

Registered number: 00315760

Richard Hochfeld Limited

Directors' report and financial statements

For the Year Ended 30 June 2020



Richard Hochfeld Limited

Company Information

Directors

A C Guindi
E C Hickford
C S Guindi

Company secretary

C T Barber

Registered number

00315760

Registered office

Orchard Place
Comp Road
Borough Green
Kent
TN15 8LW

Independent auditors

Kreston Reeves LLP
Statutory Auditor & Chartered Accountants
Third Floor
24 Chiswell Street
London
EC1Y 4YX

Richard Hochfeld Limited

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Richard Hochfeld Limited

Strategic report For the Year Ended 30 June 2020

Business review

The company's turnover went up by 4.80% from 2019, however gross margin was down by 0.5% on 2019. Operating profit increased by 5.5% due to a decrease of 8.0% in administrative expenses. Turnover increased from £164.3m to £172.2m and was more in line with 2018. After interest received and pension costs the pre-tax profit increased from £1.5m to £1.6m (7.4%). The pension costs refer to the companies defined benefit pension scheme which was closed to new members in July 2000.

Staff numbers rose by three due to reorganization and the increased work from the previous year. The company now employs 56 members of staff, 38 male and 18 females.

Capital investment focused on improvements to ripening capability and grape line modifications to accommodate new customers.

During the year the company continued with its long term strategy to firstly expand its customer base and secondly to incorporate vertical integration into its supply chain. To achieve the latter the company has continued to invest in farming operations in Greece, the UK and Chile.

Looking ahead the company will become solely focused on apples and pears for one major high street retailer. Therefore, all other business activities and development opportunities will be transferred to another group company. This will allow the group greater freedom in developing relationships established with other high street retailers during the first half of 2020. This will inevitably result in reduced turnover for 2020 – 2021 as revenue moves elsewhere.

Principal risks and uncertainties

In order to maintain its customer base the company values integrity and professionalism. The company aspires to provide its customers with outstanding service and to be an integral part of their growth and success by understanding their needs and requirements.

The company's operations are subject to many regulatory requirements both specific to its industry and more general in terms of employment law, health & safety and environmental issue. To nullify these risks the company operates extensive quality management systems, risk assessments, waste management and carbon footprint monitoring to assure compliance and to benefit the environment.

The company is committed to reduce its carbon footprint and is already benefiting from solar power energy generation and the adoption of hybrid and full electric motor vehicles which now represent 32% of the fleet.

The company acknowledges the importance of its staff in delivering the required service levels to its customers. In return for loyalty and commitment the company offers a caring supportive environment in which to work and shares its success by way of an annual bonus. Staff are the key to success and the company has introduced personal mentoring to help individuals develop their skills. Our staff are a treasured asset of the company.

The company acknowledges the importance of cash and manages its cash flow accordingly. It self insures against bad debts through a group company and has little exposure with its principal customer being major high street retailers. The company has no borrowings either long term or overdraft. Capital expenditure is paid for out of working capital and profits.

The company imports produce from all over the world and is therefore exposed to exchange rate fluctuations. Brexit uncertainty initially added to rate fluctuations but latterly there has been greater stability. To mitigate this exposure the company converts sterling balances into Euros and Dollars at advantageous times and enters into forward contracts to purchase foreign currency at fixed rates.

Strategic report (continued)
For the Year Ended 30 June 2020

Principal risks and uncertainties (continued)

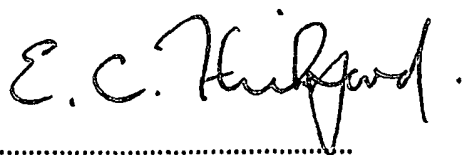
A year ago, we did not expect Brexit to be an ongoing risk but a day to day change in our ways of working. However, there is still uncertainty, but we have every confidence that this company and the industry as a whole is in a position to continue seamless supply whatever the changes may be.

The current COVID-19 pandemic has caused large risks and uncertainties across the economy. However, given the nature of the business and the industry we operate in, we have seen a greater demand for fresh produce. The pandemic is an ongoing concern but to date, the company's supply chains have not been affected and despite a significant year on year increased all demands have been met. It is clear there have been great challenges, but the industry is resourceful enough to overcome most obstacles. The company has not taken any steps to furlough staff or obtain government support during this time and does not expect to do so in the future.

