

Registered number: 05812436

**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**



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**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

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**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their report and the financial statements for the year ended 31 December 2021.

**Directors**

The directors who served during the year were:

C. Parmar  
B. Riemenapp  
E. West

**Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditor**

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 and the Group's auditor is 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 and the Group's auditor is aware of that information.

**Auditor**

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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FOODCHAIN ID TECHNICAL SERVICES LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

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Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 30 SEPTEMBER 2022 and signed on its behalf.



C. Parmar  
Director

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## FOODCHAIN ID TECHNICAL SERVICES LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOODCHAIN ID TECHNICAL SERVICES LIMITED

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#### Opinion

We have audited the financial statements of Foodchain ID Technical Services Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, Consolidated 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## 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 contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Group Strategic Report.

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## **FOODCHAIN ID TECHNICAL SERVICES LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOODCHAIN ID TECHNICAL SERVICES LIMITED (CONTINUED)**

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#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- Reviewing legal and professional expense nominal accounts for any indication of non-compliance with laws and regulations.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

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**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

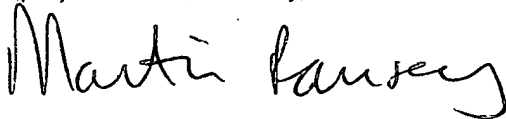
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOODCHAIN ID TECHNICAL SERVICES LIMITED (CONTINUED)**

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**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.



Martin Ramsey BSc (Hons) FCCA (Senior Statutory Auditor)  
for and on behalf of

**MHA MacIntyre Hudson (Statutory Auditors)**  
Birmingham, United Kingdom

Date: 30/9/22



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FOODCHAIN ID TECHNICAL SERVICES LIMITED

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021

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	Note	2021 £	2020 £
Turnover	3	1,795,442	313,423
Cost of sales		(726,417)	(106,048)
Gross profit		1,069,025	207,375
Administrative expenses		(921,434)	(186,714)
Operating profit	4	147,591	20,661
Interest receivable and similar income	8	2,137	-
Interest payable and similar expenses	9	(170,175)	-
(Loss)/profit before taxation		(20,447)	20,661
Tax on profit	10	(12,375)	25,038
(Loss)/profit for the financial year		(32,822)	45,699
(Loss)/profit for the year attributable to:			
Owners of the parent Company		(32,822)	45,699

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 16 to 33 form part of these financial statements.

**FOODCHAIN ID TECHNICAL SERVICES LIMITED**  
**REGISTERED NUMBER: 05812436**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	11	21,757,718	-
Tangible assets	12	44,373	26,409
		<u>21,802,091</u>	<u>26,409</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	2,122,900	61,465
Cash at bank and in hand	15	1,341,725	163,917
		<u>3,464,625</u>	<u>225,382</u>
Creditors: amounts falling due within one year	16	(15,444,144)	(210,159)
<b>Net current (liabilities)/assets</b>		<u>(11,979,519)</u>	<u>15,223</u>
<b>Total assets less current liabilities</b>		<u>9,822,572</u>	<u>41,632</u>
<b>Provisions for liabilities</b>			
Deferred taxation	18	(1,684,751)	(3,000)
<b>Net assets</b>		<u><u>8,137,821</u></u>	<u><u>38,632</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	132,012	1
Capital contribution reserve	20	8,000,000	-
Profit and loss account	20	5,809	38,631
<b>Equity attributable to owners of the parent Company</b>		<u><u>8,137,821</u></u>	<u><u>38,632</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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



30 September 2022

**C. Parmar**  
**Director**

The notes on pages 16 to 33 form part of these financial statements.

FOODCHAIN ID TECHNICAL SERVICES LIMITED  
REGISTERED NUMBER: 05812436

COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	12	244	26,409
Investments	13	20,898,411	-
		<u>20,898,655</u>	<u>26,409</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	1,279,549	61,465
Cash at bank and in hand	15	357,935	163,917
		<u>1,637,484</u>	<u>225,382</u>
Creditors: amounts falling due within one year	16	(12,812,227)	(210,159)
<b>Net current (liabilities)/assets</b>		<u>(11,174,743)</u>	<u>15,223</u>
<b>Total assets less current liabilities</b>		<u>9,723,912</u>	<u>41,632</u>
Creditors: amounts falling due after more than one year	17	(1,625,000)	-
<b>Provisions for liabilities</b>			
Deferred taxation	18	-	(3,000)
<b>Net assets</b>		<u>8,098,912</u>	<u>38,632</u>
<b>Capital and reserves</b>			
Called up share capital	19	132,012	1
Capital contribution reserve	20	8,000,000	-
Profit and loss account		(33,100)	38,631
		<u>8,098,912</u>	<u>38,632</u>

