

Registered No: SC237960 (Scotland)

Bute Island Foods Ltd

Report and Financial Statements

For the year ended 31 March 2023

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COMPANIES HOUSE

Bute Island Foods Ltd

Registered No: SC237960 (Scotland)

Directors

T A Atherton
M Therrien
A Braithwaite

Company secretary

I J Hinton

Auditor

William Duncan + Co (Audit) Ltd
Ellersley House
30 Miller Road
Ayr
Ayrshire
KA7 2AY

Registered office

The Creamery
Townhead
Rothesay
Isle of Bute
PA20 9JH

Bankers

National Westminster Bank plc
250 Bishopsgate
London
EC2M 4AA

Solicitors

Lockharts Law LLP
12 Beresford Terrace
Ayr
Ayrshire
KA7 2EG

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Strategic report

The Directors present their Strategic Report for the year ended 31 March 2023.

Fair review of the business

Revenues for the year ended 31 March 2023 was £18,169k (15 month period ending March 2022: £21,559k).

The Company's profit before tax for the year was £2,435k (15 month period ending March 2022: £4,171k). EBITDA for the year ended 31 March 2023 was £2,904k (15 month period ending March 2022: £4,845k).

EBITDA measure represents the Company's operating profit (2023: £2,419k) and adding back depreciation (2023: £485k).

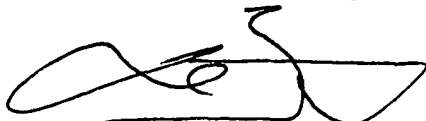
Principal risks, economic conditions and uncertainties

The year ended 31 March 2023 has seen a changing macroeconomic environment resulting in unexpected levels of inflation. The Company monitors inflation closely to ensure that measures are put in place to mitigate the inflationary impacts on the business.

Key performance indicators

The key performance indicator is earnings before interest, tax, depreciation and amortisation (EBITDA).

Approved by the Board and signed on its behalf by



A Braithwaite
Director

11 August 2023

Registered No: SC237960 (Scotland)

Directors' report

The Directors present their report and audited financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company during the year, was the manufacture and distribution of vegan, plant-based food alternatives to cheese and ice cream.

Directors

The Directors of the company were as follows:

T A Atherton
M Therrien
A Braithwaite

Directors' and officers' indemnities and insurance

The company maintains liability insurance for its Directors and Officers. The Directors and other Officers of the company are indemnified by the company to the extent permitted by company law. That indemnity provision has been in place during the year and remains in force.

Dividends

No dividends were paid in the period ended 31 March 2023 (2022: £3,197k).


Auditor

In accordance with the company's articles, a resolution proposing that William Duncan + Co (Audit) Ltd be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware. Each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board and signed on its behalf by



A Braithwaite
Director

11 August 2023

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 Bute Island Foods Ltd

Opinion

We have audited the financial statements of Bute Island Foods Ltd (the 'company') for the 12 month period ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Independent auditor's report (continued)

to the members of Bute Island Foods Ltd

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial 12 month period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Enquiry of management, those charged with governance and the company's solicitors around actual and potential litigation and claims.
- Enquiry of company staff in compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Independent auditor's report (continued)

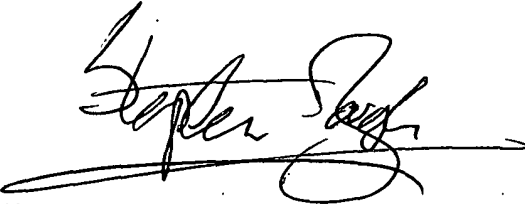
to the members of Bute Island Foods Ltd

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



11th August 2023

Stephen Bargh CA MAAT (Senior Statutory Auditor)
For and on behalf of William Duncan + Co (Audit) Ltd
Chartered Accountants
Statutory Auditor
Ellersley House
30 Miller Road
Ayr
Ayrshire
KA7 2AY