Financial key performance indicators

Management uses a variety of key financial performance indicators, including revenue growth (%), gross profit margin (%) and operating profit growth (%). During 2020, the company saw revenue increase by 4.80% (2019: 7.75% decrease) and operating profit grew by £89,584 (2019: £22,859 decrease). The gross profit margin has decreased to 5.0% from 5.5% in 2020.

This report was approved by the board on 26TH NOVEMBER 2020 and signed on its behalf.



.....
E C Hickford
Director

Richard Hochfeld Limited

Directors' report For the Year Ended 30 June 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

Principal activity

The company's principal activity continues to be that of fresh produce brokers, importers and shippers.

Results

The profit for the year, after taxation, amounted to £1,338,731 (2019: £1,219,699).

Directors

The directors who served during the year were:

A C Guindi
E C Hickford
C S Guindi

Engagement with employees

The Company's employees are fundamental to the success of the business. The Directors understand that it is critical to engage with and understand their views and to ensure that all employees' interests are considered. To strengthen employee engagement, the Directors promote and encourage all employees to raise any concerns or suggestions with senior management. During the period, the Company continued to invest in its employees through I.T. enabling working from home, training and development, and the ongoing implementation of the Company's diversity policy.

The Company's employees are essential to the success of the business and therefore it is also fundamental that the Company maintains its reputation for high quality service. The Company strives to continually improve and strengthen its service providers, product offerings and customer service for the mutual benefit of all of its stakeholders.

Engagement with suppliers, customers and others

Stakeholders of the Company include employees, shareholders, customers, suppliers, creditors of the business and the community in which it operates.

The Directors, both individually and collectively, consider that they have acted in good faith to promote the success of the Company for the benefit of its stakeholders as a whole (having regard to the matters set out in s172 of the Act) in the decisions taken during the period. In particular:

To ensure the Board take account of the likely consequences of their decisions in the long term, they receive regular and timely information on all the key areas of the business including financial performance, operational matters, ESG reports, product performance, including risks and opportunities. The Company's performance and progress is also reviewed regularly at Board and senior management meetings.

The Directors' intentions are to behave responsibly toward all stakeholders and treat them fairly and equally, so that they all benefit from the long term success of the Company.

Directors' report (continued)
For the Year Ended 30 June 2020

Directors' responsibilities statement

The directors are 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

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.

Richard Hochfeld Limited

Directors' report (continued)
For the Year Ended 30 June 2020

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26TH NOVEMBER 2020 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'E. C. Hickford', with a stylized flourish at the end.

.....
E C Hickford
Director

Richard Hochfeld Limited

Independent auditors' report to the members of Richard Hochfeld Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Richard Hochfeld Limited (the 'Company') for the year ended 30 June 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish law and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been properly 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 (Ireland) (ISAs (Ireland)) 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 financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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 ISA (Ireland) 570 requires 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.

Other information

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

Richard Hochfeld Limited

Independent auditors' report to the members of Richard Hochfeld Limited (continued)

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:

Opinion on other matters prescribed by the Companies Act 2006

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 4, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditors' report to the members of Richard Hochfeld 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 (Ireland) 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 (Ireland), we exercise professional judgement 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 of the effectiveness of the Company's 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 Auditors' 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 Auditors' 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.

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.

Richard Hochfeld Limited

Independent auditors' report to the members of Richard Hochfeld Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members in accordance with Section 391 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 for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Kreston Reeves LLP'.