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FOODCHAIN ID TECHNICAL SERVICES LIMITED  
REGISTERED NUMBER: 05812436

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COMPANY BALANCE SHEET (CONTINUED)  
AS AT 31 DECEMBER 2021

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The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The loss after tax of the parent Company for the period was £71,731 (2020: profit of £45,699).

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

30 September 2022



C. Parmar  
Director

The notes on pages 16 to 33 form part of these financial statements.

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FOODCHAIN ID TECHNICAL SERVICES LIMITED

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

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	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	1	-	(7,068)	(7,067)
Profit for the year	-	-	45,699	45,699
At 1 January 2021	1	-	38,631	38,632
Loss for the year	-	-	(32,822)	(32,822)
Shares issued during the year	132,011	-	-	132,011
Capital contributions	-	8,000,000	-	8,000,000
At 31 December 2021	132,012	8,000,000	5,809	8,137,821

The notes on pages 16 to 33 form part of these financial statements.

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FOODCHAIN ID TECHNICAL SERVICES LIMITED

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COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

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	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	1	-	(7,068)	(7,067)
Profit for the year	-	-	45,699	45,699
At 1 January 2021	1	-	38,631	38,632
Loss for the year	-	-	(71,731)	(71,731)
Shares issued during the year	132,011	-	-	132,011
Capital contributions	-	8,000,000	-	8,000,000
At 31 December 2021	132,012	8,000,000	(33,100)	8,098,912

The notes on pages 16 to 33 form part of these financial statements.

**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(32,822)	45,699
<b>Adjustments for:</b>		
Amortisation of intangible assets	746,564	-
Depreciation of tangible assets	35,253	34,819
Loss on disposal of tangible assets	2,781	-
Interest paid	170,175	-
Interest received	(2,137)	-
Taxation charge/(credit)	12,375	(25,038)
Decrease/(increase) in debtors	289,939	(942)
(Increase) in amounts owed by groups	(1,212,000)	-
Increase in creditors	600,773	600
Increase/(decrease) in amounts owed to groups	12,128,067	(1,837)
Corporation tax received/(paid)	68,442	(2,407)
<b>Net cash generated from operating activities</b>	<b>12,807,410</b>	<b>50,894</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(59,080)	-
Purchase of tangible fixed assets	(16,427)	(650)
Interest received	2,137	-
Purchase of fixed asset investments	(20,898,411)	-
Cash transferred on acquisition	1,380,343	-
<b>Net cash from investing activities</b>	<b>(19,591,438)</b>	<b>(650)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	132,011	-
Interest paid	(170,175)	-
Capital contribution reserve	8,000,000	-
<b>Net cash used in financing activities</b>	<b>7,961,836</b>	<b>-</b>

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FOODCHAIN ID TECHNICAL SERVICES LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

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	2021 £	2020 £
Net increase in cash and cash equivalents	1,177,808	50,244
Cash and cash equivalents at beginning of year	163,917	113,673
Cash and cash equivalents at the end of year	1,341,725	163,917
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,341,725	163,917
	1,341,725	163,917

The notes on pages 16 to 33 form part of these financial statements.



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FOODCHAIN ID TECHNICAL SERVICES LIMITED

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CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2021

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	At 1 January 2021 £	Cash flows £	Acquisition and disposal of subsidiaries £	At 31 December 2021 £
Cash at bank and in hand	163,917	(202,535)	1,380,343	1,341,725
	-	-	-	-
	<u>163,917</u>	<u>(202,535)</u>	<u>1,380,343</u>	<u>1,341,725</u>

The notes on pages 16 to 33 form part of these financial statements.

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## FOODCHAIN ID TECHNICAL SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. General information

Foodchain ID Technical Services Limited (the Company) is a private company limited by shares incorporated and domiciled in England. The address of its registered office is First Floor, Unit 50, Drayton House, Drayton Manor Business Park, Coleshill Road, Tamworth, Staffordshire, England, B78 3TL, which is also the address of its principal place of business.

