

Frank Wright Limited

**Directors' report and financial
statements**

Registered number 111524

31 December 2022

FRIDAY



ACDK8ME1

A06

06/10/2023

#140

COMPANIES HOUSE

Contents

Strategic report	1
Directors' report	4
Statement of directors' responsibilities in respect of the Strategic report and the Directors' report and the financial statements	7
Independent auditor's report to the members of Frank Wright Limited	8
Profit and Loss Account and Other Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes	15

Strategic report

The directors present their annual Strategic report for Frank Wright Limited (the Company) for the year ended 31 December 2022.

Business Review

Sales for the year increased by 11.1% to £136,284,000 (2021: £122,718,000), with the Gross Profit increasing from 9.1% to 10.8%. The increase in sales was driven by an overall increase in selling price as a consequence of increased costs of raw materials, energy, logistics and personnel costs. Gross Profit % has improved due to strong margin management and operational efficiencies.

The Company continues to focus on the production of quality products and during the year has invested in significant capital expenditure to achieve this objective.

Monthly working capital requirements remained under close monitoring and control during the year.

The Company had net assets of £18,310,000 (2021: £17,766,000) at the balance sheet date after paying dividends of £922,000 (2021: £1,162,000) in the year.

Principal risks and uncertainties

The Company fosters a risk aware corporate culture but recognises that risk and uncertainty are an inherent and unavoidable component in the business environment. As such, the Company management is committed to manage risks and uncertainties in a proactive and efficient manner.

The principal risks which would impact on the Company's ability to execute its strategy are:

- i. **Product quality** - the Company operates comprehensive quality systems in order to produce high quality products in a market where deficiencies in product quality can have serious implications. The Company continues to increase the use of Information Technology to improve such systems.
- ii. **Brexit** – The 1st January 2021 marked the end of the Transition Period following the UK's departure from the European Union on the 31st January 2020. This resulted in significant increases in logistical and administration costs both domestically and on export activities. However, compliance with post Brexit border processes and regulatory requirements has ensured the continuity of supply of products to our customers.
- iii. **Inflation and interest rate** – The UK has experienced high levels of inflation affecting all elements of the supply chain along with increases in the Bank of England base rates. The Company has appropriate internal processes and procedures in place to mitigate these effects. The Company also continues to realise cost efficiencies through capital investment in plant and machinery.
- iv. **Raw material costs** - the Company is exposed to volatility in raw material costs and has in place adequate purchasing strategies to reduce this exposure and risk.
- v. **Recruitment and development of employees** - the Company recognises that its success is dependent on the contributions made by its employees. It therefore continues its policy of developing, training and investing in people so they may reach their full potential within the business.

Strategic report (continued)

- vi. **Credit risk** - is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. Credit risk is managed through stringent control and constant review of the Company's credit exposure.
- vii. **Liquidity risk** - is the risk that the Company will not be able to meet its financial obligations as they fall due. The company operates its banking facilities within a Group Cash Pooling arrangement, mitigating the effects of liquidity risks.
- viii. **Foreign currency risk** - the Company uses forward exchange contracts to hedge its exposure to foreign exchange risks arising from its operating activities.
- ix. **IT and cyber security** – the Company's IT infrastructure is central to its ability to operate on a day-to-day basis. The Company continues to make significant investment in its IT systems to ensure robustness against cyber-attack or failure and is further supported by the wider Nutreco group IT function.

Key Performance Indicators (KPIs)

The Company monitors all aspects of its business through KPIs – both financial and non-financial.

	Unit	2022	2021
Gross Profit	%	10.8	9.1
Operating Profit	%	1.13	0.22
Return on Capital Employed	%	7.87	1.48

Financial KPIs measure profitability, cost control and working capital control. Gross profit measurement and working capital levels continue to be the most critical KPIs for the Company. Non-financial KPIs measure qualitative aspects of the business including customer service and performance. The increase in profitability KPI performance was positively affected by strong margin management along with operational and logistical efficiencies. The Return on Capital Employed % has increased as a result of the increase in the profitability KPIs.

