take a zero-tolerance stance on the matter modern slavery and human trafficking and continue to encourage our employees to be observant of any suspicious or concerning activity that may be linked to slavery or human trafficking.

Raising awareness throughout our business is important, and we do this through company inductions and refresher training for the entire workforce, and we support the Stronger Together campaign. Multi-language Stronger Together workplace posters are also placed in prominent positions throughout the business. Our 'Everyone Deserves Freedom - Fight Forced Labour' has been viewed 641 times (correct as of 2nd December 2019) which has been shared globally across our supply chain.

Training and checks

In 2019 we continued our focus on agency labour and preventing worker exploitation within our business and within parts of the supply chain. We continue to specific questions in our own recruitment process, learnt from modern slavery training, which includes inductions and interviews. We also audit our GLA licenced agency labour provider annually.

Stakeholder working groups

Worldwide Fruit are part of several Ethical Trading collaboration working groups, which in broad terms helps us accelerate learning and action. It is only through collaboration, that we can collectively learn and progress activity that helps tackle trafficking and slavery risk, in a joined up manner. We are also members of the Association of Labour Providers (ALP), along with our only agency labour provider for our pack site operation. In 2019, we strengthened our network in the Ethical Trading sector through representation on the SEDEX board, with our own Senior Ethical Trading Manager being appointed as a board member in March.

Risk assessing globally

Building on our global supply chain mapping from 2018, 2019 allowed us to gather more granular

Worldwide Fruit Limited

Directors' Report *(continued)*

Year ended 28 December 2019

information which enabled us to form a partnership with the University of Kent Business Analytics division. The project involved three Masters Students (sponsored by statistics professors) who delved into our supply chain due diligence data and incorporated statistical models and machine learning to build supplier and site risk prediction scores - first and foremost this work enabled us to see the strongest risk correlations, and provide a global supplier priority index.

We've not discovered any cases of modern slavery to date, but we continue to gather more information and raise awareness within our supply chain, in addition to second party ethical assessments.

What will we do if we find modern slavery?

To date, we have not found, or been made aware of, any slavery or human trafficking incidents in our business or supply chain. However, key persons in management positions both in the UK and those

Equal Pay Statement and Gender Pay Gap

Our third Gender Pay Gap Report is based on data as at 5/4/2019. At this date we employed 355 people, 198 were male and 157 female.

We continue to be committed to equal pay and strive to ensure we have no gender bias in our pay and remuneration processes. We also benchmark our salaries and pay rates both within the Fresh Produce sector and the wider Food and Drink industry.

We are pleased to report a positive result again this year in terms of our Gender Pay Gap.

The information we are required to publish is detailed below:

Mean pay gap - 21.1% (25.49% last year)
Median pay gap - 8.68%

Mean Bonus pay gap - 58.65%
Median Bonus pay gap - 0%

Males receiving bonus - 92.42%
Females receiving bonus - 98.19%

1st Quartile - 18.32% male, 6.62% female
2nd Quartile - 12.52% male, 12.52% female
3rd Quartile - 12.23% male, 12.8% female
4th Quartile - 11.31% male, 13.68% female.

Disclosure of information in the strategic report

The directors have prepared a Strategic Report in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, which includes their review of the business, risks and uncertainties and management thereof.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Worldwide Fruit Limited

Directors' Report *(continued)*

Year ended 28 December 2019

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 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 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.

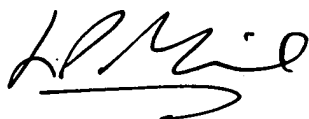
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 4/2/2020 and signed on behalf of the board by:



Mr L P Morrish
Director

Registered office:
Worldwide Fruit Limited
Apple Way
Wardentree Lane
Spalding
Lincolnshire
PE11 3BB

Worldwide Fruit Limited

Independent Auditor's Report to the Members of Worldwide Fruit Limited

Year ended 28 December 2019

Opinion

We have audited the financial statements of Worldwide Fruit Limited (the 'company') for the year ended 28 December 2019 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows 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 FRS 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 28 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Worldwide Fruit Limited

Independent Auditor's Report to the Members of Worldwide Fruit Limited (continued)

Year ended 28 December 2019

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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, 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.

