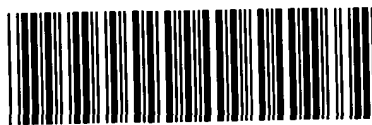


Company Registration No. 05697954 (England and Wales)

MM FLOWERS LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE PERIOD ENDED
31 AUGUST 2020

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COMPANIES HOUSE

MM FLOWERS LIMITED

COMPANY INFORMATION

Directors

J M Hedge
J C Madrinan
Á Munoz Beraza
A Paredes
B R Patel
U Patel

Company number

05697954

Registered office

Aps Enterprise Campus
Alconbury Weald
Huntingdon
PE28 4YA

Auditor

KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

MM FLOWERS LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 AUGUST 2020

The directors present the strategic report and financial statements for the period ended 31 August 2020.

Review of the business

The company's leading market offer and vertically integrated supply chain have allowed it to continue to grow and strengthen its position as a market leader in the cut flower sector.

Underlying performance in the first half of the year was strong with continued positive sales and margin growth, building on the strong foundations laid over the previous two years.

The second half of the 2020 financial year saw the World face the COVID-19 pandemic. The business adapted well to this challenge despite the additional operational impact brought about by the required extensive adaptations to our operation. In line with other industries, the cut flower sector saw a movement in consumer spend to online delivery services which the company benefited from via its leading position as a supplier to major online retailers.

Principal risks and uncertainties

The company is dependent on maintaining the loyalty of both its customers and suppliers. Brexit has accentuated the importance of these relationships, which we continue to enhance by maintaining a constant focus on service, technical standards and the challenges of costs throughout the supply chain. Our vertically integrated supply chain, strong support from our owners, long-term strategic relationships with key growers, together with increased investment in primary production, is key to our management supply risk.

Impact of COVID-19

At the time of signing, the macro environment is heavily impacted by the global COVID-19 pandemic. Working within the guidelines of the UK Government and Public Health England, the company has been able to mitigate the impact of COVID-19, to the point where any potential negative impact is not significant to the performance of the company.

Cash resources and cash position

The available cash has continued to improve from the year-end position and the company is not only generating positive operating cash flows but has also improved its available funding options with its corporate financiers. The company has not, and is unlikely to, utilise any government support or increase its borrowings in order to continue to operate.

Income statement/profitability

The health, safety and wellbeing of our employees is of paramount importance to us. The practical application of social distancing in a manufacturing operation does, by its very nature, increase costs due to efficiency reductions. However, overall it is not significant to the performance of the business and is expected to have little impact on our overall profitability.

Financial key performance indicators

The directors use a number of performance indicators, both financial and non-financial. Of primary importance to the successful management of the business is daily monitoring of sales and gross margins by customer.

	31 August 2020	31 August 2019	1 September 2018	2 September 2017
	£	£	£	£
Turnover	114,557,774	95,545,980	93,636,795	85,067,104
Gross profit	11,862,237	8,557,582	7,421,060	5,948,923
Gross profit %	10.40%	9.00%	7.90%	7.00%
Administrative expenses	9,151,998	7,670,827	7,335,175	6,008,755
Administrative expenses % sales	8.00%	8.10%	7.80%	7.10%
Operating profit/(loss)	2,686,277	458,111	266,532	(2,501,366)
Adjusted EBITDA	3,205,442	1,297,832	432,075	(880,181)

MM FLOWERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2020

Reconciliation of operating profit to adjusted EBITDA:

	31 August 2020	31 August 2019	1 September 2018	2 September 2017
	£	£	£	£
Operating profit/(loss)	2,686,277	458,111	266,532	(2,501,366)
Fair value gains/(losses) on derivative financial instruments	23,962	448,644	(180,647)	1,296,481
Depreciation	420,504	330,087	278,155	248,232
Amortisation	<u>74,699</u>	<u>60,990</u>	<u>68,035</u>	<u>76,472</u>
Adjusted EBITDA	<u>3,205,442</u>	<u>1,297,832</u>	<u>432,075</u>	<u>(880,181)</u>

Other key performance indicators

The directors look at customer satisfaction and growth of sales and employ individuals to monitor and maintain these relationships. The directors are satisfied with the result of these measures for the year.

Directors' duties in relation to s172 Companies Act 2006

The directors consider, that they have acted in the way they believe, in good faith, to promote the success of MM Flowers Limited (MM Flowers) for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to:

- The likely consequences of any decision in the long-term,
- The interests of the company's employees,
- The need to foster the company's business relationships with suppliers, customers and others,
- The impact of the company's operations on the community and environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly between shareholders and the company.

We describe how the directors consider these factors in their decision making below:

Long term value

The company and its subsidiaries continue to invest for the future with significant investment in a new processing plant in The Netherlands, expansion of its R&D facility and material investments in equipment and machinery to increase the available processing capacity to meet anticipated future demands.

In addition, MM Flowers completed a refinance exercise with its core banking partner to ensure it has available capital, in addition to the positive cash flows from its operations, to support the creation of long term value.

Employee engagement

MM Flowers is committed to maximising the level of employee engagement in its operations. All new employees receive appropriate training to perform their role competently and safely. Due to the seasonal nature of the company's operations, the company utilises a significant proportion of agency workers. The company works in close partnership with the agency provider to ensure that all agency staff receive the same initial training as employees.