Statement of comprehensive income
for the year ended 31 March 2023

		<i>Year ended</i> 2023 £'000	<i>15 month</i> <i>Period ended</i> 2022 £'000
	<i>Notes</i>		
Turnover	2	18,169	21,559
Cost of Sales		(11,052)	(11,312)
Gross profit		<u>7,117</u>	<u>10,247</u>
Administrative expenses		(4,926)	(6,141)
Other operating income		228	41
Operating profit	4	<u>2,419</u>	<u>4,147</u>
Interest receivable and similar income	6	16	33
Interest payable and similar expenses	6	-	(9)
Profit before tax		<u>2,435</u>	<u>4,171</u>
Tax on profit	7	(341)	(572)
Total comprehensive income for the year		<u><u>2,094</u></u>	<u><u>3,599</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 22 form part of the financial statements

Statement of financial position

for the year ended 31 March 2023

	<i>Notes</i>	<i>2023</i> £'000	<i>2022</i> £'000
Fixed assets			
Tangible assets	8	<u>9,191</u>	<u>6,980</u>
		<u>9,191</u>	<u>6,980</u>
Current assets			
Stocks	9	3,885	2,723
Debtors	10	3,051	3,078
Cash at bank and in hand		<u>1,303</u>	<u>2,779</u>
		<u>8,239</u>	<u>8,580</u>
Creditors: amounts falling due within one year			
Trade and other creditors	11	<u>(2,115)</u>	<u>(2,793)</u>
		<u>(2,115)</u>	<u>(2,793)</u>
Net current assets		<u>6,124</u>	<u>5,787</u>
Total assets less current liabilities		15,315	12,767
Creditors: amounts falling due after more than one year			
Other creditors	12	(427)	(394)
Deferred tax liability	7	(810)	(389)
Net assets		<u>14,078</u>	<u>11,984</u>
Capital and reserves			
Share capital	19	-	-
Profit and loss reserves		<u>14,078</u>	<u>11,984</u>
Profit and loss reserves		<u>14,078</u>	<u>11,984</u>

The notes on pages 12 to 22 form part of the financial statements

The financial statements were approved by the Board of Directors and signed on their behalf by



A Braithwaite
Director

11 August 2023

Statement of changes in equity
for the year ended 31 March 2023

	<i>Profit and loss reserves £'000</i>
Balance at 31 December 2020	11,582
Period ended 31 March 2022:	
Profit and total comprehensive income for the period	3,599
Dividends	(3,197)
At 31 March 2022	<u>11,984</u>
Year ended 31 March 2023:	
Profit and total comprehensive income for the year	2,094
At 31 March 2023	<u><u>14,078</u></u>

The notes on pages 12 to 22 form part of the financial statements

Notes to the financial statements for the year ended 31 March 2023

1. Accounting policies

General information and basis of accounting

Bute Island Foods Ltd is a private company limited by shares incorporated in Scotland. The registered office is The Creamery, Townhead, Rothesay, Isle of Bute, PA20 9JH.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Companies Act

Bute Island Foods Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The financial statements of the company are consolidated in the financial statements of Saputo Inc.

Reporting period

In the prior period, the company's year end was extended from 31 December 2021 to 31 March 2022 to be in line with the parent company's year end. The comparatives represent a 15 month period.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

Going concern

The Directors have prepared cash flow forecasts for Bute Island Foods Ltd, for a period of 12 months from the date of approval of these financial statements, which indicate that, the company will have sufficient funds to meet its liabilities as they fall due for that period.

The Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity 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 March 2023

1. Accounting policies (continued)

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. 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:

Depreciation rates prior to May 2021

Freehold buildings	50 years
Office equipment	3 years
Factory plant and equipment	20% - 33% reducing balance
Vehicles	20% reducing balance

Depreciation rates from May 2021

Freehold buildings	15 - 40 years
Vehicles, plant & equipment	3- 20 years

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 credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Notes to the financial statements for the year ended 31 March 2023

1. Accounting policies (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

The company recognises its investments in subsidiaries at cost being the fair value of consideration paid, less provision for impairment where appropriate plus costs directly attributable to the purchase. Income is recognised from these investments only in relation to distributions received from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of investment.

Financial Instruments

Financial assets, other than those held at fair value through profit and 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Notes to the financial statements for the year ended 31 March 2023

1. Accounting policies (continued)

Equity instruments

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment is measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the financial statements

for the year ended 31 March 2023

1. Accounting policies (continued)

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 stock 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.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2. Turnover

An analysis of the Company's turnover by geographical market is set out below.