The principal activity of the Company is training and consulting within the food and feed industry. The principal activity of the Group is the supply of food and beverage management software.

On 25 August 2021, the Group acquired 100% of the issued share capital of Hamilton Grant Holdings Limited and Hamilton Grant Software Ltd. Refer to note 21 for details of the acquisition. As a result, the prior year comparative figures represent the company only results of Foodchain ID Technical Services Limited.

#### 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 Group management to exercise judgment in applying the Group's accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

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## FOODCHAIN ID TECHNICAL SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.3 Going concern

The Company had net assets of £8,098,912 (2020: £38,632) at the Balance sheet date and made a loss before tax of £74,599 (2020: £20,661 profit).

The Company has received a letter of support from P&P Food Safety Holdings (Delaware) Inc., an intermediate parent company, confirming that it will continue to provide financial support for the foreseeable future and for a period of at least 12 months from the date of signing the financial statements for the year ended 31 December 2021.

The directors believe that the company remains a going concern and as such the financial statements have been prepared on that basis.

##### 2.4 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

##### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.6 Interest income

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

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## FOODCHAIN ID TECHNICAL SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.8 Pensions

###### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

##### 2.9 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

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FOODCHAIN ID TECHNICAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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2. Accounting policies (continued)

2.10 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

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

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

The estimated useful lives range as follows:

Development expenditure	-	7	years
Customer book	-	10	years
Goodwill	-	10	years
Trademarks	-	10	years
Computer software	-	7	years

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight-line and reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	- 15% reducing balance and 33% straight line
Office equipment	- 50% straight line
Website development	- 20 - 50% 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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2. Accounting policies (continued)

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.17 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

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FOODCHAIN ID TECHNICAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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2. Accounting policies (continued)

2.17 Financial instruments (continued)

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

3. Turnover

The whole of the turnover is attributable to training and consulting within the food and feed industry and the supply of food and beverage management software.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	1,049,225	242,329
Rest of Europe	82,470	71,094
Rest of the world	663,747	-
	<u>1,795,442</u>	<u>313,423</u>

4. Operating profit

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

	2021 £	2020 £
Exchange differences	2,823	(5,223)
Contribution to pension scheme	63,292	5,219
Amortisation charge	746,564	-
Depreciation charge	<u>35,253</u>	<u>34,819</u>

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**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**5. Auditor's remuneration**

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>23,975</u>	<u>16,400</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Audit-related assurance services	23,975	16,400
Taxation compliance services	3,000	2,000
Accounts preparation	2,840	1,600
	<u>29,815</u>	<u>20,000</u>

**6. Employees**

	2021 £	2020 £
Wages and salaries	495,600	115,026
Social security costs	54,414	11,280
Cost of defined contribution scheme	23,864	5,219
	<u>573,878</u>	<u>131,525</u>

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

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Employees	<u>42</u>	<u>6</u>	<u>5</u>	<u>6</u>

**7. Directors' remuneration**

Director's remuneration has been borne by the wider group.



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NOTES TO THE FINANCIAL STATEMENTS  
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8. Interest receivable

	2021 £	2020 £
Interest receivable from group companies	1,747	-
Other interest receivable	390	-
	<u>2,137</u>	<u>-</u>

9. Interest payable and similar expenses

	2021 £	2020 £
Other loan interest payable	1,782	-
Group interest payable	168,393	-
	<u>170,175</u>	<u>-</u>

10. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	81,087	(20,038)
Adjustments in respect of previous periods	132	-
	<u>81,219</u>	<u>(20,038)</u>
<b>Total current tax</b>	<u>81,219</u>	<u>(20,038)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(68,844)	(5,000)
<b>Total deferred tax</b>	<u>(68,844)</u>	<u>(5,000)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>12,375</u>	<u>(25,038)</u>

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**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**10. Taxation (continued)****Factors affecting tax charge for the year**

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

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	(20,447)	20,661
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(3,885)	3,926
Effects of:		
Non-tax deductible amortisation of goodwill and other intangible assets	141,847	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	309	-
Capital allowances for year in excess of depreciation	2,488	6,012
Qualifying profit/loss on disposal	528	-
Adjustments to tax charge in respect of prior periods	132	-
Changes in provisions leading to an increase (decrease) in the tax charge	3,944	1,392
Unrelieved tax losses carried forward	7,220	-
Federal income tax	-	(20,035)
Group relief	(79,074)	(11,333)
R&D Claims	7,710	-
Movement in Deferred taxation	(68,844)	(5,000)
<b>Total tax charge for the year</b>	<b>12,375</b>	<b>(25,038)</b>

**Factors that may affect future tax charges**

In the spring budget 2021, the UK Government announced that the UK corporation tax rate would increase to 25% with effect from 1 April 2023.