The company also further engages with its employees and agency staff through ongoing and regular 'Pulse' surveys. The results of the 'Pulse' surveys are collated, and a 'Pulse' forum is attended by employee representatives and company senior management.

MM FLOWERS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

Business relationships

The company is proud of its deep integration with both its suppliers and customers throughout the supply chain.

The company is a leader in the sector in that a majority of our raw materials are supplied by suppliers with long standing partnerships ensuring we can supply our customers with high quality products, consistently and all year round.

MM Flowers recognises that the strength of its business relies heavily on a stable and ethical supply base. The company is fully compliant with the Ethical Trade Initiative's (ETI) requirements and works closely with its supply base to encourage and support ETI adoption across its suppliers. Additionally, the company is compliant with SMETA (Sedex Members Ethical Trade Audit), the most widely used social audits in the world. This allows us to assess and sites and suppliers to understand working conditions in our supply chain.

Energy and carbon usage

The company reports on all the greenhouse gas ("GHG") emission sources as required under the Streamline Energy and Carbon Reporting ("SECR") legislation.

The company moved to a brand new, purpose-built processing facility in 2017. The facility is owned by Alconbury Packing Solutions Limited, a wholly owned subsidiary of MM Flowers. The facility was purpose built with energy efficiency and renewable energy generation included in the design. ISO14001 was in place for two years and a baseline for the company's energy, water and waste usage established throughout 2018 and 2019.

In 2019 the company concluded that the development of our own Environmental Management System (EMS) and the Building Management System (BMS) would give us a framework, as robust as ISO14001, on which to plan, monitor and evaluate our performance.

The company updated its Environmental Policy in July 2020 and is currently finalising its new Sustainability Strategy (Planet, People, Profit) which together gives us an ambitious forward plan.

Our engagement in climate change initiatives such as the Climate Change Agreement (CCA) agreed for 2021, our Streamlined Energy and Carbon Reporting (SECR), involvement with WRAP, promotion of Clean Sweep and our commitment to the UN SDG's, gives us suitable incentives on which to drive forward our Sustainability Strategy, action plans, KPIs and improvement targets.

Key environmental targets are:

- Energy – improve our energy performance in terms of kWh/cubic metre reduction of 6.7% over two years.
- Water – water reduction targets to be set per production unit (to be agreed in 2021).
- Waste – 100% diversion from landfill. 70% of general waste diverted from incineration and recycled by 2021.

Methodology

The methodology used to calculate our GHG emissions and energy use is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the operational control approach on reporting boundaries. Data has been calculated using BEIS 2019 emission factors for all carbon streams. All emissions and energy use is UK based apart from a small percentage of GHG scope 3 business travel.

MM FLOWERS LIMITED


STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

The Company reviews and records its Energy & Carbon reporting on a calendar basis.

Global GHG emissions and energy use data:	31 August 2020 UK & Offshore
Mandatory Reporting for all UK and Offshore locations	
Energy consumption used to calculate emissions: /kwh	1,721,260.02
Emissions from activities for which the company own or control including combustion of fuel & operation of facilities (Scope 1) / tCO ₂ e	25.94
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2) / tCO ₂ e	468.76
Total gross Scope 1 & Scope 2 emissions / tCO ₂ e	494.70
Intensity ratio: tCO ₂ e (gross Scope 1 + 2) / £100,000 revenue	0.42

No comparison figures have been provided as the SECR requirements apply to the company from 1 September 2019 onwards and so there is no information available for the prior year.

On behalf of the board



.....
J M Hedge
Director

Date: 5th May 2021
.....

MM FLOWERS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2020

The directors present their annual report and financial statements for the period ended 31 August 2020.

Principal activities

The principal activity of the company continued to be that of the importation, handling and distribution of flowers. The company is a supplier of cut flower bouquets to the UK high street multiples and direct box business.

Results and dividends

The results for the period are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

J M Hedge	(Appointed 7 May 2020)
J C Madrinan	
Á Munoz Beraza	(Appointed 10 February 2020)
A Paredes	
B R Patel	(Appointed 11 August 2020)
U Patel	(Appointed 11 August 2020)
F J De Lucas López	(Appointed 10 February 2020 and resigned 17 April 2020)
D M Johnson	(Resigned 11 August 2020)
A J Kirkham	(Resigned 31 October 2019)
D M Pickford	(Appointed 31 October 2019 and resigned 10 February 2020)
P S Whelan	(Resigned 10 February 2020)
C M Williamson	(Resigned 11 August 2020)

Qualifying third party indemnity provisions

During the year and up to the date of this report, directors indemnity insurance was in place under a group policy. This covers all qualifying directors.

Financial risk management policies and objectives

The company uses various financial instruments which include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The company is exposed to the usual credit risk associated with selling on credit. As almost all of our sales are to major UK supermarkets the risk of default is considered to be low so this risk is managed through robust credit control procedures.

Throughout the 2019/20 period, the company has managed exchange rate risk on purchases from overseas suppliers through the use of hedging instruments. This policy will continue.

Cash flow is monitored on a daily basis and the board meets regularly to ensure that appropriate facilities are available to support current and future facilities. Liquidity risk is also managed by the use of invoice financing facilities in which headroom is monitored on a daily basis.

