

Snowdonia Cheese Company Ltd

Registered number: 04171512

Information for filing with the Registrar

For the year ended 31 December 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	5	79,919	100,023
Tangible assets		814,874	1,005,588
Investments	6	56	-
		<u>894,849</u>	<u>1,105,611</u>
Current assets			
Stocks	7	735,997	790,369
Debtors: amounts falling due within one year	8	4,055,944	3,028,026
Cash at bank and in hand		369,389	81,867
		<u>5,161,330</u>	<u>3,900,262</u>
Creditors: amounts falling due within one year	9	(3,967,754)	(3,281,273)
Net current assets		<u>1,193,576</u>	<u>618,989</u>
Total assets less current liabilities		<u>2,088,425</u>	<u>1,724,600</u>
Creditors: amounts falling due after more than one year	10	(17,740)	(113,815)
Provisions for liabilities			
Deferred tax	12	(102,379)	(141,062)
Other provisions	13	(35,000)	(40,000)
Net assets		<u><u>1,933,306</u></u>	<u><u>1,429,723</u></u>
Capital and reserves			
Called up share capital	14	60,250	60,250
Share premium account	15	89,960	89,960
Profit and loss account	15	1,783,096	1,279,513
		<u><u>1,933,306</u></u>	<u><u>1,429,723</u></u>

SNOWDONIA CHEESE COMPANY LTD
REGISTERED NUMBER: 04171512

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with 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 27 September 2021.

W J Newton-Jones
Director

The notes on pages 3 to 17 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

Snowdonia Cheese Company Limited ("the Company"), Company number 04171512, is a private Company, limited by shares, registered in England and Wales, incorporated in the United Kingdom. The address of its registered office is Unit 14 Cefndy Road, Employment Park, Rhyl, Denbighshire, LL18 2HJ.

The comparative information shown in the prior period is for a 9 month period.

The principal activity is the provision of cheese production.

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 Section 1A of 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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

These financial statements have been prepared on a going concern basis. The current economic conditions present risks for all businesses. In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projection for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

The directors have confirmed that they believe the Group and company are well equipped to deal with uncertain conditions for the duration of this pandemic. Both demand from existing customers and the Company's current enquiry level remain strong. The directors envisage the Company coming out of the current COVID-19 pandemic in a strong position that will enable the Company to continue its current success. The Company has a number of banking facilities available to them to cover any additional funding requirements they might have as a result of this outbreak. The Statement of Financial Position is strong reflecting a net current asset position.

In addition, the Company's assets are assessed for recoverability on a regular basis, the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

Based on this assessment, the directors consider that the Company maintains an appropriate level of liquidity sufficient to meet the demands of the business.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

The UK government has offered a range of financial support packages to help companies, including government back financing arrangements, furlough schemes, deferment of VAT payments and, for some sectors, business rates holidays. Of the offered schemes, the company used the furlough scheme. The income from the furlough scheme has been recognised within 'Other operating income' based on an accruals model. They are recognised when the entity has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received. The accrued element of grants is included in debtors as accrued income.

2.6 Interest income

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

2.7 Finance costs

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

2.8 Borrowing costs

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

2.9 Pensions

Defined contribution pension plan

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.10 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 reporting 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 Statement of Financial Position 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 reporting date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 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:

Software	-	5	years
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2.13 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 31 DECEMBER 2020**

2. Accounting policies (continued)

2.13 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 straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	-	20% on cost
Plant & machinery	-	20% on cost
Motor vehicles	-	25% on cost
Computer equipment	-	20% on cost
Artwork	-	Not depreciated

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company 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 Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.17 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.

2.18 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.

2.19 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

2.20 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.20 Financial instruments (continued)

for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

In applying the Company's accounting policies, the directors are required to make judgments, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgments, estimates and assumptions are based on the best and most reliable evidence available at the time when decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgments, estimates and assumptions, the actual results and outcomes may differ.

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

a. Critical judgments in applying the Company's accounting policies

The critical judgments that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impaired assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

b. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Recoverability of Debtors

The company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the directors consider the ageing of the debtors, past experience of recoverability, the credit profile of the client plus any known contractual problems. Provision is made for all debtors in dispute with clients, plus all retentions exceeding three years in age (Note 10).

(ii) Determining residual values and useful economic lives of intangible and tangible fixed assets

The company amortises and depreciates intangible and tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be made by management (Note 7 and Note 8).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. Employees

The average monthly number of employees, including directors, during the year was 60 (2019 - 36).

