

Company Registration No. 02723670
Registered Charity in England & Wales No. 1059879
Registered Charity in Scotland No. SC038199

FREEDOM FOOD LIMITED

Directors' and Trustees' Report and Accounts

31 December 2021

FREEDOM FOOD LIMITED

REPORT AND ACCOUNTS 2021

CONTENTS	Page
Officers and professional advisers	2
Chief Executive and Trustees' report	3 - 7
Trustees' statement of responsibilities	8
Independent Auditor's report	9 - 12
Statement of financial activities	13
Balance sheet	14
Cash flow statement	15
Notes to the accounts	16 - 23

FREEDOM FOOD LIMITED

Company Registration No. 02723670
Registered Charity in England & Wales No. 1059879
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OFFICERS AND PROFESSIONAL ADVISERS

TRUSTEES

Mr D Main (Appointed 17 June 2021)
Mr P Baxter (Resigned 1 July 2021)
Mr R Baylis (Resigned 1 July 2021)
Mrs M Crawley
Ms R Layton
Mr R Oliveri
Mr D Smith (Chairman)

CHIEF EXECUTIVE

Mr C Brazier (Resigned 18 February 2022)
Mr M Baker (Appointed 14 March 2022)

SECRETARY

Chalfen Secretaries Limited

REGISTERED OFFICE

Wilberforce Way
Southwater
Horsham
West Sussex
RH13 9RS

BANKERS

National Westminster Bank plc
48 Carfax
Horsham
West Sussex
RH12 1EJ

INDEPENDENT AUDITORS

BDO LLP
55 Baker Street
London
W1U 7EU

CHIEF EXECUTIVE AND TRUSTEES' REPORT

The chief executive and trustees of Freedom Food Limited present their annual report and the audited financial statements for the year ended 31 December 2021

OBJECTS OF THE COMPANY

Freedom Food Limited is a subsidiary charitable company of the Royal Society for the Prevention of Cruelty to Animals (RSPCA). The primary object of the company is to prevent cruelty to animals by the promotion of humane farming, transportation, transfer and slaughter of farm animals by implementing a set of rearing and handling standards approved from time to time by the RSPCA. Further, the company seeks to promote consumer preference for produce from livestock producers that conform to the RSPCA Welfare standards for farmed animals by identifying as many products as possible with a unique trademark and encouraging retailers to market these products. There have been no major changes to these activities during the year.

ABOUT THE ORGANISATION

Freedom Food Limited is a private company limited by shares (registered number 02723670) and the RSPCA is the sole member. The company is also a charity registered by the Charity Commission in England and Wales (registered number 1059879) and in Scotland (SC038199). It is governed by a Memorandum and Articles of Association, the contents of which have been approved by The Trustees of the RSPCA. The company was first incorporated in 1992 and began trading in 1994 and is in the beneficial ownership of the RSPCA. The company became a charity in December 1996 and has charitable tax status with HMRC.

THE CHIEF EXECUTIVE AND TRUSTEES AND THEIR INTERESTS

Since Freedom Food Limited is also a charitable company, the directors are also trustees of the charity, and are referred to as trustees throughout the remainder of the Chief Executive and Trustees' Report. The Memorandum requires that the trustees of the parent organisation, the RSPCA, nominate four of their number, as trustees of Freedom Food Limited. The Chairman and Vice Chairman of the Board of Directors are given first option on two trustee places. The remaining three trustees have been appointed to the Board of Trustees of the company because of their particular experience and are non-executive directors. There are currently five trustees and three vacancies for suitable candidates.

The trustees meet a minimum of four times a year and are responsible for the finance, governance and overall objectives of Freedom Food Limited. The Board of Trustees appoints the Chief Executive, currently Mike Baker, who leads the senior management team. The management team is responsible for the implementation of strategy and day-to-day management of the operation and finances of the company.

Training is provided to every trustee. Each prospective member is provided with information about the company's constitution, policies and activities.

FREEDOM FOOD LIMITED

The policy for remuneration of all staff, including senior management, is decided by the RSPCA. The policy is a bespoke job evaluation scheme to assess each role. New benchmarking information was introduced to underpin a new framework in the year. The Board of Directors remuneration committee decides the salary of the Chief Executive.