MM FLOWERS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

Regular cascade meetings are held with employees to complement the routine team meetings that occur throughout the company. The company also has an active staff forum, with members drawn from all areas of the business. More information on the company's engagement with its employees is provided in the strategic report.

Auditor

KPMG LLP were appointed in the year and have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties, key performance indicators, future developments and employee and other stakeholder engagements.

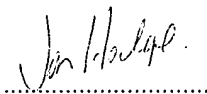
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons as set out in note 1 to these financial statements.

On behalf of the board



.....
J M Hedge

Director

Date: 5th May 2021
.....

MM FLOWERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 or of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MM FLOWERS LIMITED

Opinion

We have audited the financial statements of MM Flowers Limited (the 'company') for the period ended 31 August 2020 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and related notes, including accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MM FLOWERS LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: <http://www.frc.org.uk/auditorsresponsibilities>.

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

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.



Kelly Dunn (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Botanic House
100 Hills Road
Cambridge
CB2 1AR

5 May 2021
.....

MM FLOWERS LIMITED

INCOME STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2020

		Period ended 31 August 2020 £	Period ended 31 August 2019 £
	Notes		
Turnover	3	114,557,774	95,545,980
Cost of sales		(102,695,537)	(86,968,398)
Gross profit		11,862,237	8,577,582
Fair value movement on derivatives		(23,962)	(448,644)
Administrative expenses		(9,151,998)	(7,670,827)
Operating profit	6	2,686,277	458,111
Interest payable and similar expenses	8	(182,236)	(119,308)
Profit before taxation		2,504,041	338,803
Tax on profit	9	(491,013)	(60,534)
Profit for the financial period		2,013,028	278,269

MM FLOWERS LIMITED

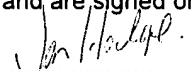
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 AUGUST 2020

	Period ended 31 August 2020 £	Period ended 31 August 2019 £
Profit for the period	2,013,028	278,269
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Cash flow hedges:		
- Hedging (loss)/gain arising in the period	(595,007)	225,267
- Cost of hedging - changes in fair value	54,911	(65,776)
Tax relating to items that may be reclassified	102,012	(27,113)
Total items that may be reclassified to profit or loss	(438,084)	132,378
Total comprehensive income for the period	1,574,944	410,647

MM FLOWERS LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020**

	Notes	2020 £	2019 £
Fixed assets			
Intangible assets	10	241,709	123,497
Tangible fixed assets	11	3,060,050	1,745,896
Investments	12	224,172	224,172
		<u>3,525,931</u>	<u>2,093,565</u>
Current assets			
Stocks	14	1,405,954	1,324,596
Debtors	15	11,004,894	13,951,390
Cash at bank and in hand		4,009,367	303,025
		<u>16,420,215</u>	<u>15,579,011</u>
Creditors: amounts falling due within one year			
Creditors	16	16,483,335	16,065,349
Lease liabilities	17	136,732	-
		<u>16,620,067</u>	<u>16,065,349</u>
Net current liabilities		<u>(199,852)</u>	<u>(486,338)</u>
Total assets less current liabilities		<u>3,326,079</u>	<u>1,607,227</u>
Creditors: amounts falling due after more than one year			
Lease liabilities	17	136,658	-
Provisions for liabilities			
Deferred tax liabilities	18	7,250	-
Net assets		<u>3,182,171</u>	<u>1,607,227</u>
Capital and reserves			
Called up share capital	20	10,000	10,000
Share premium account		1,080,562	1,080,562
Hedging reserve		(305,706)	132,378
Profit and loss reserves		2,397,315	384,287
Total equity		<u>3,182,171</u>	<u>1,607,227</u>

The financial statements were approved by the board of directors and authorised for issue on 5th May 2021 and are signed on its behalf by:


.....
J M Hedge
Director

MM FLOWERS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 2020

	Share capital	Share premium account	Hedging reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 2 September 2018	10,000	1,080,562	-	106,018	1,196,580
Period ended 31 August 2019:					
Profit for the period	-	-	-	278,269	278,269
Other comprehensive income:					
Gains on cash flow hedges	-	-	225,267	-	225,267
Cost of hedging - changes in fair value	-	-	(65,776)	-	(65,776)
Tax relating to other comprehensive income	-	-	(27,113)	-	(27,113)
Total comprehensive income for the period	-	-	132,378	278,269	410,647
Balance at 31 August 2019	10,000	1,080,562	132,378	384,287	1,607,227
Period ended 31 August 2020:					
Profit for the period	-	-	-	2,013,028	2,013,028
Other comprehensive income:					
Losses on cash flow hedges	-	-	(595,007)	-	(595,007)
Cost of hedging - changes in fair value	-	-	54,911	-	54,911
Tax relating to other comprehensive income	-	-	102,012	-	102,012
Total comprehensive income for the period	-	-	(438,084)	2,013,028	1,574,944
Balance at 31 August 2020	10,000	1,080,562	(305,706)	2,397,315	3,182,171

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2020

1 Accounting policies

Company information

MM Flowers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Aps Enterprise Campus, Alconbury Weald, Huntingdon, PE28 4YA.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost basis and in accordance with the Companies Act 2006. The principal accounting policies adopted are set out below.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but make amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The accounting reference date is 31 August. These financial statements are for the period from 1 September 2019 to 29 August 2020 in accordance with Section 390(2) of the companies Act 2006. The comparative figures are from 2 September 2018 to 31 August 2019.