Strategic report (continued)

Section 172 Statement

This statement sets out how the Directors have approached and met their responsibilities under section 172 Companies Act 2006 and in particular how the Directors have satisfied themselves that they have acted in a way which is most likely to promote the success of the Company for the benefit of its members as a whole whilst also having regard to stakeholders interests. As such, the board have considered the following (amongst other things):

Shareholders

The Directors and senior management team evaluate the likely long-term benefits to the Company when considering investments in its infrastructure and assets, confirming that it is the Board's ultimate objective to deliver long term sustainable earnings growth to enhance total shareholder returns.

Employees

The Directors and senior management team are actively involved in looking after the interests of the Company's employees through, training, development, diversity and inclusion, health and safety and working conditions. The Directors and senior management team actively encourages two-way communication with the Company's employees through regular meetings with departmental managers, participation in staff council meetings, health and safety committees, newsletters and briefing notes, and the holding of frequent 'town hall' style meetings.

Suppliers

The Company and the wider Group enters into regular engagement and dialogue with its key suppliers. The Directors recognise the importance that having a strong relationship with its suppliers brings to the robustness and continuity of its supply chain and will seek to build further partnerships in the future. The Company expects all its suppliers to adhere to the Company's supplier code of conduct and maintain high levels of ethical behaviour.

Customers

The Company places its customers at the centre of its business strategy and endeavours to meet and exceed their expectations by, ensuring continuity of raw material supply, delivering high quality products, offering new and innovative products, providing technical expertise in animal nutritional, adopting high standards of ethical behaviours.

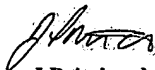
Community and the environment

The Company is committed to making a positive contribution to the communities and protecting the environment within which it operates. The Company continually invests in and modernises its manufacturing and logistical operations to become more energy efficient wherever possible.

Sustainability

The Company is dedicated to embedding sustainability into all its business and operational processes so that it can fulfill its commitment to deliver sustainable products and services. It begins with sourcing the most sustainable ingredients and continues on the farm, where the Company is focused on achieving the best results in both animal health and farm productivity.

Approved by the Board of Directors and signed on behalf of the Board



J Pritchard
Director

Date 3rd October 2023

Blenheim House
Blenheim Road
Ashbourne
Derbyshire
DE6 1HA

Directors' report

The directors present their Directors' report for the year ended 31 December 2022.

Principal Activities

The principal activities of the Company consist of the manufacture, sale and distribution of animal feed supplements and associated products, together with haulage and transport services.

Directors

The directors of the Company in office at the date of this statement are as follows:

J Pritchard

R Binnekamp

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Dividends and transfers to reserves

The results for the year are shown in the profit and loss account on page 12.

Ordinary dividends of £922,000 were paid in the year (2021: £1,162,000).

Total comprehensive profit for the year was £1,466,000 (2021: Loss £151,000), which was added to reserves.

Going Concern

The financial statements have been prepared on a going concern basis as further explained in note 1.

Health and Safety

The health and safety of our employees and contractors is paramount and our health and safety performance is monitored on a regular basis by the Company's senior management.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Directors' report (continued)

Employee involvement

During the year, the policy of providing employees with information about the group has been continued through webinars, announcements, and employee representative meeting. Regular meetings are held between senior management and employees to allow a free flow of information and ideas.

Political contributions

No political donations were made in the year (2021: Nil).

Streamlined Energy Carbon Reporting (SECR)

As a large company, the Company has to produce a Streamlined Energy & Carbon Report ("SECR") for 2022 under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the 2018 Regulations).

As an overview, the Company uses electricity and gas to light, power and heat its premises mainly for production purposes, and uses diesel fuel to deliver products to its customers via owned transport.

Energy performance results for Frank Wright Ltd in the United Kingdom

	2022	2021
Energy Consumption used to calculate emissions (kWh)	6,620,259	6,958,919
Scope 1 emissions in metric tonnes CO2e		
Gas Consumption	87.09	94.45
Owned Transport	851.60	871.57
Manufacturing related activities	51.06	67.55
Total Scope 1	989.76	1,033.57
Scope 2 emissions in metric tonnes CO2e		
Purchased Electricity	466.60	495.87
Total gross emissions in metric tonnes CO2e	1,456.36	1,529.44
Intensity ratio: tonnes CO2e per £1m of turnover	10.69	12.46

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting guidelines. We have also used the GHG Reporting protocol - Corporate Standard and have used the 2022 UK Government Conversion Factors for Company reporting.