Peter Hudson BA, FCA
for and on behalf of
Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
London
Date: 26th November 2020

Richard Hochfeld Limited

**Statement of comprehensive income
For the Year Ended 30 June 2020**

	Note	2020 £	2019 £
Turnover	4	172,211,528	164,274,841
Cost of sales		(163,675,392)	(155,234,827)
Gross profit		8,536,136	9,040,014
Administrative expenses		(6,809,946)	(7,403,408)
Operating profit	5	1,726,190	1,636,606
Interest receivable and similar income	9	76,033	73,514
Interest payable and expenses	10	(4,044)	(3,684)
Other finance costs		(212,000)	(229,000)
Profit before tax		1,586,179	1,477,436
Tax on profit	12	(247,448)	(257,737)
Profit for the financial year		1,338,731	1,219,699
Other comprehensive income for the year			
Actuarial loss on defined benefit pension scheme		(687,000)	(1,132,000)
Movement of deferred tax relating to pension deficit		236,750	(40,757)
Other comprehensive income for the year		(450,250)	(1,172,757)
Total comprehensive income for the year		888,481	46,942

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 14 to 31 form part of these financial statements.

Richard Hochfeld Limited
Registered number: 00315760

Balance sheet
As at 30 June 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	1,525,790	1,720,855
Investments	14	219,665	231,662
		<u>1,745,455</u>	<u>1,952,517</u>
Current assets			
Stocks	15	313,345	367,617
Debtors: amounts falling due after more than one year	16	955,724	-
Debtors: amounts falling due within one year	16	21,379,969	13,281,360
Cash at bank and in hand	17	13,694,161	19,571,955
		<u>36,343,199</u>	<u>33,220,932</u>
Creditors: amounts falling due within one year	18	(32,270,604)	(30,233,380)
Net current assets		<u>4,072,595</u>	<u>2,987,552</u>
Total assets less current liabilities		<u>5,818,050</u>	<u>4,940,069</u>
Provisions for liabilities			
Deferred tax	20	(123,490)	(136,240)
Pension liability		(7,943,320)	(7,941,070)
Net assets		<u>(2,248,760)</u>	<u>(3,137,241)</u>
Capital and reserves			
Called up share capital	21	4,000	4,000
Profit and loss account	22	(2,252,760)	(3,141,241)
		<u>(2,248,760)</u>	<u>(3,137,241)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
26TH NOVEMBER 2020



.....
A C Guindi
Director

The notes on pages 14 to 31 form part of these financial statements.

Richard Hochfeld Limited

**Statement of changes in equity
For the Year Ended 30 June 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2018	4,000	(3,188,183)	(3,184,183)
Comprehensive income for the year			
Profit for the year	-	1,219,699	1,219,699
Actuarial losses on pension scheme	-	(1,172,757)	(1,172,757)
Total comprehensive income for the year	-	46,942	46,942
At 1 July 2019	4,000	(3,141,241)	(3,137,241)
Comprehensive income for the year			
Profit for the year	-	1,338,731	1,338,731
Actuarial losses on pension scheme	-	(450,250)	(450,250)
Total comprehensive income for the year	-	888,481	888,481
At 30 June 2020	4,000	(2,252,760)	(2,248,760)

The notes on pages 14 to 31 form part of these financial statements.

Richard Hochfeld Limited

**Statement of cash flows
For the Year Ended 30 June 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	1,338,731	1,219,699
Adjustments for:		
Depreciation of tangible assets	428,050	442,299
Profit on disposal of tangible assets	(379)	(14,466)
Interest paid	4,044	3,684
Interest received	(76,033)	(73,514)
Taxation charge	247,448	257,737
Decrease/(increase) in stocks	54,272	(59,125)
(Increase)/decrease in debtors	(9,429,059)	4,374,967
Decrease/(increase) in amounts owed by groups	374,726	(118,998)
Increase/(decrease) in creditors	993,197	(4,008,834)
Increase in amounts owed to groups	997,340	1,796,407
(Decrease) in net pension assets/liabs	(448,000)	(339,000)
Corporation tax paid	(201,514)	(222,515)
Net cash generated from operating activities	<u>(5,717,177)</u>	<u>3,258,341</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(244,356)	(1,016,054)
Sale of tangible fixed assets	11,750	41,000
Interest received	76,033	73,514
Net cash from investing activities	<u>(156,573)</u>	<u>(901,540)</u>
Cash flows from financing activities		
Interest paid	(4,044)	(3,684)
Net cash used in financing activities	<u>(4,044)</u>	<u>(3,684)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(5,877,794)</u>	2,353,117
Cash and cash equivalents at beginning of year	19,571,955	17,218,838
Cash and cash equivalents at the end of year	<u><u>13,694,161</u></u>	<u><u>19,571,955</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>13,694,161</u></u>	<u><u>19,571,955</u></u>