Reduced disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and in accordance with FRS 101:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a Statement of Cash Flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the Statement of Comprehensive Income;
- comparative period reconciliations for the number of shares outstanding and the carrying amounts of tangible and intangible assets
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- for financial instruments measured at fair value and within the scope of IFRS 13, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of AMC Group, Fresh & Juices SA, a company incorporated in Spain. The group accounts of AMC Group, Fresh & Juices SA are available to the public and can be obtained from Apartado 4090, 30080 Murcia, Spain.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group. MM Flowers Limited is a subsidiary of AMC Group, Fresh & Juices SA and the results of MM Flowers Limited are included in the consolidated financial statements of AMC Group, Fresh & Juices SA, which are available as noted above.

Adoption of new and revised standards and changes in accounting policies

On 1 September 2019, the company adopted IFRS 16 Leases ('IFRS 16') for the first time. IFRS 16 replaced IAS 17 Leases and its interpretations. Previously, leases of property, plant and equipment were classified as either finance leases or operating leases.

From 1 September 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use. This applies to all leases except low-value and short term leases, where lease payments are recognised on a straight line basis over the lease term. The accounting for leases as a lessor has not substantially changed.

The company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 September 2019. Accordingly, the comparative information presented for the prior year is not restated – it is presented as previously reported under IAS 17 and related interpretations.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The company has doubled its net assets position to £3.2m (2019 £1.6m) following a post-tax profit for the period of £2.0m (2019: £0.3m). The debtor factoring facility limit has been increased this year to £15m and at the year end this balance was £1.9m (2019 £6.1m) giving a clear indication of the liquidity of the company.

The directors have prepared cashflow forecasts for a period of 16 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the company will have sufficient funds to meet its liabilities as they fall due for that period.

As a distributor of fresh cut flowers, it is expected that the company will not be adversely affected by COVID-19 and that the cash, facilities and reserves will be sufficient to compensate for any unexpected short-term fall in revenue.

The directors strongly believe the impact of the COVID-19 outbreak on its customers to be minimal given their essential business status. Whilst the initial lockdown generated a mild reduction in traditional stores volumes for a short period, the company saw an uplift in its online distribution channels. Subsequent government measures have replicated this trend to a lesser extent which gives the directors confidence in the business's customer base.

The health, safety and wellbeing of our employees is of paramount importance to us. The practical application of social distancing in a manufacturing operation does, by its very nature, increase costs due to efficiency reductions. However, overall it is not significant to the performance of the business and is expected to have little impact on our overall profitability.

The company's supply chain includes sourcing its products from a diverse range of suppliers in a variety of locations; as such the directors believe the company to be well placed should a specific local outbreak impact its supply chain. Through both the diverse sources and use of alternative modes of transport the company is well placed to navigate upcoming challenges as a result of both COVID-19 and Brexit.

Based on the results of the companies going concern assessment set out above the directors believe that preparing the financial statements on the going concern basis is appropriate.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplies, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods (flowers) have been transferred to the customer and the customer has control of these. The company's activities are described in detail below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

The company sources, imports and processes flowers into finished goods that are supplied to the UK retail market. The company sells exclusively to businesses, i.e. a supplier to those who retail direct to the consumer. Sales are recognised when control of the product has transferred to the retailer which occurs on despatch from the warehouse.

For each sale to a retailer, the company must comply with an overriding sales contract (commercial agreement) agreed in advance, however for each sale there is a corresponding purchase order generating a sales order. Upon the point of despatch from the warehouse, the retailer generally has a 24-48 hour period in which to accept the products in accordance with the sales contract, limited to quality assessment only. Based on historical experience the risk of returns is remote therefore performance obligations are satisfied on despatch of flowers.

The company may sell flowers with a retrospective volume discount based on aggregate sales over a set period. Turnover from these sales is recognised based on the price specified in the contract, net of the estimate volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Turnover recognised in the Income statement but not yet invoiced is recorded in the Statement of financial position within debtors under 'Prepayments and accrued income'. Revenue invoiced but not yet recognised in the Income statement is recorded in the Statement of financial position within creditors under 'Accruals and deferred income'.

Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer software	25% straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any 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 recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% straight line
Plant and equipment	8% - 10% and right-of-use assets 20% - 33% straight line
Computers	25% straight line
Motor vehicles	25% straight line

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

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.

Assets under construction

Assets in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the asset to its operating condition. Depreciation commences when the assets are ready for their intended use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

Hedge accounting

The company uses foreign currency forward contracts to manage its exposure to cash flow risk on its highly probable forecast inventory purchases. These derivatives are designated as hedging instruments and are measured at fair value at each reporting date.

At inception of the hedge relationship, the company documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The company documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships and movements in the hedging reserve are disclosed in note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gain/(losses).

When forward contracts are used to hedge forecast transactions, the company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and deferred forward points are included within the initial cost of the asset (inventory). The deferred amounts are ultimately recognised in profit or loss, since the hedged item affects profit or loss (for example, through cost of sales).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in gain/(losses) on derivative financial instruments.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The assets of the plan are held separately from the company in independently administered funds.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

Leases

Leases are typically negotiated on an individual basis and thus contain a wide range of terms and conditions. The lease liability is considered to be an indicator of the future cash outflows, there are no significant restrictions or covenants, residual value guarantees or sale and leaseback transactions. Previously, payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease.