Measures taken to improve energy efficiency

During 2023 the Company has installed 1200 solar panels at its production site which have the capacity to generate circa 530kWh of electricity and will reduce CO2 emissions by over 80,000 Kg per year. In addition, a project was completed using waste heat generated by the compressors in the manufacturing plant to heat the office buildings as part of a wider heat recovery system. The Company is also in the process of replacing its fleet of diesel powered fork lift trucks with more energy efficient electric models.

Disclosure of information to auditors

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; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board of Directors and signed on behalf of the Board



J Pritchard
Director

Date 3rd October 2023

Blenheim House
Blenheim Road
Ashbourne
Derbyshire
DE6 1HA

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS101 *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 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;
- 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANK WRIGHT LIMITED

Opinion

We have audited the financial statements of Frank Wright Limited ("the company") for the year ended 31 December 2022 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity, and related notes, including the 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 December 2022 and of its profit for the year 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANK WRIGHT LIMITED
(CONTINUED)**

- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Agreed a sample of sales invoice around the year end to goods despatched notes to ensure that revenue has been recorded in the correct period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANK WRIGHT LIMITED (CONTINUED)

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

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 their 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANK WRIGHT LIMITED
(CONTINUED)**

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.

A handwritten signature in black ink, appearing to read 'Kathryn Hogg', written over a faint, dotted rectangular background.

Kathryn Hogg (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters Square
Manchester
M2 3AE
4 October 2023

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2022

	<i>Note</i>	2022 £'000	2021 £'000
Turnover	2	136,284	122,718
Cost of sales		(121,587)	(111,572)
Gross profit		14,697	11,146
Selling, distribution and establishment costs		(6,266)	(5,578)
Administrative expenses		(6,892)	(5,293)
Operating profit	5	1,539	275
Other interest receivable and similar income	6	50	187
Interest payable and similar charges	7	(364)	(200)
Profit on ordinary activities before taxation		1,225	262
Tax on profit on ordinary activities	8	(228)	(196)
Profit on ordinary activities after taxation		997	66
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Net change in fair value of cash flow hedges		716	(269)
Tax on other comprehensive income		(247)	52
Other comprehensive income for the year, net of income tax		469	(217)
Total comprehensive income for the year		1,466	(151)

The notes on pages 15 to 29 form an integral part of the financial statements.

Balance Sheet
at 31 December 2022

	<i>Note</i>	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible assets	<i>10</i>	254		366	
Tangible assets	<i>11</i>	11,276		10,907	
Right of use assets	<i>15</i>	402		448	
			11,932		11,721
Current assets					
Stocks	<i>12</i>	9,093		10,875	
Debtors	<i>13</i>	27,684		25,435	
Cash at bank		703		266	
		37,480		36,576	
Creditors: amounts falling due within one year	<i>14</i>	(29,858)		(29,666)	
Net current assets			7,622		6,910
Total assets less current liabilities			19,554		18,631
Non-current liabilities					
Lease liabilities	<i>15</i>		(278)		(282)
Provisions for liabilities					
Deferred tax liability	<i>16</i>		(966)		(583)
Net assets			18,310		17,766
Capital and reserves					
Share capital	<i>18</i>		31		31
Profit and loss account			17,913		18,085
Other reserves			366		(350)
Equity shareholder's funds			18,310		17,766

The notes on pages 15 to 29 form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on


J Pritchard
Director

Date 3rd October 2023

Company registered number: 111524

Statement of Changes in Equity
For the year ended 31 December 2022

	Called up share capital £000	Cash flow hedging reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	31	(81)	19,129	19,079
Profit for the year	-	-	66	66
Other comprehensive income	-	(269)	52	(217)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(269)	118	(151)
	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity:				
Dividends	-	-	(1,162)	(1,162)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	31	(350)	18,085	17,766
	<hr/>	<hr/>	<hr/>	<hr/>
Profit for the year	-	-	997	997
Other comprehensive income/(loss)	-	716	(247)	469
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income/(loss) for the year	-	716	750	1,466
	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity:				
Dividends	-	-	(922)	(922)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	31	366	17,913	18,310
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 15 to 29 form an integral part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Frank Wright Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes 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 Company's intermediate parent undertaking, Nutreco N.V includes the Company in its consolidated financial statements. The consolidated financial statements of Nutreco N.V are prepared in accordance with Dutch GAAP and are available to the public and may be obtained from Stationsstraat 77, Amersfoort, PO Box 299, 3800 AG Amersfoort, The Netherlands. These financial statements present information about the Company as an individual undertaking and not about its group.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Nutreco N.V include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- IFRS 2 Share Based Payments in respect of group settled share based payments;

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Standards, amendments and interpretations adopted during the period

No new standards, amendments or interpretations have been adopted during the current year.