**Notes to the financial statements
For the Year Ended 30 June 2020**

1. General information

Richard Hochfeld Limited (the company) is a private limited company incorporated in England and Wales, registered number 00315760. The address of its registered office and place of business activity is Orchard Place, Comp Road, Borough Green, Kent, TN15 8LW. The principal activity of the company is that of fresh produce brokers, importers and shippers.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Going concern

Notwithstanding that the company is showing a net liability position of £2,248,760 (2019: £3,137,241), the directors have prepared the financial statements on a going concern basis.

The company generated total comprehensive income for the year of £888,481 (2019: £46,942) and is in a strong position to pay its debts as they fall due with substantial cash reserves of £13,694,161 (2019: £19,571,955) and net current assets of £4,072,595 (2019: £2,987,552). The overall net liability position of the company is as a direct result of the deficit on the defined benefit pension scheme to which the company is making more than the required annual contributions set by the actuary. The company is also expected to continue generating profits each year for the foreseeable future.

These considerations, along with an assessment of the on-going economic impact of the Covid-19 global pandemic, are sufficient for the directors to conclude that the going concern basis is appropriate for the preparation of the financial statements.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

The company is recognising principal basis income (and subsequently cost of sales) gross rather than net. As the company now invoices total amounts to customers and suppliers this is considered to more accurately reflect the turnover and cost of sales figures.

2.4 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.

**Notes to the financial statements
For the Year Ended 30 June 2020**

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the methods outlined below.

Depreciation is provided on the following bases:

Freehold land and buildings	-	Nil depreciation
Motor vehicles	-	25% straight line
Machinery and office equipment	-	25% reducing balance
Computer equipment	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Cost is determined using the first in, first-out (FIFO) method.

2.8 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.

2.9 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 accounts receivable and payable, loans from banks and other third parties and loans to related parties.

**Notes to the financial statements
For the Year Ended 30 June 2020**

2. Accounting policies (continued)

2.10 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.

2.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income.

2.12 Operating leases

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

**Notes to the financial statements
For the Year Ended 30 June 2020**

2. Accounting policies (continued)

2.13 Pensions

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in other comprehensive income as a 'finance expense'.

2.14 Holiday pay accrual

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

**Notes to the financial statements
For the Year Ended 30 June 2020**

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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.

**Notes to the financial statements
For the Year Ended 30 June 2020**

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

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

Defined benefit pension

As detailed in note 24 the company operates a defined benefit pension scheme for the benefit of employees. The cost of operating the scheme is determined using actuarial valuations undertaken by the scheme actuary. Their valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the scheme, such estimates are subject to significant uncertainty.

Fixed Assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of motor vehicles, Machinery and office equipment and computer equipment, and note 2.4 for the useful economic lives for each class of assets.

Lease commitments

The company has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the company has acquired the risks and rewards associated with the ownership of the underlying assets.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company and all arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Research & development charged as an expense	45,160	139,818
Depreciation of tangible fixed assets	428,050	442,299
Operating leases expenditure	264,099	264,099

Notes to the financial statements
For the Year Ended 30 June 2020

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>16,750</u>	<u>16,500</u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	<u>5,931</u>	<u>3,082</u>
Fees payable to the Company's auditor and its associates in connection with the Company's pension scheme(s) in respect of:		
All other services	<u>2,150</u>	<u>2,150</u>

7. Staff costs

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

	2020 £	2019 £
Wages and salaries	3,012,408	3,356,076
Social security costs	360,911	386,759
Cost of defined contribution scheme	204,181	297,592
	<u>3,577,500</u>	<u>4,040,427</u>

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

	2020 No.	2019 No.
Sales	12	12
Quality Control	16	16
Warehouse	1	1
Administration	27	24
	<u>56</u>	<u>53</u>

**Notes to the financial statements
For the Year Ended 30 June 2020**

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	<u>751,282</u>	<u>805,536</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £388,998 (2019 - £432,419).