The membership of the Board of Freedom Food Limited who held office during the year and to date of signing:

Mr D Main (Appointed 17 June 2021)
 Mrs M Crawley
 Ms R Layton
 Mr R Olivieri
 Mr D Smith (Chairman)
 Mr P Baxter (Resigned 1 July 2021)
 Mr R Baylis (Resigned 1 July 2021)

RESULTS AND ACTIVITIES

The results for 2021 show a surplus of £0.8 million (2020: £0.2 million).

Income from charitable activities is made up of licence fees and membership fees. The products that are labelled RSPCA Assured increase the choice that the public can exercise when purchasing animal products. All Freedom Food labelling has now been completely replaced with the RSPCA Assured Label.

During 2021 a total of in excess of 60 million terrestrial animals and 623 million fish benefited from the scheme (2020: 58 million terrestrial animals and 1,062 million fish). The charity had a total of 3,956 members (2020: 3,959 members).

Total expenditure in 2021 was £3.7 million (2020: £3.4 million).

SCOTLAND

In 2021 there were 89 new members joining the scheme in Scotland and 44 that left during the year, taking the membership total to 559 by the end of 2021 (2020: 554).

RESERVES

The Charity now holds two types of reserve, free reserves and designated funds. Designated funds have been set aside by the Trustees for a specific corporate project. An analysis of designated funds is provided in note 13.

The charity maintains free reserves that represent sufficient funds to cover the standing costs of the assessment team in the event of serious animal related disease outbreak restricting access to producers for up to twelve months, which could seriously affect income. The trustees review the level of free reserves to ensure that they are sufficient to maintain the standing costs of the assessment team, and this will remain at £1.1 million (2020: £1.1 million).

Free reserves are calculated as unrestricted funds less fixed assets and were £2.3 million (2020: £1.5 million), and designated funds were £0.1 million (2020: £0.1 million).

PUBLIC BENEFIT

In considering public benefit the trustees have had regard to the guidance issued by the Charity Commission. It is not enough that Freedom Food Limited's work benefits animals. Richard Martin, one of the RSPCA's nineteenth century founders, identified the Society's prime aim as being to alter the moral feelings of the country. He recognised that taking care of animals is an essential part of any civilisation. This still resonates today. Preventing cruelty to animals promotes humane sentiments in humankind towards animals which involves moral benefit to the human community as a whole. Whilst this public benefit is clear, it is difficult to quantify and must be balanced against any detriment.

The Results and Activities section of this report demonstrates the achievements and performance of Freedom Food Limited and the benefit provided to the public. All our charitable activities focus on promoting kindness and preventing or suppressing cruelty to animals, and are undertaken to further these charitable purposes for the public benefit.

RSPCA SUPPORT

Freedom Food Limited is not dependent on the services of volunteers in accomplishing its work, although RSPCA branch volunteers support the promotion of the scheme at a local level. Freedom Food Limited and RSPCA staff also work closely in managing the most effective implementation of the RSPCA's objectives for farm animals.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Freedom Food Limited reviews the operations and potential for any risk that may impact the ability of Freedom Food Limited to meet its objectives. These risks are reviewed annually.

The major risk facing Freedom Food Limited is a possible disease outbreak which would lead to restricted farm access. This could compromise our inspection regime and have a negative impact on brand integrity.

The principal uncertainty currently facing the Charity is the economic impact of rising prices of fertiliser, animal feed and fuel; and labour shortages. This uncertainty is accentuated by the global political events in Russia and Ukraine. It is anticipated that the price of fertiliser will further increase in response to the conflict as Ukraine and Russia are leading global producers of fertiliser.

The effects of this could be seen on a global scale, with the general public facing increased prices as farmers and supermarkets respond to the higher costs they face.

The Charity hasn't yet seen a reduction in licence income due to these issues. The Trustees and the executive team will be closely monitoring this. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a good financial position to help manage this risk. Steps are being taken on an ongoing basis, to minimise the impact on the charity's activities and the effect this may have on the Charity's supporters and beneficiaries.