Basis of preparation

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss.

Notes (continued)

1 Accounting policies (continued)

Going concern

The Company has net current assets of £7,622,000 at 31 December 2022 (2021: £6,910,000). The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company meets its day to day working capital requirements from its cash balances. The company had cash balances of £703,000 at 31 December 2022 and £6,700,000 at the date of approval of these financial statements. The company also has access to an overdraft (£4,000,000) and intergroup facilities (£12,000,000) which can be recalled on demand.

The company made a profit on ordinary activities of £997,000 in the year and has net current assets of £7,622,000 at 31 December 2022. The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. In assessing the going concern, the directors have taken into account severe but plausible downsides including a 30% reduction in demand.

These forecasts indicate that Company will have sufficient funds through its existing cash balances, together with cashflows generated from operations, to meet its liabilities as they fall due for that period.

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

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Fixed asset investments are stated at amortised cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)

1 Accounting policies (continued)

Derivative financial instruments and hedging

Cash flow hedges

For cash flow hedges, a derivative financial instrument is designated as a hedging instrument of the variability in cash flows attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and presented in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised in profit or loss.

If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised in comprehensive income are reclassified as profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

When a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the cumulative gain or loss at that point remains in equity and is recognised in profit or loss, when the forecast transaction occurs in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss.

Intangible assets

Other intangible assets

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Customer relations	4 to 10 years
Computer software	4 to 10 years

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Buildings	2.5 – 10% on cost
Plant and machinery	10 – 25% on cost
Motor vehicles	10 – 30% on cost
Land is not depreciated	

Assets in the course of construction are not depreciated until they are ready for use

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour, production overheads and unconditional rebates, appropriate to the relevant stage of production. Net realisable value is based on estimated selling price, less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow moving or defective items where appropriate.

Impairment

Assets that are subject to depreciation and amortisation are assessed at each balance sheet date to determine whether there is any indication for impairment. If any such indication exists, the asset's recoverable amount is tested.

An impairment loss is recognised for the amount by which the carrying amount of an asset, cash generating unit or group of cash generating units exceeds its estimated recoverable amount. Impairment losses recognised in respect of groups of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to groups of cash generating units and then to reduce the carrying amount of the other assets in the groups of cash generating units on a pro rata basis, but not below the fair value less costs of disposal or value in use of these assets.

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use. The fair value less costs of disposal is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an orderly transaction between market participants after deducting the costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate, determined as a blended weighted average cost of capital per (groups of) cash-generating unit(s) that reflects the current market assessments of the time value of money and the risks of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the (groups of) cash generating unit to which the asset belongs.

Notes (continued)

1 Accounting policies (continued)

Leases

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Notes (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

Revenue from the sale of goods is recognised when control of the products has transferred, being when the products are delivered to the buyer. No revenue is recognised if there is significant uncertainty regarding recovery of the consideration due, associated costs or the possible return of goods. Revenue from services is recognised when the service has been provided.

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. There have been no areas of judgement or estimation uncertainty in preparing the financial statements.

Notes (continued)

2 Turnover

	2022 £'000	2021 £'000
By Activity		
Sale of goods	130,911	117,616
Rendering of services	5,373	5,102
	<u>136,284</u>	<u>122,718</u>
By Geographical Market		
United Kingdom	115,726	102,212
Europe	17,540	17,359
Rest of the world	3,018	3,147
	<u>136,284</u>	<u>122,718</u>

3 Information regarding directors and employees

	2022 £'000	2021 £'000
Directors' remuneration and highest paid director		
Directors' emoluments	359	412
Pension costs	10	11
	<u>369</u>	<u>423</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £224,000 (2021: £261,000), and company pension contributions of £nil (2021: £nil) were made to a defined contribution scheme on his behalf.