From 1 September 2019, the company assesses at contract inception whether a contract is, or contains, a lease. The company initially recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets is equal to the aggregate lease liabilities recognised on day 1, adjusted for any initial direct costs incurred, any lease incentives received and any lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are tested for impairment at each year-end.

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted at the incremental borrowing rate. The lease payments include fixed payments less any lease incentives received and amounts expected to be paid under residual value guarantees. In calculating the present value of the lease payments, the company uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. Following recognition, the liability is reduced for the lease payments made and increased by the interest accrued. Moreover, the carrying amount of the lease liability is re-measured in the event of a modification, such as a change in the lease term or change in the lease payments. The interest cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining liability for each period.

The company applied the short-term lease exemption to those leases that have a lease term of 12 months or less from the commencement date and also applied the exemption for leases of low value assets to office equipment. Lease payments relating to these exemptions are recognised in operating expenses on a straight-line basis over the lease term. These exemptions are not applied to property leases and any short-term property leases are accounted for as above.

In the comparative period, as a lessee applying IAS 17, all leases were classified as operating leases. Rentals payable under operating leases, less any lease incentives received, were charged to profit or loss on a straight-line basis over the term of the relevant lease.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, 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 periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Measurement of expected credit losses

The company makes an estimate of the expected credit losses allowance on trade debtors and accrued income (contract assets). Key assumptions in determining the weighted-average loss rate include the credit rating of the customer, the ageing profile of receivables and historical experience. The carrying amount of trade debtors is included in note 15.

Leases

The assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. The company uses judgement to assess whether the interest rate implicit in the lease agreements are readily determinable. When the interest rate implicit in the lease is not readily determinable, the company estimates the incremental borrowing rate based on its other similar lease agreements where this is determinable. The implicit interest rates are disclosed in note 17.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

3 Turnover

All turnover relates to one activity, being the principal activity disclosed in the Directors' Report.

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	114,557,774	95,545,980

In relation to assets related to contracts with customers, the company has recognised contract assets at the period end of £9,055,595 (2019: £9,580,986) within 'trade debtors', and £245,054 (2019: £232,259) within 'prepayments and accrued income'.

4 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2020	2019
	Number	Number
Commerical/development	18	13
Procurement	13	20
Technical	18	18
Operations	218	135
Finance	7	7
	<u>274</u>	<u>193</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	7,524,857	5,844,948
Social security costs	811,249	408,313
Pension costs	494,770	286,155
	<u>8,830,876</u>	<u>6,539,416</u>

5 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	776,401	518,651
Company pension contributions to defined contribution schemes	78,548	31,825
	<u>854,949</u>	<u>550,476</u>

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2020

5 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	427,270	403,748
Company pension contributions to defined contribution schemes	11,667	3,075
	<u>438,937</u>	<u>406,823</u>

6 Operating profit

	2020	2019
	£	£
Operating profit for the period is stated after charging/(crediting):		
Exchange losses/(gains)	338,141	(98,281)
Depreciation of property, plant and equipment	420,504	330,087
(Profit)/loss on disposal of tangible fixed assets	-	5,612
Amortisation of intangible assets	74,699	60,990
Cost of inventories recognised as an expense	86,932,793	74,249,265
Operating lease rentals under IAS 17	-	1,536,834
	<u>87,766,537</u>	<u>75,874,405</u>

7 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	44,250	28,800
For other services		
Tax services	5,000	7,416
Information technology services	30,149	-
Other services	17,817	3,500
Total non-audit fees	52,966	10,916
	<u>97,216</u>	<u>39,716</u>

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	166,269	119,308
Interest on lease liabilities	15,967	-
Total interest expense	182,236	119,308
	<u>182,236</u>	<u>119,308</u>

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	368,787	-
Adjustments in respect of prior periods	(199)	-
Total UK current tax	<u>368,588</u>	<u>-</u>
Deferred tax		
Origination and reversal of temporary differences	111,856	60,534
Changes in tax rates	(273)	-
Adjustment in respect of prior periods	10,842	-
	<u>122,425</u>	<u>60,534</u>
Total tax charge	<u>491,013</u>	<u>60,534</u>

The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	<u>2,504,041</u>	<u>338,803</u>
Expected tax charge based on a corporation tax rate of 19.00% (2019: 19.00%)	475,768	64,373
Effect of expenses not deductible in determining taxable profit	7,482	3,473
Adjustment in respect of prior years	(199)	-
Group relief	(2,921)	-
Depreciation on assets not qualifying for tax allowances	-	7,353
Other permanent differences	-	(7,543)
Deferred tax adjustments in respect of prior years	10,842	-
Adjusted deferred tax to average rate of 19%	(275)	(7,122)
Fixed asset differences	316	-
Taxation charge for the period	<u>491,013</u>	<u>60,534</u>

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2020

9 Taxation (Continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Tax relating to other comprehensive income:		
Relating to cash flow hedges	(102,012)	27,113
	<u> </u>	<u> </u>

In March 2020, the Finance Bill 2020 was enacted and included legislation to hold the main rate of corporation tax at 19% with effect from 1 April 2020, an increase from 17% as announced in the 2015 Finance Act. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at 19% in the current period (2019: 17%).