PLANS FOR THE FUTURE

During the coming year Freedom Food Limited will continue to strive to achieve the RSPCA's objectives for farm animals through increased promotional activities to raise the awareness of producers, retailers, and consumers and increase the numbers of animals benefiting from the scheme. However, the unfortunate global political conflicts and the resultant economic impact may affect much of this and, whilst our intention is to carry on with this work as much as we can, plans are continually reviewed and changed as circumstances dictate.

GOING CONCERN

The trustees reviewed Freedom Food Limited's financial plans in December 2021, as part of their normal annual review, as well as our principal financial risks. At that time, they were satisfied that Freedom Food Limited had sufficient resources to continue operating for the foreseeable future and the accounts have been prepared in the knowledge that Freedom Food Limited is a financially viable Charity.

The financial statements indicate a strong financial performance in 2021 (a surplus of £0.8 million), and a healthy balance sheet at the end of the reporting period. As at 31 December 2021, there were unrestricted liquid funds of around £2.3 million, representing circa seven months expenditure. There was a cash balance on this date of £1.967 million, which is forecast to remain healthy throughout 2022 and into 2023.

With regards to the next accounting period, the year ending 31 December 2022, the trustees are satisfied that the level of projected income will be met even in the context of the challenging economic environment with cost of living rises and anticipated stagflation. It is expected that expenditure will remain within budget. Budgeted expenditure includes expenditure designed to generate cost savings in the long run, building on the financial sustainability of the Charity. As a result, it is not expected that there will be the necessity to cut into essential services, and if necessary, additional significant cost savings could be made without impacting service delivery.

The Charity's executive team will continue to review the Charity's ongoing forecasts and projections on a monthly basis to ensure that the company remains financially viable amidst the challenging economic environment. The trustees will continue to review plans with the Charity's executive team to make the necessary changes to remain within free reserves level over the life of the 2-year plan, as per the free reserves policy.

With the above measures in place, the strong current financial position of the Charity, and the positive forecasts and projections, the trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. While there is uncertainty, the Trustees do not consider there to be a material uncertainty around the ability of Freedom Food to continue as a going concern for the foreseeable future.

FUNDRAISING

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although Freedom Food Limited does not undertake widespread fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Such amounts receivable is presented in our accounts as "Donations".

FREEDOM FOOD LIMITED

In relation to the above the Trustees confirm that no fundraising approach has been taken by the company, or by anyone acting on its behalf, that no fundraising standards or scheme for fundraising regulation have been subscribed to by the company, or by anyone acting on its behalf, that no complaints in relation to fundraising activities have been received and that any solicitations are managed internally, without involvement of commercial participators or professional fundraisers.

AUDITORS

The report has been prepared in accordance with special provisions of s419(2) of the Companies Act 2006 referring to FRS102 small entities provision.

All of the current trustees have taken all the steps to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of the information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

Approved by the Trustees and Board of Directors of Freedom Food Limited and signed on behalf of the Board

DocuSigned by:
David Smith
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Mr D. Smith
Chairman

1st September
2022

TRUSTEES' STATEMENT OF RESPONSIBILITIES

The trustees are responsible for preparing the Chief Executive and Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the trustees 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF FREEDOM FOOD LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2021 and of its incoming resources and application of resources 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

We have audited the financial statements of Freedom Food Limited ("the Charitable Company") for the year ended 31 December 2021 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charitable Company in accordance with the ethical requirements 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Charitable 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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Directors' and Trustees' Report and Accounts other than the financial statements and our auditor's report thereon. The other information comprises: Chief Executive and Trustees' 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- proper and 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 Trustees

As explained more fully in the Trustees' Statement of Responsibilities the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Trustees determines 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 Trustees 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 Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- Discussions with management, including consideration of any performance incentives and remuneration arrangements, known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessing the design and implementation of the control environment to identify areas of material weakness to focus the design of our audit testing;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with regulatory bodies and from legal advisors to identify indications of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Enquiries as to whether there have been any serious incident reports or correspondence with the Charity Regulators and reviewing and assessing the impact of any reports or correspondence;

- Challenging assumptions made by management in their significant accounting estimates in particular in relation to estimating and accounting for accruals;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and
- Carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees 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 Charitable Company, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Jill Halford