Worldwide Fruit Limited

Independent Auditor's Report to the Members of Worldwide Fruit Limited (continued)

Year ended 28 December 2019

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Worldwide Fruit Limited

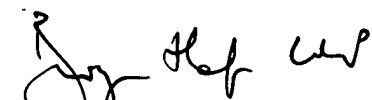
Independent Auditor's Report to the Members of Worldwide Fruit Limited (continued)

Year ended 28 December 2019

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Richard Stewart (Senior Statutory Auditor)

For and on behalf of
Burgess Hodgson LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

13/2/2020

Worldwide Fruit Limited
Statement of Income and Retained Earnings
Year ended 28 December 2019

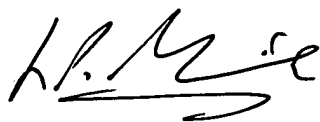
	Note	2019 £000	2018 £000
Turnover	4	160,984	155,321
Cost of sales		148,197	143,713
Gross profit		12,787	11,608
Administrative expenses		9,921	9,200
Other operating income		159	248
Operating profit	5	3,025	2,656
Income from shares in group undertakings	9	40	–
Other interest receivable and similar income	10	12	53
Interest payable and similar expenses	11	61	72
Profit before taxation		3,016	2,637
Tax on profit	12	805	505
Profit for the financial year and total comprehensive income		2,211	2,132
Dividends paid and payable	13	(2,700)	(1,200)
Retained earnings at the start of the year		5,849	4,917
Retained earnings at the end of the year		5,360	5,849

All the activities of the company are from continuing operations.

Worldwide Fruit Limited
Statement of Financial Position
28 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	14	50	208
Tangible assets	15	6,522	6,822
Investments	16	100	100
		<u>6,672</u>	<u>7,130</u>
Current assets			
Stocks	17	3,144	2,351
Debtors	18	14,412	14,266
Cash at bank and in hand		2,304	1,708
		<u>19,860</u>	<u>18,325</u>
Creditors: amounts falling due within one year	19	<u>18,747</u>	<u>18,200</u>
Net current assets		<u>1,113</u>	<u>125</u>
Total assets less current liabilities		<u>7,785</u>	<u>7,255</u>
Creditors: amounts falling due after more than one year			
Bank loans and overdrafts		962	—
Provisions			
Taxation including deferred tax	21	283	226
Net assets		<u>6,540</u>	<u>7,029</u>
Capital and reserves			
Called up share capital	25	250	250
Share premium account	26	930	930
Profit and loss account	26	5,360	5,849
Shareholders funds		<u>6,540</u>	<u>7,029</u>

These financial statements were approved by the board of directors and authorised for issue on 4/2/2020, and are signed on behalf of the board by:



Mr L P Morrish
Director

Company registration number: 03831143

Worldwide Fruit Limited
Statement of Cash Flows
Year ended 28 December 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Profit for the financial year	2,211	2,132
<i>Adjustments for:</i>		
Depreciation of tangible assets	681	674
Amortisation of intangible assets	158	132
Income from shares in group undertakings	(40)	–
Other interest receivable and similar income	(12)	(53)
Interest payable and similar expenses	61	72
Tax on profit	805	505
Accrued expenses	482	106
<i>Changes in:</i>		
Stocks	(793)	37
Trade and other debtors	(146)	(396)
Trade and other creditors	1,247	329
Cash generated from operations	4,654	3,538
Interest paid	(61)	(72)
Interest received	12	53
Tax paid	(493)	(541)
Net cash from operating activities	<u>4,112</u>	<u>2,978</u>
Cash flows from investing activities		
Purchase of tangible assets	(381)	(164)
Dividends received	40	–
Net cash used in investing activities	<u>(341)</u>	<u>(164)</u>
Cash flows from financing activities		
Proceeds from borrowings	(431)	(330)
Payments of finance lease liabilities	(44)	(51)
Dividends paid	(2,700)	(1,200)
Net cash used in financing activities	<u>(3,175)</u>	<u>(1,581)</u>
Net increase in cash and cash equivalents	596	1,233
Cash and cash equivalents at beginning of year	1,708	475
Cash and cash equivalents at end of year	<u>2,304</u>	<u>1,708</u>