	2022 No.	2021 No.
Average number of persons employed		
Production and technical	180	180
Sales and marketing	9	8
Administration	25	24
	<u>214</u>	<u>212</u>
Staff costs during the year (including directors)	£'000	£'000
Wages and salaries	9,366	9,050
Social security costs	871	804
Pension costs	359	386
	<u>10,596</u>	<u>10,240</u>

Notes *(continued)*

4 Other operating income

	2022 £'000	2021 £'000
Profit on disposal of fixed assets	-	6
	<u> </u>	<u> </u>

5 Expenses and auditor's remuneration

	2022 £'000	2021 £'000
Operating profit is stated after charging:		
Amortisation	112	120
Depreciation	1,299	1,217
Depreciation on right of use assets	178	310
Auditor's remuneration – audit of these financial statements	100	88
	<u> </u>	<u> </u>

6 Other Interest receivable and similar income

	2022 £'000	2021 £'000
Corporation Tax interest receivable	-	14
Interest receivable from group undertakings	50	173
	<u> </u>	<u> </u>
	50	187
	<u> </u>	<u> </u>

7 Interest payable and similar charges

	2022 £'000	2021 £'000
Bank overdraft interest payable	6	2
Interest payable to group undertakings	327	169
Interest on lease liabilities	31	29
	<u> </u>	<u> </u>
	364	200
	<u> </u>	<u> </u>

Notes (continued)

8 Tax on profit on ordinary activities

Recognised in the profit and loss account

	2022 £'000	2021 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	92	(85)
Adjustments in respect of prior periods	-	(36)
	<u>92</u>	<u>(121)</u>
<i>Deferred taxation at 25% (2021: 25%)</i>		
Timing differences, origination and reversal	136	317
	<u>136</u>	<u>317</u>
Tax on profit on ordinary activities	<u><u>228</u></u>	<u><u>196</u></u>

Recognised in comprehensive income

	2022 £'000	2021 £'000
Net change in fair value of cash flow hedges	247	(52)
	<u>247</u>	<u>(52)</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2021: higher) than the standard rate of corporation tax in the UK 19% (2021: 19%). The differences are explained below.

	2022 £'000	2021 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,225	262
Tax on profit on ordinary activities at standard rate (19%, 2021: 19%)	233	50
Factors affecting charge for the period:		
Prior periods	-	(36)
Other items	(5)	77
Change in tax rate	-	105
	<u>228</u>	<u>196</u>

Other items include changes in capital allowances and disallowable expenses.

Factors that may affect future current and total tax charges

In the 2021 Budget released on 3 March 2021, the Government announced its intention to increase the corporation tax rate from 19% to 25% which is effective from 1 April 2023. This will increase the future current tax charge accordingly.

Notes (continued)

9 Dividends

	2022 £'000	2021 £'000
Equity dividends paid of £30.05 (2021: £37.87) per ordinary share	922	1,162
	<u>922</u>	<u>1,162</u>

10 Intangible fixed assets

	Customer relations £'000	Computer software £'000	Total £'000
Cost			
At 1 January 2022	1,602	3,354	4,956
Additions for the year	-	-	-
Disposals	-	-	-
	<u>1,602</u>	<u>3,354</u>	<u>4,956</u>
At 31 December 2022	1,602	3,354	4,956
Accumulated amortisation			
At 1 January 2022	1,602	2,988	4,590
Charge for the year	-	112	112
Disposals	-	-	-
	<u>1,602</u>	<u>3,100</u>	<u>4,702</u>
At 31 December 2022	1,602	3,100	4,702
Net book value			
At 31 December 2022	-	254	254
	<u>-</u>	<u>254</u>	<u>254</u>
At 1 January 2022	-	366	366
	<u>-</u>	<u>366</u>	<u>366</u>

Notes (continued)

11 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2022	6,901	16,642	743	24,286
Additions	258	1,396	14	1,668
Transfers	38	(38)	-	-
Disposals	-	(5)	-	(5)
At 31 December 2022	7,197	17,995	757	25,949
Accumulated depreciation				
At 1 January 2022	2,850	9,995	534	13,379
Charge for the year	229	997	73	1,299
Disposals	-	(5)	-	(5)
At 31 December 2022	3,079	10,987	607	14,673
Net book value				
At 31 December 2022	4,118	7,008	150	11,276
At 1 January 2022	4,051	6,647	209	10,907

12 Stock

	2022 £'000	2021 £'000
Raw materials and consumables	6,716	8,275
Finished goods and goods for resale	2,377	2,600
	9,093	10,875

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £110,902,000 (2021: £100,343,000).