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Jill Halford (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

02 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FREEDOM FOOD LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating income and expenditure account)

Year ended 31 December 2021

	Note	2021	2020
		£	£
Income from:			
Charitable activities	2	4,517,553	3,627,008
Other trading activities	2	7,003	11,970
Investments	2	182	992
Total income		4,524,738	3,639,970
Expenditure on:			
Charitable activities	3	3,710,340	3,409,500
Net Income/ Net movement in funds		814,398	230,470
Reconciliation of funds:			
Funds brought forward at 1 January 2021		1,623,261	1,392,791
Funds carried forward at 31 December 2021		2,437,659	1,623,261

All amounts relate to continuing operations. All gains and losses recognised in the current and preceding financial year are included in the statement of financial activities. This incorporates the income and expenditure account. The net income and net movement of funds are £814,398. All amounts relate to unrestricted funds.

FREEDOM FOOD LIMITED

The notes on pages 16 to 23 form part of these financial statements.

COMPANY NO.02723670

BALANCE SHEET

As at 31 December 2021	Note	2021 £	2020 £
FIXED ASSETS			
Tangible Fixed Assets	5	16,760	-
CURRENT ASSETS			
Debtors	6	1,305,076	1,000,629
Cash at bank and in hand		1,967,191	1,704,138
		3,272,267	2,704,767
CREDITORS: amounts falling due within one year	7	(851,368)	(1,081,506)
NET CURRENT ASSETS		2,420,899	1,623,261
TOTAL ASSETS LESS CURRENT LIABILITIES		2,437,659	1,623,261
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Unrestricted funds		2,337,657	1,523,259
Designated funds		100,000	100,000
TOTAL FUNDS		2,437,659	1,623,261

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

Signed on behalf of the Board of Directors by

Mr D Smith
Chairman

DocuSigned by:
David Smith
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1st September
2022

FREEDOM FOOD LIMITED

The notes on pages 16 to 23 form part of these financial statements.

CASH FLOW STATEMENT

Year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	283,417	465,327
Cash flows from investing activities:			
Dividends, interest and rents		182	992
Purchase of equipment		(20,546)	-
Net cash provided by investing activities		(20,364)	992
Change in cash and cash equivalents in the reporting period		263,053	466,319
Cash and cash equivalents at the beginning of the reporting period		1,704,138	1,237,819
Cash and cash equivalents at the end of the reporting period		1,967,191	1,704,138

Notes to the consolidated cash flow statement**A) Reconciliation of net income to net cash flow from operating activities**

Net income for the reporting period	814,398	230,470
Depreciation charges	3,786	-
Dividends, interest and rents from investments	(182)	(992)
(Increase)/decrease in debtors	(304,447)	(238,821)
Increase/(decrease) in creditors	(230,138)	474,670
Net cash provided by operating activities	A 283,417	465,327

Loans and overdrafts

FREEDOM FOOD LIMITED

The Charity does not have any external debt or borrowings and as such a net debt reconciliation is not prepared.

The notes on pages 16 to 23 form part of these financial statements.

1 ACCOUNTING POLICIES

The accounting policies adopted are described below.

The accounts (financial statements) have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, and the Companies Act 2006.

Accounting convention

The accounting statements are prepared under the historical cost convention.

Going concern

The trustees assess the reasonableness of the assumption of the Charity to continue as a going concern for a period of at least 12 months from the date the financial statements are signed.

Despite the challenges of the current economic and political climate, with rising costs, the threat of stagnation, and the conflict between Russia and Ukraine, the Trustees do not consider there to be a material uncertainty around the ability of Freedom Food to continue as a going concern for the foreseeable future.

There was strong financial performance in 2021 with the Charity making a surplus of £0.8 million. The Charity has a strong balance sheet with a healthy cash balance and a high level of unrestricted reserves. Unrestricted reserves totalled £2.3 million as at 31 December 2021, representing circa seven months expenditure. The Charity held a cash balance of £1.967 million at the balance sheet date and the cash flow forecasts indicate that the Charity is likely to retain a healthy cash balance throughout 2022 and into 2023.