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FOODCHAIN ID TECHNICAL SERVICES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2021

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11. Intangible assets

Group

	Development expenditure £	Trademarks £	Computer software £	Goodwill £	Customer book £	Total £
<b>Cost</b>						
Additions	58,789	-	-	-	-	58,789
On acquisition of subsidiaries	-	90,290	1,900,000	15,455,203	5,000,000	22,445,493
At 31 December 2021	58,789	90,290	1,900,000	15,455,203	5,000,000	22,504,282
<b>Amortisation</b>						
Charge for the year	862	3,358	90,476	485,201	166,667	746,564
At 31 December 2021	862	3,358	90,476	485,201	166,667	746,564
<b>Net book value</b>						
At 31 December 2021	57,927	86,932	1,809,524	14,970,002	4,833,333	21,757,718
At 31 December 2020	-	-	-	-	-	-

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**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**12. Tangible fixed assets**

**Group**

	Plant and machinery £	Office equipment £	Website development £	Total £
<b>Cost or valuation</b>				
At 1 January 2021	-	5,629	188,796	194,425
Additions	16,427	-	-	16,427
Acquisition of subsidiary	39,571	-	-	39,571
Disposals	(2,844)	-	-	(2,844)
At 31 December 2021	53,154	5,629	188,796	247,579
<b>Depreciation</b>				
At 1 January 2021	-	4,842	163,174	168,016
Charge for the year	9,088	543	25,622	35,253
Disposals	(63)	-	-	(63)
At 31 December 2021	9,025	5,385	188,796	203,206
<b>Net book value</b>				
At 31 December 2021	44,129	244	-	44,373
At 31 December 2020	-	787	25,622	26,409

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FOODCHAIN ID TECHNICAL SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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12. Tangible fixed assets (continued)

Company

	Computer and office equipment £	Website development £	Total £
<b>Cost or valuation</b>			
At 1 January 2021	5,629	188,796	194,425
At 31 December 2021	5,629	188,796	194,425
<b>Depreciation</b>			
At 1 January 2021	4,842	163,174	168,016
Charge for the year	543	25,622	26,165
At 31 December 2021	5,385	188,796	194,181
<b>Net book value</b>			
At 31 December 2021	244	-	244
At 31 December 2020	787	25,622	26,409

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**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**13. Fixed asset investments****Company**

	Investments in subsidiary companies £
Cost or valuation	
Additions	20,898,411
At 31 December 2021	<u>20,898,411</u>

**Direct subsidiary undertaking**

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Hamilton Grant Holdings Limited	First Floor, Unit 50 Drayton House, Drayton Manor Business Park, Coleshill Road, Tamworth, Staffordshire, England, B78 3TL	Dormant holding company	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit
Hamilton Grant Holdings Limited	<u>8,508,778</u>	<u>975,000</u>

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**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**13. Fixed asset investments (continued)****Indirect subsidiary undertaking**

The following was an indirect subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Hamilton Grant Software Limited	First Floor, Unit 50 Drayton House, Drayton Manor Business Park, Coleshill Road, Tamworth, Staffordshire, England, B78 3TL	Supply of food and beverage management software	Ordinary	100%

**14. Debtors**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	805,571	10,730	18,807	10,730
Amounts owed by group undertakings	1,260,225	48,225	1,260,225	48,225
Other debtors	100	1,005	-	1,005
Prepayments and accrued income	57,004	1,505	517	1,505
	<u>2,122,900</u>	<u>61,465</u>	<u>1,279,549</u>	<u>61,465</u>

Amounts owed by group undertakings are interest free and repayable on demand.

An impairment loss of £nil (2020: £nil) was recognised against trade debtors.