	<i>Year ended</i>	<i>15 month</i>
	<i>2023</i>	<i>Period ended</i>
	<i>£'000</i>	<i>2022</i>
		<i>£'000</i>
UK	13,655	17,599
Rest of World	4,514	3,960
	<u>18,169</u>	<u>21,559</u>

Notes to the financial statements

for the year ended 31 March 2023

3. Operating profit

Operating profit is stated after (crediting)/charging:	<i>Year ended</i> £'000	<i>15 month</i> <i>Period ended</i> £'000
Government grants	(26)	(35)
Profit on disposal of tangible fixed assets	-	(12)
Depreciation of owned tangible fixed assets	485	725
Operating lease charges	24	60
	<u>18</u>	<u>13</u>

Remuneration of the auditor is further analysed as follows:	<i>Year ended</i> 2023 £'000	<i>15 month</i> <i>Period ended</i> 2022 £'000
Audit of the financial statements	<u>18</u>	<u>13</u>

4. Classification of items within the income statement

To better reflect the gross profit delivery of the Company and align to group accounting policies some items within income statement have been presented with a different classification compared to the prior year.

The impact of this change in presentation is an increase in gross profit of £298k with £ nil impact to operating profit. No amendment has been made to comparative figures in this respect.

	<i>Current year</i> <i>classification</i> £'000	<i>Prior year</i> <i>classification</i> £'000
Turnover	18,169	18,122
Cost of Sales	(11,052)	(10,707)
Gross profit	<u>7,117</u>	<u>7,415</u>
Administrative expenses	(4,926)	(5,241)
Other operating income	228	245
Operating profit	<u>2,419</u>	<u>2,419</u>

Notes to the financial statements

for the year ended 31 March 2023

5. Emoluments of directors and employees

<i>Directors</i>	<i>Year ended</i>	<i>15 month</i>
	<i>2023</i>	<i>Period ended</i>
	<i>£000</i>	<i>2022</i>
		<i>£000</i>
Remuneration for qualifying services	-	71
Company pension contributions to defined contribution schemes	-	3
	<u>-</u>	<u>74</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to Nil (2022 - 4).

	<i>2023</i>	<i>2022</i>
	<i>Number</i>	<i>Number</i>
Average number of employees (including directors) during the year:		
Production	113	117
Administration	54	58
	<u>167</u>	<u>175</u>

	<i>Year ended</i>	<i>15 month</i>
	<i>2023</i>	<i>Period ended</i>
	<i>£'000</i>	<i>2022</i>
		<i>£'000</i>
Remuneration of employees, including directors:		
Wages and salaries	3,481	4,656
Social security costs	287	364
Pension costs	90	138
	<u>3,858</u>	<u>5,158</u>

6. Interest

	<i>Year ended</i>	<i>15 month</i>
	<i>2023</i>	<i>Period ended</i>
	<i>£'000</i>	<i>2022</i>
		<i>£'000</i>
Interest receivable:		
Interest on bank deposits	16	33
	<u>16</u>	<u>33</u>
Interest payable:		
Other interest on financial liabilities	-	(9)
	<u>-</u>	<u>(9)</u>

Notes to the financial statements

for the year ended 31 March 2023

7. Taxation	<i>Year ended</i> 2023 <i>£'000</i>	<i>15 month</i> <i>Period ended</i> 2022 <i>£'000</i>
Current tax:		
Current tax (credit)/charge for the period	-	250
Changes in respect to prior years	<u>(81)</u>	<u>-</u>
Deferred tax:		
Deferred tax charge	286	163
Effect of changes in tax rates	114	81
Changes in respect to prior years	22	78
Total deferred tax charge	<u>422</u>	<u>322</u>
Total tax charge	<u><u>341</u></u>	<u><u>572</u></u>

The standard rate of corporation tax applied to reported profit, including deferred tax balances, for the year ended 31 March 2023 is 19% (2022: 19%). The rate of corporation tax will increase to 25% with effect from 1 April 2023, as announced by the UK Government on 3 March 2021, and substantively enacted on 24 May 2021. The effect of the increase in corporation tax rate is a charge to the profit and loss account of £114k in relation to the required re-valuation of deferred tax assets.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	<i>Year ended</i> 2023 <i>£'000</i>	<i>15 month</i> <i>Period ended</i> 2022 <i>£'000</i>
Profit before tax	<u>2,435</u>	<u>4,171</u>
Profit multiplied by the standard rate of Corporation tax in the UK of 19% (2022: 19%)	463	792
Effects of:		
Expenses not deductible for tax purposes	(74)	(16)
Change in UK corporation tax rate	114	81
Group relief not paid for	(76)	(382)
Research and development tax credit	(27)	19
Changes in respect to prior years	(59)	78
Total tax charge	<u><u>341</u></u>	<u><u>572</u></u>