In the March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect of the company's future tax charge. If this rate had been substantively enacted at the current balance sheet date, the deferred tax liability would have increased by £2,289.

10 Intangible fixed assets

	Software £
Cost	
At 31 August 2019	268,759
Additions - purchased	192,911
	<u> </u>
At 31 August 2020	461,670
	<u> </u>
Amortisation	
At 31 August 2019	145,262
Charge for the year	74,699
	<u> </u>
At 31 August 2020	219,961
	<u> </u>
Carrying amount	
At 31 August 2020	241,709
	<u> </u>
At 31 August 2019	123,497
	<u> </u>

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

11 Tangible fixed assets

	Assets under construction	Fixtures and fittings	Plant and equipment	Computers	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 31 August 2019	49,402	79,541	2,356,951	184,911	7,789	2,678,594
Additions	536,537	17,049	513,662	266,289	453	1,333,990
Transfer of right-of-use assets on transition to IFRS 16	-	-	400,668	-	-	400,668
Transfer of assets	(49,402)	-	49,402	-	-	-
At 31 August 2020	536,537	96,590	3,320,683	451,200	8,242	4,413,252
Accumulated depreciation						
At 31 August 2019	-	45,314	775,226	104,533	7,625	932,698
Charge for the period	-	13,260	359,554	47,461	229	420,504
At 31 August 2020	-	58,574	1,134,780	151,994	7,854	1,353,202
Carrying amount						
At 31 August 2020	536,537	38,016	2,185,903	299,206	388	3,060,050
At 31 August 2019	49,402	34,227	1,581,725	80,378	164	1,745,896

Tangible fixed assets includes right-of-use assets, as follows:

Right-of-use assets	2020	2019
	£	£
Net values		
Plant and equipment	262,205	-
Depreciation charge for the period		
Plant and equipment	138,463	-

12 Investments

	2020	2019
	£	£
Investments in subsidiaries	224,172	224,172

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

12 Investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 September 2019 & 31 August 2020	224,172
Carrying amount	
At 31 August 2020	224,172
At 31 August 2019	224,172

The dormant subsidiary, MM Flowers Ireland Limited, was dissolved during the year.

13 Subsidiaries

Details of the company's subsidiaries at 31 August 2020 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Nature of business
MM Flowers Europe BV	*1	100.00	Exporters of flowers
Apex Plant Research Limited	*2	100.00	Research and development
Alconbury Packing Solutions Limited	*2	100.00	Investments in and leasing of property

*1 Contoneaster 41, 1424 LB De Kwakel, Netherlands

*2 Enterprise Campus, Alconbury Weald, Huntingdon, PE28 4YA, England

14 Stocks	2020 £	2019 £
Packaging and equipment	882,142	858,841
Finished goods and goods for resale	523,812	465,755
	<u>1,405,954</u>	<u>1,324,596</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

15 Debtors

	2020 £	2019 £
Trade debtors	9,305,282	9,771,167
Provision for bad and doubtful debts	(249,687)	(190,181)
	<u>9,055,595</u>	<u>9,580,986</u>
Other debtors	580,281	826,754
Amounts owed by fellow group undertakings	68,495	2,399,768
Prepayments and accrued income	1,167,215	813,958
Deferred taxation (note 18)	-	13,163
Derivative financial instruments (note 22)	133,308	316,761
	<u>11,004,894</u>	<u>13,951,390</u>

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

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the company has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the company has retained late payment and credit risk. The company therefore continues to recognise the transferred assets in their entirety in its Statement of financial position.

The amount repayable under the factoring agreement is presented as proceeds of factored debts, see note 16. The company considers that the 'held to collect' business model remains appropriate for these receivables, and hence it continues measuring them at amortised cost.

16 Creditors

	2020 £	2019 £
Trade creditors	1,500,213	2,627,492
Amounts owed to fellow group undertakings	286,786	2,228,277
Amounts owed to associate undertakings	1,279,907	644,749
Accruals and deferred income	4,832,225	2,169,981
Derivative financial instruments (note 22)	377,415	-
Other taxation and social security	5,323,071	2,302,263
Corporation tax	368,588	199
Proceeds of factored debts	1,900,597	6,086,209
Other creditors	614,533	6,179
	<u>16,483,335</u>	<u>16,065,349</u>

The proceeds of factored debts of £1,900,597 (2019: £6,086,209) are secured on the trade debts of the company. During the year, the debt factoring facility was changed and the cap was raised from £6m to £15m.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2020

17 Lease liabilities

	£
At 31 August 2019	-
Adoption of IFRS 16*	400,668
At 1 September 2019	400,668
Interest charged	15,967
Lease payments	(143,245)
At 31 August 2020	273,390

The maturity of the gross contractual undiscounted cash flows due on the company's lease liabilities is set out below based on the period between 29 August 2020 and the contractual maturity date.