The Trustees consider that the level of ongoing support from charitable activities, combined with the free reserves, secure Freedom Food Limited for the foreseeable future, and that whilst there is uncertainty the Trustees do not consider there to be material uncertainty. On this basis, the Charity is considered to be a going concern.

Tangible fixed assets

Fixed assets are capitalised at cost. Provision is made for depreciation on a straight-line basis over the useful economic life of each asset. Assets less than £1,000 are expensed in the year. The useful economic lives have been estimated as follows:

Office and computer equipment	3 years
-------------------------------	---------

Income

Income from charitable activities is recognised when there is entitlement, any performance conditions have been met, receipt is probable, and measurement reliable. Membership income is recognised on an accruals basis over the term of the membership. Gifts in kind are included at fair value to the charity.

Expenditure

FREEDOM FOOD LIMITED

Included in the expenditure relating to Charitable activities are the direct costs of the Assessors and the support costs of the Administration and Marketing departments.

Governance costs consist of the auditor's remuneration and the Trustees expenses. During the year no costs were incurred in raising funds.

Operating Leases

Rental costs under operating leases are included in total expenditure in annual instalments over the period of the leases.

Funds

There were no restricted or endowment funds during the year. All funds at the balance sheet date are unrestricted. Designated funds are part of the General Fund set aside for a specific purpose by the trustees. Details of designated funds are set out in note 13.

Pension costs

Pension costs in respect of RSPCA employees are recharged to Freedom Food Limited in the year of incurring the liability (see note 4).

Critical accounting judgements and key sources of estimation uncertainty

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

The key areas of accounting estimation for the Charity include:

Income recognition

The Charity recognises income on a receivable basis where the amount is measurable and there is adequate probability of receipt.

Fixed assets

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life. The useful economic life of an asset is determined at the time the asset is acquired or brought into use and reviewed annually for appropriateness. The lives are based on historical experience together with anticipation of future events.

Accruals, provisions and contingencies

Expenditure incurred in the reporting period where there is uncertainty as to the final amount to be paid is accounted for on the basis of an estimate where this treatment is considered to be appropriate. An accrual is recognised when it is probable that an obligation exists for which a reliable estimate can be made.

Tax on ordinary activities

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 or Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

Financial Instruments

FREEDOM FOOD LIMITED

The financial instruments are financial assets, which comprise cash and debtors; and financial liabilities which comprise group creditors, trade creditors and other creditors, measured at amortised cost.

2 INCOME**Income from charitable activities**

	2021	2020
	£	£
Membership scheme	1,086,597	1,034,529
Licence fees	3,430,956	2,592,479
	<u>4,517,553</u>	<u>3,627,008</u>

Other trading activities

	2021	2020
	£	£
Sale of goods and other income	<u>7,003</u>	<u>11,970</u>

Investments

	2021	2020
	£	£
Interest received	<u>182</u>	<u>992</u>

3 EXPENDITURE**Charitable activities**

	2021	2021	2021
	Direct	Support	Total
	£	£	£
Farm animal welfare	1,179,985	2,516,155	3,696,140

FREEDOM FOOD LIMITED

Governance costs	-	14,200	14,200
	1,179,985	2,530,355	3,710,340

Charitable Activities	2020	2020	2020
	Direct	Support	Total
	£	£	£
Farm animal welfare	1,102,415	2,293,274	3,395,689
Governance costs	-	13,811	13,811
	1,102,415	2,307,085	3,409,500

Included in expenditure are fees payable in respect of:

	2021	2020
	£	£
Auditor's remuneration	14,200	13,811
Hire of motor vehicles under operating leases	98,399	94,683

Travel and subsistence payments to the directors and trustees totalled £nil (2020: £nil).

4 INFORMATION REGARDING EMPLOYEES AND DIRECTORS

Freedom Food Limited's staff are employed by the RSPCA and the full employment costs of these staff members are recharged to Freedom Food Limited by the RSPCA.