Worldwide Fruit Limited
Notes to the Financial Statements
Year ended 28 December 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Worldwide Fruit Limited, Apple Way, Wardentree Lane, Spalding, Lincolnshire, PE11 3BB.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements 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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i. Stock provision

Stock is measured at the lower of cost and net realisable value. The financial statements include a provision for goods held that may be sold below cost or disposed of, due to perishability or changing demand conditions. When calculating this provision, management considers sales forecasts, stocks held and past experience.

ii. Provision for doubtful debts

Where the recoverability of trade and other debtors is in doubt, a provision has been made against that debt. Management has considered factors including the credit rating of the debtor, the age of the debt and past experience.

iii. Foreign exchange

Foreign currency transactions are converted to sterling at a costed rate that closely tracks the actual exchange rate movement. As such, there is a difference between the actual rate and the costed rate however the effect of this is not material to the financial statements.

iv. Useful economic life

The annual depreciation and amortisation charges of tangible and intangible assets depend on the estimated useful economic lives of the assets in question. These are re-assessed annually and amended where necessary to reflect current estimates.

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

3. Accounting policies *(continued)*

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the sale of goods is recognised on despatch.

Revenue from services rendered is recognised in the income statement when the work is completed.

The company acts, in substance, in the capacity of principal in respect of all sales made, as such revenue earned is recognised gross.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Intangible assets

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

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	20 years straight line
Development costs	-	5 years straight line
Purchased intangibles	-	8-10 years straight line

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

3. Accounting policies *(continued)*

Amortisation *(continued)*

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

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Development expenditure incurred on clearly defined projects whose outcome can be assessed with reasonable certainty is carried forward and amortisation is charged from that time over the life of the project.

Tangible assets

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

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land and Buildings	-	5% - 7% straight line
Plant & Machinery	-	12.5% - 20% straight line
Fixtures & Fittings	-	12.5% - 33.3% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Investments in joint ventures

Investments in joint ventures accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses. Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

Impairment of fixed assets

A review for 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.

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

The company holds consignment stock to supply under agreements with its shareholders. This stock is valued at nil in the financial statements.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

3. Accounting policies *(continued)*

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Defined contribution plans

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

4. Turnover

Turnover arises from:

	2019	2018
	£000	£000
Sale of goods	158,946	152,131
Rendering of services	2,038	3,190
	<u>160,984</u>	<u>155,321</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2019	2018
	£000	£000
United Kingdom	156,097	148,471
Overseas sales - Eire	929	1,063
Overseas sales - Mainland Europe	3,039	4,070
Overseas sales - Rest of the World	919	1,717
	<u>160,984</u>	<u>155,321</u>

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

5. Operating profit

Operating profit or loss is stated after charging:

	2019 £000	2018 £000
Amortisation of intangible assets	158	132
Depreciation of tangible assets	681	674
Cost of stocks recognised as an expense	129,567	125,059
Impairment of trade debtors	402	–
	<u> </u>	<u> </u>

6. Auditor's remuneration

	2019 £000	2018 £000
Fees payable for the audit of the financial statements	<u>35</u>	<u>41</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	10	12
Other non-audit services	<u>4</u>	<u>8</u>
	<u>14</u>	<u>20</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2019 No.	2018 No.
Management staff	58	58
Number of operations staff	303	291
Number of sales & marketing staff	<u>24</u>	<u>24</u>
	<u>385</u>	<u>373</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019 £000	2018 £000
Wages and salaries	10,601	10,057
Social security costs	1,049	1,012
Other pension costs	<u>611</u>	<u>526</u>
	<u>12,261</u>	<u>11,595</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019 £000	2018 £000
Remuneration	<u>21</u>	<u>22</u>