9. Interest receivable

	2020 £	2019 £
Other interest receivable	<u>76,033</u>	<u>73,514</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Other interest payable	<u>4,044</u>	<u>3,684</u>

11. Pension fund costs

	2020 £	2019 £
Net interest on net defined benefit liability	<u>(212,000)</u>	<u>(229,000)</u>

12. Taxation

	2020 £	2019 £
Corporation tax		
UK corporation tax charge on profit for the year	<u>260,198</u>	<u>248,236</u>
Deferred tax		
Origination and reversal of timing differences	<u>(12,750)</u>	<u>9,501</u>
Taxation on profit on ordinary activities	<u>247,448</u>	<u>257,737</u>

Richard Hochfeld Limited

**Notes to the financial statements
For the Year Ended 30 June 2020**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,586,179</u>	<u>1,477,436</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	301,374	280,713
Effects of:		
Expenses not deductible for tax purposes	34,678	25,683
Capital allowances for year in excess of depreciation	9,266	6,250
Pension contribution	(85,120)	(64,410)
Deferred tax movement	<u>(12,750)</u>	<u>9,501</u>
Total tax charge for the year	<u>247,448</u>	<u>257,737</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

**Notes to the financial statements
For the Year Ended 30 June 2020**

13. Tangible Fixed Assets

	Freehold property £	Motor Vehicles £	Machinery and office equipment £	Computer equipment £	Total £
Cost					
At 1 July 2019	230,205	710,976	2,349,800	184,728	3,475,709
Additions	-	50,250	156,393	37,713	244,356
Disposals	-	(12,995)	-	-	(12,995)
At 30 June 2020	<u>230,205</u>	<u>748,231</u>	<u>2,506,193</u>	<u>222,441</u>	<u>3,707,070</u>
Depreciation					
At 1 July 2019	-	494,124	1,076,805	183,925	1,754,854
Charge for the year	-	98,064	320,056	9,930	428,050
Disposals	-	(1,624)	-	-	(1,624)
At 30 June 2020	<u>-</u>	<u>590,564</u>	<u>1,396,861</u>	<u>193,855</u>	<u>2,181,280</u>
Net book value					
At 30 June 2020	<u>230,205</u>	<u>157,667</u>	<u>1,109,332</u>	<u>28,586</u>	<u>1,525,790</u>
At 30 June 2019	<u>230,205</u>	<u>216,852</u>	<u>1,272,995</u>	<u>803</u>	<u>1,720,855</u>

The net book value of land and buildings may be further analysed as follows:

	2020 £	2019 £
Freehold	<u>230,205</u>	<u>230,205</u>
	<u>230,205</u>	<u>230,205</u>

14. Fixed asset investments

	Unlisted Investments £
Cost	
At 1 July 2019	231,662
Amounts written off	(11,997)
At 30 June 2020	<u>219,665</u>

Richard Hochfeld Limited

**Notes to the financial statements
For the Year Ended 30 June 2020**

15. Stocks

	2020 £	2019 £
Raw materials and consumables	<u>313,345</u>	<u>367,617</u>

16. Debtors

	2020 £	2019 £
Due after more than one year		
Other debtors	<u>955,724</u>	-
	<u>955,724</u>	-

	2020 £	2019 £
Due within one year		
Trade debtors	14,961,286	9,050,507
Amounts owed by group undertakings	1,499,803	1,874,529
Amounts owed by associated undertakings in which the entity has a participating interest	8,786	8,786
Other debtors	4,750,613	2,194,704
Prepayments and accrued income	<u>159,481</u>	<u>152,834</u>
	<u>21,379,969</u>	<u>13,281,360</u>

17. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>13,694,161</u>	<u>19,571,955</u>
	<u>13,694,161</u>	<u>19,571,955</u>

Richard Hochfeld Limited

**Notes to the financial statements
For the Year Ended 30 June 2020**

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	23,414,036	21,272,002
Amounts owed to group undertakings	5,052,889	4,055,549
Corporation tax	294,923	248,236
Other taxation and social security	192,488	296,890
Other creditors	-	2,699
Accruals and deferred income	3,316,268	4,358,004
	<u>32,270,604</u>	<u>30,233,380</u>

19. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through profit or loss	13,694,161	19,803,617
Financial assets that are debt instruments measured at amortised cost	21,277,365	11,961,248
	<u>34,971,526</u>	<u>31,764,865</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(31,783,193)</u>	<u>(29,685,555)</u>
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Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade, intercompany and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors, amounts owed to group undertakings and accrued expenses.