	2021	2020
	No.	No.
Average number of persons employed		
Assessments, marketing and publicity	30	25
		20

FREEDOM FOOD LIMITED

Support, management and administration

17	19
47	44

	2021	2020
	£	£
Staff costs during the year		
Wages and salaries	1,462,951	1,400,693
Social security costs	132,878	127,248
Pension costs	161,495	150,559
	1,757,324	1,678,500

In 2021 one employee earned between £90,000 and £99,999 (2020: one employee between £80,000 and £89,999). Contribution to the pension scheme for this highest paid member was £10,567 (2020: £9,600).

Freedom Food considers its key management personnel comprise the directors and the chief executive officer. The total employment benefits including employer pension contributions to management personnel were £116,410 (2020: £104,334). The trustees all give their time and expertise without any form of remuneration or other benefit in cash or kind (2020: £nil).

5 TANGIBLE FIXED ASSETS

	Office and computer equipment	Total
	£	£
Cost		
At 1 January 2021	118,254	118,254
Additions	20,546	20,546
At 31 December 2021	138,800	138,800
Depreciation		
At 1 January 2021	118,254	118,254
Charge for the year	3,786	3,786
At 31 December 2021	122,040	122,040
Net Book Value		
At 31 December 2021	16,760	16,760
At 31 December 2020	-	-

FREEDOM FOOD LIMITED

6 DEBTORS

	2021	2020
	£	£
Trade debtors	177,535	225,336
Other debtors	14,834	4,000
Prepayments and accrued income	986,937	739,681
Amounts owed by the RSPCA	125,770	31,612
	<u>1,305,076</u>	<u>1,000,629</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	227,553	225,676
Value added tax	87,257	124,026
Accruals and deferred income	206,576	731,804
Amounts owed to the RSPCA	329,982	-
	<u>851,368</u>	<u>1,081,506</u>

8 DEFERRED INCOME

The deferred income comprises membership scheme income receipts received prior to the year end that relates to the future reporting period. The deferred income is released to the statement of financial activities in the following year.

	2021	2020
	£	£
Deferred membership scheme income		
At 1 January 2021	96,421	46,173
Additions	100,563	96,421
Released	(96,421)	(46,173)
At 31 December 2021	<u>100,563</u>	<u>96,421</u>

FREEDOM FOOD LIMITED

9 OPERATING LEASE COMMITMENTS

The Company has total commitments at the year end under operating leases expiring as follows:

	Motor vehicles	Motor vehicles
	2021	2020
	£	£
Less than one year	55,615	49,016
One to five years	42,783	45,666
	<u>98,398</u>	<u>94,682</u>

10 CALLED UP SHARE CAPITAL

	2021	2020
	£	£
Authorised:		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid:		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

11 ULTIMATE PARENT ENTITY AND CONTROLLING ENTITY

The company's ultimate parent entity and controlling entity is the Royal Society for the Prevention of Cruelty to Animals ('RSPCA'), a registered charity in Great Britain (registered charity no.219099). The primary objective of the RSPCA is the prevention of cruelty to animals, at the core of which is the inspectorate who provide a wide range of rescue services for the most abused and vulnerable animals. These rescue services include the Inspectorate's preventative and educational work, enforcing the law, rehabilitation, rehoming and wildlife rescue. The range of Inspectorate work and its related support services are the core activity and are unique to the RSPCA.

Copies of consolidated accounts are available from The RSPCA, Wilberforce Way, Southwater, Horsham, West Sussex, RH13 9RS.

FREEDOM FOOD LIMITED

There are no intermediate parent companies.

12 RELATED PARTY TRANSACTIONS

Related party transactions are the management fees charged in the year by RSPCA of £210,281 (2020: £230,954) and payroll and expenses of £1,788,020 (2020: £1,665,074) paid on behalf of Freedom Food by the RSPCA. The costs of the RSPCA Livestock offices' services were £350,000 (2020: £309,000). During the year a payment of £2,946 was received by Countryside paid by David Main who is a trustee. This was for the annual membership fee.

At the year end Freedom Food Limited owed £204,000 to the RSPCA. At the 2020 year end, Freedom Food Limited was owed £32,000 from the RSPCA.

13 DESIGNATED FUND MOVEMENTS

	2021	2020
	£	£
The Transformation Project		
At 1 January 2021	100,000	-
Additions	100,000	100,000
Disposals	(100,000)	-
At 31 December 2021	100,000	100,000