5. Intangible assets

	Software £
Cost	
At 1 January 2020	141,334
Additions	8,765
	<hr/>
At 31 December 2020	150,099
	<hr/>
Amortisation	
At 1 January 2020	41,311
Charge for the year on owned assets	28,869
	<hr/>
At 31 December 2020	70,180
	<hr/>
Net book value	
At 31 December 2020	<hr/> <hr/> 79,919
At 31 December 2019	<hr/> <hr/> 100,023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	56
At 31 December 2020	<u>56</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Snowdonia Australia Pty Ltd	C/O Grant Thornton Australia Limited, Collins Square Tower Five, Level 22, 727 Collins Street, Docklands VIC 3008	Ordinary	100 %

Snowdonia Australia Pty Ltd is currently dormant.

7. Stocks

	2020 £	2019 £
Raw materials and consumables	519,598	534,700
Finished goods and goods for resale	216,399	255,669
	<u>735,997</u>	<u>790,369</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Debtors

	2020	2019
	£	£
Trade debtors	2,913,005	2,544,424
Amounts owed by group undertakings	808,406	182,200
Other debtors	214,296	237,633
Prepayments and accrued income	120,237	63,769
	<u>4,055,944</u>	<u>3,028,026</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Bank overdrafts	20,238	37,708
Trade creditors	1,902,531	1,512,756
Amounts owed to group undertakings	280,261	255,641
Other taxation and social security	390,343	63,281
Obligations under finance lease and hire purchase contracts	119,920	160,550
Proceeds of factored debts	511,071	634,505
Other creditors	215,757	89,287
Accruals and deferred income	527,633	527,545
	<u>3,967,754</u>	<u>3,281,273</u>

HSBC UK Bank plc holds a fixed charge over all debts, tangible and intangible assets and floating charge over all assets of the company.

Proceeds of factored debts are secured over the trade debtors to which they relate.

Obligations under finance lease and hire purchase contracts are secured over the assets to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

	2020	2019
	£	£
Net obligations under finance leases and hire purchase contracts	15,075	111,150
Deferred grant income	2,665	2,665
	<u>17,740</u>	<u>113,815</u>

Obligations under finance lease and hire purchase contracts are secured over the assets to which they relate.

11. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020	2019
	£	£
Within one year	119,920	160,550
Between 1-5 years	15,075	111,150
	<u>134,995</u>	<u>271,700</u>

12. Deferred taxation

	2020	2019
	£	£
At beginning of year	(141,062)	(108,764)
Credited to profit or loss	38,683	(32,298)
At end of year	<u>(102,379)</u>	<u>(141,062)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(104,860)	(141,062)
Short term timing differences	2,481	-
	<u>(102,379)</u>	<u>(141,062)</u>

13. Provisions

	Dilapidations £
At 1 January 2020	40,000
Charged to profit or loss	(5,000)
At 31 December 2020	<u><u>35,000</u></u>

The Company has made a provision for the future cost of returning the leasehold property to its original state at the expiry of the lease.

14. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
60,250 (2019 - 60,250) Ordinary shares of £1.00 each	<u><u>60,250</u></u>	<u><u>60,250</u></u>

15. Reserves

Share premium account

Premium paid on issued share capital.

Profit & loss account

Accumulated profit and loss, net of distribution to shareholders.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Commitments and contingencies**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 £65,738 (2019: £21,798). Contributions totalling £6,288 (2019: £24,681) were payable to the fund at the balance sheet date and are included in other creditors.

17. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Property		
Not later than 1 year	96,045	96,045
Later than 1 year and not later than 5 years	152,071	248,116
	<u>248,116</u>	<u>344,161</u>

Derivative financial instruments - Forward contracts

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables and receivables. At 31 December 2020, the outstanding contracts all mature by 31 January 2022. The Company is committed to sell €1,116,937 (2019: €2,157,203) for a fixed sterling amount.

18. Related party transactions

The Company has taken the exemption from disclosing particulars of transactions of wholly owned subsidiaries of the same group as permitted by Section 33 of FRS 102.

Key management personnel are deemed to be the directors of the Company.

During the year £48,000 (2019: £24,000) was paid to The Newton Jones Partnership in respect of services for business development. W J Newton Jones is a partner in this business.

19. Controlling party

The immediate controlling party is Arctic Motion Limited, a company incorporated in the UK. The address at which the consolidated financial statements are publicly available is Agriculture House, Corkscrew Lane, Wrexham, LL14 6HG, United Kingdom. This is the smallest and largest group in which the results of the company are consolidated.

The directors do not consider there to be an ultimate controlling party.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 28 September 2021 by Neil Barton (Senior Statutory Auditor) on behalf of Mazars LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.