Notes (continued)

13 Debtors

	2022 £'000	2021 £'000
Trade debtors	19,003	19,983
Amounts owed by group undertakings	6,734	4,484
Other debtors	379	220
Corporation tax	37	129
Financial instruments	366	-
Prepayments and accrued income	1,165	619
	<u>27,684</u>	<u>25,435</u>

£6,734,000 (2021: £4,484,000) included in Amounts owed by group undertakings relate to trading balances. These balances are repayable under normal trading terms

14 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	17,756	15,497
Amounts owed to group undertakings	9,080	10,931
Other taxation and social security	424	269
Other creditors	1,217	1,562
Financial instruments	-	350
Lease liabilities	143	173
Accruals and deferred income	1,238	884
	<u>29,858</u>	<u>29,666</u>

The amounts owed to group undertakings £9,080,000 (2021: £10,931,000) relates to trading balances. These balances do not attract interest payable and are repayable under normal trading terms.

Notes (continued)

15 Leases

The Company has leases for vehicles. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the Balance Sheet as a right of use asset and a lease liability. Leases of vehicles are generally limited to a lease term of 3 to 5 years. Lease payments are generally fixed.

Right of use assets

	Motor Vehicles £'000	Total £'000
Balance at 1 January 2022	448	448
Additions in the year	132	132
Depreciation charge in the year	(178)	(178)
Balance at 31 December 2022	402	402

Lease Liabilities

	£'000
Maturity analysis – contractual undiscounted cash flows	
Less than 1 year	165
1 to 5 years	332
More than 5 years	-
Balance at 31 December 2022	497
Lease liabilities included in the Balance Sheet at 31 December 2022	421
Current	
Non-current	143
	278
Amounts recognised in profit or loss	£'000
Interest on lease liabilities	31

Notes (continued)

16 Deferred tax liabilities

	£'000
Balance at 1 January 2022	583
Charge in the year	136
Other Comprehensive Income	247
	<hr/>
Balance at 31 December 2022	966
	<hr/> <hr/>

The elements of deferred taxation are as follows:

	2022 £'000	2021 £'000
Capital allowances in advance of depreciation	786	650
Foreign currency cash flow	180	(67)
	<hr/>	<hr/>
	966	583
	<hr/> <hr/>	<hr/> <hr/>

17 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £359,000 (2021: £386,000).

18 Share capital

	2022 £'000	2021 £'000
Called up, allotted and fully paid 30,680 ordinary shares of £1 each	31	31
	<hr/>	<hr/>

19 Financial commitments

The Company had capital commitments at the year-end of £nil (2021: £nil).

Notes (continued)

20 Financial instruments

The fair values of all financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows:

	Fair value 2022 £'000	Fair value 2021 £'000
Financial assets		
Derivatives used for hedging		
Foreign currency hedging contracts	366	-
Financial liabilities		
Derivatives used for hedging		
Foreign currency hedging contracts	-	(350)

Forward currency exchange contracts fair value was determined using quoted forward exchange rates matching the maturities of the contracts. The forward currency exchange contracts all have a maturity less than 12 months.

21 Ultimate parent company

The immediate parent company is Nutreco Limited, a company incorporated in England & Wales.

As at 31 December 2022, the company's ultimate parent undertaking is considered by the Company to be SHV Holdings N.V., a company incorporated in The Netherlands.

In the opinion of the Directors the company is controlled by SHV Holdings N.V.

The results of Frank Wright Limited are included in the consolidated Financial Statements of Nutreco N.V, the smallest company in the group to prepare consolidated Financial Statements. Copies of Nutreco N.V.'s consolidated Financial Statements may be obtained from Stationsstraat 77, 3800 AG Amersfoort, The Netherlands.

22 Subsequent events

There were no subsequent occurring between the date of the financial statements and the date of the auditors' report that require adjustment, or disclosure in the financial statements.