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

9. Income from shares in group undertakings

	2019 £000	2018 £000
Income from group undertakings	<u>40</u>	<u>–</u>

10. Other interest receivable and similar income

	2019 £000	2018 £000
Interest on loans and receivables	<u>12</u>	<u>53</u>

11. Interest payable and similar expenses

	2019 £000	2018 £000
Interest on banks loans and overdrafts	61	70
Interest on obligations under finance leases and hire purchase contracts	<u>–</u>	<u>2</u>
	<u>61</u>	<u>72</u>

12. Tax on profit

Major components of tax expense

	2019 £000	2018 £000
Current tax:		
UK current tax expense	720	505
Adjustments in respect of prior periods	<u>28</u>	<u>–</u>
Total current tax	<u>748</u>	<u>505</u>
Deferred tax:		
Origination and reversal of timing differences	<u>57</u>	<u>–</u>
Tax on profit	<u>805</u>	<u>505</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £000	2018 £000
Profit on ordinary activities before taxation	<u>3,016</u>	<u>2,637</u>
Profit on ordinary activities by rate of tax	573	502
Adjustment to tax charge in respect of prior periods	28	–
Effect of expenses not deductible for tax purposes	108	–
Timing differences	<u>39</u>	<u>3</u>
Tax on profit	<u>748</u>	<u>505</u>

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2019 £000	2018 £000
Dividends on equity shares	<u>2,700</u>	<u>1,200</u>

14. Intangible assets

	Goodwill £000	Development costs £000	Purchased intangibles £000	Total £000
Cost				
At 30 December 2018 and 28 December 2019	<u>589</u>	<u>300</u>	<u>400</u>	<u>1,289</u>
Amortisation				
At 30 December 2018	561	140	380	1,081
Charge for the year	<u>28</u>	<u>110</u>	<u>20</u>	<u>158</u>
At 28 December 2019	<u>589</u>	<u>250</u>	<u>400</u>	<u>1,239</u>
Carrying amount				
At 28 December 2019	<u>–</u>	<u>50</u>	<u>–</u>	<u>50</u>
At 29 December 2018	<u>28</u>	<u>160</u>	<u>20</u>	<u>208</u>

15. Tangible assets

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost				
At 30 December 2018	7,975	3,248	1,428	12,651
Additions	66	292	23	381
Disposals	–	(16)	–	(16)
Transfers	<u>(549)</u>	<u>–</u>	<u>549</u>	<u>–</u>
At 28 December 2019	<u>7,492</u>	<u>3,524</u>	<u>2,000</u>	<u>13,016</u>
Depreciation				
At 30 December 2018	2,622	1,931	1,276	5,829
Charge for the year	329	244	108	681
Disposals	<u>–</u>	<u>(16)</u>	<u>–</u>	<u>(16)</u>
At 28 December 2019	<u>2,951</u>	<u>2,159</u>	<u>1,384</u>	<u>6,494</u>
Carrying amount				
At 28 December 2019	<u>4,541</u>	<u>1,365</u>	<u>616</u>	<u>6,522</u>
At 29 December 2018	<u>5,353</u>	<u>1,317</u>	<u>152</u>	<u>6,822</u>

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

15. Tangible assets *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £000
At 28 December 2019	—
At 29 December 2018	117

16. Investments

	Other investments other than loans £000
Cost	
At 30 December 2018 and 28 December 2019	100
Impairment	
At 30 December 2018 and 28 December 2019	—
Carrying amount	
At 28 December 2019	100
At 29 December 2018	100

Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Other significant holdings		
Intelligent Fruit Vision Limited	Ordinary	24
The Fruit Firm Limited	Ordinary	33
Pop Worldwide Limited	Ordinary	24
Growers Direct Limited	Ordinary	50

17. Stocks

	2019 £000	2018 £000
Produce and packaging	3,144	2,351

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

18. Debtors

	2019 £000	2018 £000
Trade debtors	12,430	11,818
Prepayments and accrued income	828	842
Other debtors	1,154	1,606
	<u>14,412</u>	<u>14,266</u>

19. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Bank loans and overdrafts	642	2,035
Trade creditors	15,589	14,528
Accruals and deferred income	1,307	825
Corporation tax	440	185
Obligations under finance leases and hire purchase contracts	–	44
Other creditors	769	583
	<u>18,747</u>	<u>18,200</u>

Included in creditors is a bank loan of £1.604m (2018: 2.035m), of which £642,000 is due within one year and £962,000 due after one year. This is secured by means of a fixed charge over the freehold land at Wardentree Lane, Spalding Road Industrial Estate, Pinchbeck, including the benefit of all covenants and rights concerning the property and plant, machinery, fixtures, fittings, furniture, equipment, implements, utensils, goodwill and proceeds of any insurance affecting the property or assets.