Notes to the financial statements

for the year ended 31 March 2023

7. Taxation (continued)

The deferred tax liability is analysed:	<i>Year ended</i> 2023 £'000	<i>15 month</i> <i>Period ended</i> 2022 £'000
Deferred tax asset:		
Other timing differences	109	106
	<u>109</u>	<u>106</u>
Deferred tax liability:		
Tangible assets	(919)	(495)
	<u>(919)</u>	<u>(495)</u>
Net deferred tax liability	<u>(810)</u>	<u>(389)</u>

8. Tangible fixed assets

	<i>Land &</i> <i>buildings</i> £'000	<i>Vehicles,</i> <i>plant &</i> <i>equipment</i> £'000	<i>Deposits and</i> <i>assets under</i> <i>construction</i> £'000	<i>Total</i> £'000
Cost:				
At 1 April 2022	3,996	4,963	775	9,734
Additions	1,983	223	536	2,742
Transfers and reclassifications	-	792	(792)	-
Disposals	-	(262)	-	(262)
At 31 March 2023	<u>5,979</u>	<u>5,716</u>	<u>519</u>	<u>12,214</u>
Depreciation:				
At 1 April 2022	275	2,479	-	2,754
Charge in the year	168	317	-	485
Disposals	-	(216)	-	(216)
At 31 March 2023	<u>443</u>	<u>2,580</u>	<u>-</u>	<u>3,023</u>
Net book amount:				
At 31 March 2023	<u>5,536</u>	<u>3,136</u>	<u>519</u>	<u>9,191</u>
At 31 March 2022	<u>3,721</u>	<u>2,484</u>	<u>775</u>	<u>6,980</u>

Notes to the financial statements

for the year ended 31 March 2023

9. Stocks

	2023	2022
	£'000	£'000
Raw materials and consumable stores	3,375	1,615
Finished goods	510	1,108
	<u>3,885</u>	<u>2,723</u>

10. Debtors

Amounts falling due within one year:

	2023	2022
	£'000	£'000
Trade debtors	2,007	2,195
Amounts receivable from group undertakings	835	-
Corporation tax	5	530
Other debtors	204	353
	<u>3,051</u>	<u>3,078</u>

11. Creditors

Amounts falling due within one year:

	2023	2022
	£'000	£'000
Trade creditors	1,711	1,429
Amounts payable to group undertakings	-	856
Other taxation and social security	87	77
Government grants	16	16
Other creditors	15	16
Accruals and deferred income	286	399
	<u>2,115</u>	<u>2,793</u>

12. Creditors

Amounts falling due after more than one year:

	2023	2022
	£'000	£'000
Government grants	427	394
	<u>427</u>	<u>394</u>

13. Share Capital

	2023		2022	
	£		£	
<i>Allotted, called-up and fully paid</i>				
	No.		No.	
Ordinary A shares of £1 each	2	2	2	2
Ordinary B shares of £1 each	2	2	2	2
Ordinary C shares of £1 each	1	1	1	1
Ordinary D shares of £1 each	1	1	1	1
	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

Notes to the financial statements
for the year ended 31 March 2023

14. Commitments

	<i>2023</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>
Future capital expenditure contracted on property, plant and equipment at 31 March	<u>305</u>	<u>1,007</u>
Operating leases		
Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows.		
	<i>2023</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>
Within one year	21	21
After one but not more than five years	-	16
	<u>21</u>	<u>37</u>

The Company had no other commitments at 31 March 2023 (2022: £nil).

15. Ultimate parent undertaking

The Company's immediate parent undertaking is Saputo Dairy UK Ltd. The Company's ultimate parent undertaking is Saputo Inc., a company incorporated in Canada whose financial statements are available from its registered office, 6869, Métropolitain Est, Montréal, Québec H1P 1X8, Canada.

The largest and smallest group preparing consolidated financial statements for the year ended 31 March 2023 which include Bute Island Foods Ltd is Saputo Inc.