**15. Cash and cash equivalents**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	<u>1,341,725</u>	<u>163,917</u>	<u>357,935</u>	<u>163,917</u>

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**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**16. Creditors: Amounts falling due within one year**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	40,042	4,238	20,549	4,238
Amounts owed to group undertakings	12,229,200	101,133	12,332,100	101,133
Corporation tax	149,661	-	-	-
Other taxation and social security	142,001	2,680	8,958	2,680
Other creditors	319,158	2,619	305,187	2,619
Accruals and deferred income	2,564,082	99,489	145,433	99,489
	<u>15,444,144</u>	<u>210,159</u>	<u>12,812,227</u>	<u>210,159</u>

Amounts owed to group undertakings are interest free and repayable on demand.

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

	Company 2021 £	Company 2020 £
Amounts owed to group undertakings	<u>1,625,000</u>	<u>-</u>

**18. Deferred taxation**

**Group**

	2021 £
At beginning of year	(3,000)
Charged to profit or loss	407
Arising on business combinations	(1,750,595)
Utilised in year	68,437
At end of year	<u>(1,684,751)</u>



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FOODCHAIN ID TECHNICAL SERVICES LIMITED

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18. Deferred taxation (continued)

Company

	2021 £
At beginning of year	(3,000)
Charged to profit or loss	3,000
At end of year	-

The provision for deferred taxation is made up as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Accelerated capital allowances	(6,349)	(3,000)	-	(3,000)
Intangible fixed assets	(1,678,402)	-	-	-
	<u>(1,684,751)</u>	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1 (2020 - 1) Ordinary share of £1.00	1	1
13,201,135 (2020 - 0) Ordinary shares of £0.01 each	132,011	-
	<u>132,012</u>	<u>1</u>

On 25 August 2021, the Company allotted and issued 13,201,135 ordinary £0.01 shares for consideration of £132,011.

20. Reserves

Capital Contribution reserve

Capital contribution represents new capital transferred into the Company by the Company's members through cash.

Profit and loss account

The profit and loss account contains all current and prior period retained earnings.

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**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

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**21. Business combinations**

On 25 August 2021 the Company acquired 100% of the issued share capital of Hamilton Grant Holdings Limited and Hamilton Grant Software Ltd. for total consideration of £20,898,412 including legal costs of £254,575. At the acquisition date the total net assets of the subsidiary were £5,443,209, with goodwill valued at £15,455,203.

**Acquisition of Hamilton Grant Holdings Limited and Hamilton Grant Software Ltd.**

**Recognised amounts of identifiable assets acquired and liabilities assumed**

	Book value £	Fair value adjustments £	Fair value £
<b>Fixed Assets</b>			
Tangible	39,571	-	39,571
Intangible	2,645	6,987,355	6,990,000
	<u>42,216</u>	<u>6,987,355</u>	<u>7,029,571</u>
<b>Current Assets</b>			
Debtors	1,139,374	-	1,139,374
Cash at bank and in hand	1,380,343	-	1,380,343
	<u>2,561,933</u>	<u>6,987,355</u>	<u>9,549,288</u>
<b>Total Assets</b>			
<b>Creditors</b>			
Due within one year	(570,968)	-	(570,968)
Due after more than one year	(1,784,516)	-	(1,784,516)
Deferred taxation	(3,756)	(1,746,839)	(1,750,595)
	<u>202,693</u>	<u>5,240,516</u>	<u>5,443,209</u>
<b>Total Identifiable net assets</b>			
			<u>15,455,203</u>
<b>Purchased goodwill</b>			
			<u>20,898,412</u>
<b>Total purchase consideration</b>			
<b>Consideration</b>			
			£
Cash			16,971,971
Equity instruments			3,671,866
Directly attributable costs			254,575
			<u>20,898,412</u>
<b>Total purchase consideration</b>			

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**FOODCHAIN ID TECHNICAL SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**21. Business combinations (continued)****Cash outflow on acquisition**

The results of Hamilton Grant Software Ltd. since acquisition are as follows:

	Current period since acquisition £
Turnover	1,497,549
Profit for the period since acquisition	711,896

Since the date of acquisition, Hamilton Grant Holdings Limited has generated no turnover and has made neither a profit or loss.

**22. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £2,340 (2020: £5,219). Contributions totalling £188 (2020: £729) were payable to the fund at the balance sheet date and are included in creditors.

**23. Controlling party**

The ultimate parent company is FCID Holdings Inc., a company incorporated in the USA.

Foodchain ID Technical Services Limited is the parent undertaking for the smallest group of which consolidated financial statements are prepared and of which the Company is a member.