Included within other creditors is £232,000 (2018: £240,000) payable in relation to taxation and social security.

20. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2019 £000	2018 £000
Not later than 1 year	<u>–</u>	<u>44</u>

21. Provisions

	Deferred tax (note 22) £000
At 30 December 2018	226
Additions	57
At 28 December 2019	<u>283</u>

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019 £000	2018 £000
Included in provisions (note 21)	<u>283</u>	<u>226</u>

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

	2019 £000	2018 £000
Accelerated capital allowances	<u>283</u>	<u>226</u>

There is an unrecognised deferred tax asset totalling £421,000 (2018: £421,000) relating to non-trading losses. The company is unable to utilise these significantly within the foreseeable future.

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £611,000 (2018: £526,000).

24. Financial instruments

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

	2019 £000	2018 £000
Financial assets measured at fair value through profit or loss		
Euro forward contracts	<u>–</u>	<u>2</u>
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	12,430	11,818
Other debtors	1,154	1,606
Cash at bank	<u>2,304</u>	<u>1,707</u>
	<u>15,888</u>	<u>15,131</u>
Financial liabilities measured at fair value through profit or loss		
Euro forward contracts	<u>80</u>	<u>–</u>
Financial liabilities measured at amortised cost		
Bank and other loans	1,604	2,035
Trade creditors	15,589	14,523
Other creditors	1,764	1,168
Hire purchase and finance lease agreements	<u>–</u>	<u>44</u>
	<u>18,957</u>	<u>17,770</u>

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

24. Financial instruments *(continued)*

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables and payables. At the balance sheet date, the outstanding contracts all mature within 6 months (2018: 6 months). The company is committed to buy between €11.065m and €12.635 (2018: €9.100m and €13.650m), dependant on the strike rate at the maturity date.

The forward currency contracts are measured at fair value, which has been undertaken by the company's bank. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:EUR (2018: GBP:EUR). These showed a liability of £80,000 at the year end, which has been included in other creditors.

The company also has one interest rate derivative financial instruments at the balance sheet date, also valued by the company's bank, and the fair value is not materially different to the carrying value.

25. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary A shares of £1 each	125,000	125,000	125,000	125,000
Ordinary B shares of £1 each	125,000	125,000	125,000	125,000
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

The 'A' and 'B' shares rank pari passu, in respect of the rights to vote and receive dividends from the company.

26. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

27. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£000	£000
Not later than 1 year	431	238
Later than 1 year and not later than 5 years	390	552
Later than 5 years	—	27
	<u>821</u>	<u>817</u>

28. Contingencies

The company has provided a guarantee to secure the bank borrowings of Growers Direct Limited, a joint venture company, up to a maximum of £250,000. The amount and timing of any potential liability in relation to this is uncertain.

Worldwide Fruit Limited

Notes to the Financial Statements *(continued)*

Year ended 28 December 2019

29. Related party transactions

Loans due from joint venture companies are unsecured and subject to a market rate of interest.

Amounts due from and to associated companies are not subject to interest and payable in under one year.

The amount due from joint ventures at the year end was £354,012 (2018: £1,178,681) and the amount owed was £643,399 (2018: £nil).

Worldwide Fruit Limited has provided a guarantee to secure the bank borrowings of Growers Direct Limited, a joint venture company, up to a maximum of £250,000.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £1,520,402 (2018: £1,358,353).

30. Controlling party

The ultimate controlling party is BayWa Aktiengesellschaft, a company incorporated in Germany and its address is Arabellastr.4, 81925 Munich, Germany.