	At 31 August 2020 £
Right-of-use assets	286,320
Future finance charges on lease liabilities	(12,930)
	273,390
Lease liabilities are repayable:	
Within one year	136,732
In more than one year but less than five years	136,658
	273,390
	At 1 September 2019 £
Right-of-use assets	429,215
Future finance charges on lease liabilities	(28,547)
	400,668
Lease liabilities are repayable:	
Within one year	137,660
In more than one year but less than five years	263,008
	400,668

*Upon adoption of IFRS 16, lease liabilities in respect of leases previously recognised as operating leases under IAS 17 totalling an expense of £1,536,834 in 2019.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

17 Lease liabilities (Continued)

The company's lease arrangements relate to 13 plant and machinery leases. The leases have termination dates ranging from 9 to 42 months. The rates of interest implicit in the company's leasing arrangements range between 4.22% and 5.10%.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £	Tax losses £	Short term timing differences £	Derivative financial instruments £	Total £
Deferred tax asset at 1 September 2018	18,092	(227,785)	108,883	-	(100,810)
Deferred tax movements in prior year					
Credit to profit or loss	9,132	139,427	(114,761)	26,736	60,534
Credit to other comprehensive income	-	-	-	27,113	27,113
Deferred tax asset at 1 September 2019	27,224	(88,358)	(5,878)	53,849	(13,163)
Deferred tax movements in current year					
Credit to profit or loss	35,906	88,358	(50,002)	48,163	122,425
Credit to other comprehensive income	-	-	-	(102,012)	(102,012)
Deferred tax liability at 31 August 2020	63,130	-	(55,880)	-	7,250

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 £	2019 £
Deferred tax liabilities	7,250	-
Deferred tax assets	-	(13,163)
	7,250	(13,163)

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2020

19 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £494,770 (2019: £286,155).

20	Share capital	2020 £	2019 £
	Ordinary share capital		
	<i>Issued and fully paid</i>		
	10,000 ordinary shares of £1 each	10,000	10,000

Each ordinary share carries the right to vote, to receive dividends and, in the event of winding up, a capital distribution.

21 Reserves

Share premium account

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the shares issued.

Hedging reserve

Cash flow hedge reserve

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently transferred to the initial cost of inventory.

Cost of hedging reserve

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in Other comprehensive income and accounted for similarly to gains or losses in the cash flow hedge reserve.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

22 Derivative financial instruments

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent that they are expected to be settled within 12 months after the end of the reporting period.

The company's accounting policy for its cash flow hedges is set out in note 1. Further information about the derivatives used by the company is provided below.

Derivatives

The company has the following derivative financial instruments:

	2020 £	2019 £
Current assets		
Foreign currency forwards - held for trading	-	157,270
Foreign currency forwards - cash flow hedges	133,308	159,491
	<u>133,308</u>	<u>316,761</u>
Current liabilities		
Foreign currency forwards - held for trading	(377,415)	-
	<u>(377,415)</u>	<u>-</u>

Hedging reserve

The company's hedging reserve relates to the following hedging instruments:

	Cost of hedging reserve £	Cash flow hedge reserve £	Total hedging reserve £
At 31 August 2019	(54,594)	186,972	132,378
Change in fair value of hedging instrument recognised in OCI	-	(595,007)	(595,007)
Costs of hedging deferred and recognised in OCI	54,911	-	54,911
Less: Deferred Tax	(10,433)	112,445	102,012
	<u>(10,116)</u>	<u>(295,590)</u>	<u>(305,706)</u>

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2020

22 Derivative financial instruments (Continued)

There were no reclassifications from the cash flow hedge reserve to profit or loss during the period in relation to the foreign currency forwards.

Market risk

The company use foreign currency forwards to hedge its exposure to foreign currency risk. Under the company's policy, the critical terms of the forward contracts must align with the hedged items.

The company only designates the spot component of foreign currency forwards in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. It is discounted, where material.

The changes in the forward element of the foreign currency forwards are deferred in the costs of hedging reserve.

The company also entered into foreign currency forwards in relation to projected purchases for the next 12 months that do not qualify for hedge accounting. The foreign currency forwards are subject to the same risk management policies as all other derivative contracts. However, they are accounted for as held for trading, with gain and losses recognised in profit or loss.

At the end of the year, the company held the following instruments to manage exposures to changes in foreign currency, expressed in currency units.

	Notional value EUR	Notional value USD
31 August 2020		
Foreign currency forwards - buy foreign currency (cash flow hedges)	-	11,843,210
Foreign currency forwards - buy foreign currency (held for trading)	11,594,533	3,720,000
	<u>11,594,533</u>	<u>15,563,210</u>
	<u><u>11,594,533</u></u>	<u><u>15,563,210</u></u>
	Notional value EUR	Notional value USD
31 August 2019		
Foreign currency forwards - buy foreign currency (cash flow hedges)	10,671,000	1,937,000
Foreign currency forwards - buy foreign currency (held for trading)	10,966,000	10,362,000
	<u>21,637,000</u>	<u>12,299,000</u>
	<u><u>21,637,000</u></u>	<u><u>12,299,000</u></u>

At 31 August 2020, the outstanding contracts all mature within 12 months (2019: 12 months) of the year end. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for GBP:EUR and GBP:USD.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

23 Contingent liabilities

The duty deferment guarantees are in place to guarantee that the company will meet their payment due to HM Revenue & Customs in respect of excise duty. No amounts have been provided in these financial statements in respect of these guarantees (2019: £Nil).

24 Other leasing information

In the prior year, under IAS 17, the company had the following future minimum lease payments under non-cancellable operating leases. No operating lease commitments are disclosed for 31 August 2020. The equivalent information is disclosed within note 17 in accordance with IFRS 16.