20. Deferred taxation

	2020 £
At beginning of year	(136,240)
Charged to profit or loss	12,750
At end of year	<u>(123,490)</u>

**Notes to the financial statements
For the Year Ended 30 June 2020**

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	<u>(123,490)</u>	<u>(136,240)</u>

The deferred tax asset of £1,863,140 (2019: £1,626,022) has been deducted in arriving at the net pension liability on the balance sheet.

21. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
40,000 Ordinary shares of £0.10 each	<u>4,000</u>	<u>4,000</u>

22. Reserves

Profit & loss account

The closing balance on the profit and loss account includes a £7,943,320 (2019: £7,941,070) debit, stated after deferred taxation of £1,863,140 (2019: £1,626,022) in respect of pension scheme liabilities of the company pension scheme.

Share capital

The reserve represents the nominal value of shares that have been issued.

23. Contingent liabilities

Banco Sabadell holds guarantees from Richard Hochfeld Limited to H M Revenue & Customs of £400,000 (2019 - £400,000).

The bank has a charge over a £400,000 (2019 - £400,000) deposit as security for the guarantee and overdraft facilities.

**Notes to the financial statements
For the Year Ended 30 June 2020**

24. Pension commitments

The company operates a defined benefit pension scheme for the benefit of some of its employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. The assets of the pension scheme were valued by an independent qualified actuary on 29 July 2020.

On an ongoing basis, the actuarial valuation of the pension scheme reported that the value of the scheme assets at 30 June 2020 were £12,898,000. The value of the scheme liabilities were £22,704,000, a funding level of 56.8%. The proposed ongoing funding level was recommended to be £360,000 per annum each subsequent July, to eliminate the deficit, and under the new recovery plan will be paid in 22 years from July 2014, which is by June 2036.

The scheme closed to new members in June 2000. New employees were offered the opportunity to join the defined contribution group personal pension scheme in April 2006, the majority of the members in the defined benefit scheme then agreed to transfer to the defined contribution group personal pension scheme.

The expected return on defined benefit pension scheme assets is based on market expectations at the beginning of the financial period for returns over the life of the related obligation. The total of the asset values is based on the bid value of the unallocated assets held in various portfolios by the First Actuarial LLP.

Reconciliation of present value of plan liabilities:

	2020 £	2019 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	7,941,070	7,107,313
Interest income	212,000	229,000
Actuarial gains/losses	450,250	1,172,757
Contributions	(660,000)	(568,000)
At the end of the year	7,943,320	7,941,070

Composition of plan assets:

	2020 %	2019 %
Equities	63	60
Bonds and gilts	23	25
Property	8	6
Cash	1	2
Other	-	2
Annuities	5	5
Total plan assets	100	100

Richard Hochfeld Limited

**Notes to the financial statements
For the Year Ended 30 June 2020**

24. Pension commitments (continued)

	2020 £	2019 £
Fair value of plan asset	12,897,908	13,004,908
Present value of plan liabilities	(22,704,368)	(22,572,000)
Deferred taxation	1,863,140	1,626,022
Net pension scheme liability	(7,943,320)	(7,941,070)

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Interest on obligation	(212,000)	(229,000)

Reconciliation of fair value of plan liabilities were as follows:

	2020 £	2019 £
Opening defined benefit obligation	(22,572,368)	(21,579,368)
Actuarial (gains) and losses	(598,000)	(1,152,000)
Benefits paid	974,000	732,000
Interest income/cost	(508,000)	(573,000)
Closing defined benefit obligation	(22,704,368)	(22,572,368)

**Notes to the financial statements
For the Year Ended 30 June 2020**

24. Pension commitments (continued)

Reconciliation of fair value of plan assets were as follows:

	2020 £	2019 £
Opening fair value of scheme assets	13,004,908	12,804,908
Actuarial gains and (losses)	(89,000)	20,000
Interest income on plan assets	296,000	344,000
Contributions by employer	660,000	568,000
Benefits paid	(974,000)	(732,000)
	<u>12,897,908</u>	<u>13,004,908</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £662,250 (2019 - £1,952,217).