	2019 £
Land and buildings	
Within one year	<u>1,536,834</u>

Information relating to lease liabilities is included in note 17.

25 Related party transactions

The company has taken advantage of the exemptions provided by Section 8 of FRS 101 'Related Party Disclosures' not to disclose transactions entered into between two or more members of the group, provided that any subsidiary undertaking which is party to the transactions is wholly owned by a member of the group.

During the year, the company made sales of £223,393 (2019: £973,780) to and purchases of £196,493 (2019: £551,650) from AM Fresh UK Limited, a fellow group company. At the year end, a balance of £143,775 (2019: £677,681) was owed by AM Fresh UK Limited.

During the year, the company made purchases of £Nil (2019: £7,114) from AM Fresh Group UK Limited, a fellow group company. At the year end £Nil (2019: £Nil) was owed to AM Fresh Group UK Limited.

During the year, the company made purchases of £4,995,738 (2019: £5,069,141) from Elite Exports Inc, a company owned and controlled by the same individuals that own Brokhollow Investing, owner of 49% of the ordinary share capital of the immediate parent company Munoz-Elite Flowers Limited. At the end of the year, a balance of £233,774 (2019: £238,048) was owed to Elite Export Inc.

During the year, the company made sales of £Nil (2019: £1,510) to and purchases of £20,941,928 (2019: £19,787,759) from Kongoni River Farm Limited, a company owned and controlled by the same individual that own Millhouse Limited, owner of 33% of the ordinary share capital of the company. At the year end, a balance of £791,937 (2019: £401,589) was owed to Kongoni River Farm Limited.

During the year, the company made purchases of £5,757,985 (2019: £6,121,167) from Fresh Exchange FZE, a company owned and controlled by the same individuals that own Millhouse Limited, owners of 33% of the ordinary share capital of the company. At the period end a balance of £56,628 (2019: £5,112) was owed to Fresh Exchange FZE.

During the year, the company made purchases of £3,497,692 (2019: £3,607,101) from Rainforest Farmlands Kenya Limited, a company owned and controlled by the same individuals that own Brokhollow Investing, owner of 49% of the ordinary share capital of the immediate parent company Munoz-Elite Flowers Limited. At the period end, a balance of £53,793 (2019: £267,015) was owed to Rainforest Farmlands Kenya Limited.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

25 Related party transactions (Continued)

During the year, the company made purchases of £635 (2019: £Nil) from Freightwings Limited, a company owned and controlled by the same individuals that own Millhouse Limited, owners of 33% of the ordinary share capital of the company. At the period end, there was no balance (2019: £Nil) outstanding.

26 Controlling party

The immediate parent undertaking is Munoz-Elite Flowers Limited. The parent undertaking of the largest and smallest group for which the consolidated accounts are prepared is AMC Group, Fresh & Juices SA, a company incorporated in Spain. Consolidated accounts are available from Apartado 4090, 30080 Murcia, Spain.

AMC Group, Fresh & Juices SA is ultimately controlled by Álvaro Munoz Beraza and Antonio Munoz Beraza.

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

27 Impact of transition to IFRS 16

Under IFRS 16, a right-of-use asset and a lease liability are recognised for all leases except low value and short term leases where lease payments are recognised on a straight-line basis over the lease term.

The company has taken advantage of the practical expedient to recognise right-of-use assets on the date of initial application at an amount equal to the lease liability. At 1 January 2019, a right-of-use asset and corresponding lease liability of £400,668 has been recognised. The net impact on the income statement of additional depreciation and interest expense for the year ended 29 August 2020 in excess of the rental expense is £11,186.

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

There was no impact on opening reserves at 1 September 2019.

Reconciliation of lease liability

	£
Lease commitments disclosed under IAS 17 at 31 August 2019	1,536,834
Finance leases not recognised in prior year	351,585
Operating leases not recognised in prior year	78,330
Impact of discounting	(23,999)
Short term leases out of scope of IFRS 16 - Buildings	(1,542,082)
Lease liability recognised at 1 September 2019	400,668
Of which:	
Current lease liabilities	137,660
Non-current lease liabilities	263,008

The associated right-of-use assets for all leases were measured at an amount equal to the lease liability, adjusted by any prepaid (or accrued) lease payments. The recognised right-of use assets at 1 September 2019 relate to the following types of assets:

Plant and machinery	400,668
Total right-of-use asset recognised at 1 September 2019	400,668

MM FLOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2020

27 Impact of transition to IFRS 16 (Continued)

The following shows the adjustments recognised for the individual line items:

Statement of financial position (extract)	As previously reported £	Impact of IFRS 16 £	As restated £
Right-of-use assets	-	400,668	400,668
Lease liabilities	-	(400,668)	(400,668)
All other assets and liabilities	1,607,227	-	1,607,227
Net assets	1,607,227	-	1,607,227
Equity			
Retained earnings	(384,287)	-	(384,287)
All other equity	(1,222,940)	-	(1,222,940)
Total equity	(1,607,227)	-	(1,607,227)

The impact on the income statement for the year ended 29 August 2020 was as follows:

	2020 £
Operating expenses	143,245
Depreciation	(138,464)
Operating profit	4,781
Interest	(15,967)
Impact on profit before tax	(11,186)