The Company expects to contribute £604,000 to its Defined benefit pension scheme in 2021.

	2020 £	2019 £
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	(89,000)	20,000
Changes in assumptions underlying the present value of the scheme liabilities	(598,000)	(1,152,000)
	<u>(687,000)</u>	<u>(1,132,000)</u>

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2020 %	2019 %
Discount rate	1.5	2.3
RPI inflation	2.8	3.2
CPI inflation	2.0	2.2
Revaluation of deferred pensions	2.0	2.2
Pension increases linked to inflation	2.8	3.1

Notes to the financial statements
For the Year Ended 30 June 2020

24. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2020 £	2019 £	2018 £	2017 £	2016 £
Defined benefit obligation	(22,704,368)	(22,572,368)	(21,579,368)	(22,739,942)	(22,713,513)
Scheme assets	12,897,908	13,004,908	12,804,908	12,183,846	10,863,527
Surplus	(9,806,460)	(9,567,460)	(8,774,460)	(10,556,096)	(11,849,986)
Experience adjustments on scheme liabilities	(598,000)	(1,152,000)	1,030,866	(531,674)	(2,588,084)
Experience adjustments on scheme assets	(89,000)	20,000	418,842	1,481,103	329,011
	(687,000)	(1,132,000)	1,449,708	949,429	(2,259,073)

25. Commitments under operating leases

At 30 June 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Land and buildings		
Not later than 1 year	255,000	255,000
Later than 1 year and not later than 5 years	780,000	780,000
Later than 5 years	539,583	714,583
	1,574,583	1,749,583
Other		
Not later than 1 year	3,185	9,099
Later than 1 year and not later than 5 years	6,060	9,245
	9,245	18,344

Richard Hochfeld Limited

Notes to the financial statements For the Year Ended 30 June 2020

26. Related party transactions

During the year, the company made purchases of £1,876,450 (2019: £1,896,974) from Topfruit Limited, a fellow subsidiary. At the year end the company owed £1,235,440 to Topfruit Limited (2019: £1,113,423).

During year, the company paid £5,000, plus VAT (2019: £Nil) to Alpha Fruit Limited, the joint parent company, in relation to management services. At the year end the company was owed £3,972 (2019: £3,972) from Alpha Fruit Limited.

During year, the company paid £900,000, plus VAT (2019 - £900,000, plus VAT) to Richard Hochfeld Management Limited, the ultimate parent company, in relation to management services. At the year end, the company owed £3,014,851 to Richard Hochfeld Management Limited (2019: £2,160,000).

During the year, the company made sales to Hochfeld International Limited, a fellow subsidiary of £4,832,150 (2019: £1,432,902). During the year, the company made purchases to Hochfeld International Limited of £622,846 (2019: £277,267). At the year end the company was owed £693,233 (2019: £1,088,431) from Hochfeld International Limited.

During the year, the company paid insurance premiums to Fruitcover Limited, a fellow subsidiary, of £50,254 (2019: £47,604).

During the year, the company operated a Directors' Current Account with A. C. Guindi. Various transactions occurred between the director and the company during the period including payment of personal expenditure on behalf of the director. At the year end, the company owed £Nil (2019: £2,699) to A.C. Guindi.

Key management personnel

The total remuneration in respect of personnel who have the authority and responsibility for planning, directing and controlling activities of the group have total remuneration of £769,109 (2019: £859,162).

27. Ultimate parent undertaking and controlling party

Richard Hochfeld Limited is a company under the joint control of Alpha Fruit Limited and Richard Hochfeld Management Limited, both companies are incorporated in England and Wales.

The company consider that A.C. Guindi is the ultimate controlling party by virtue of the majority ownership of Richard Hochfeld Management Limited.

The company is exempt from producing consolidated accounts as its ultimate parent undertaking, Richard Hochfeld Management Limited, produce consolidated accounts which are available from that company's registered office.