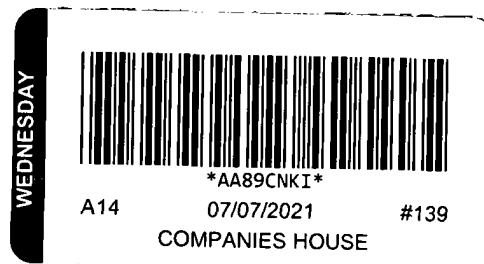


Company Registration No. 01129055 (England and Wales)

BELTON FARM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



BELTON FARM LIMITED

COMPANY INFORMATION

Directors	J C Beckett N A Kennedy
Secretary	Mrs K L Beckett
Company number	01129055
Registered office	Belton Whitchurch Shropshire SY13 1JD
Auditor	Azets Audit Services Alpha House 4 Greek Street Stockport Cheshire SK3 8AB

BELTON FARM LIMITED

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BELTON FARM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Belton Farm Group (Belton) is an independent, family-owned, business dedicated to making the very best Classic and Contemporary Great British Cheese.

Belton produces around 8,500 tonnes of cheese each year. Our range includes a variety of Great British Cheese led by our Red and White Fox brands as well as several classic crumbly and hard-pressed territorial cheese. Our purpose is to produce the very best tasting cheese and provide excellent customer service. The business is underpinned by our continuous investment in our people and partnerships, plant and machinery and highly targeted creative marketing campaigns.

Our milk is supplied by a dedicated pool of loyal and local farmers operating to the highest standards of animal welfare and environmental protection. We pride ourselves on being able to pay our farmers a strong and sustainable price for their milk that provides stability for their businesses and the confidence for them to invest.

Finances

Belton delivered another robust performance in 2020 with both turnover and profit remaining relatively unchanged. Gross turnover slightly down to £31.50m (2019 £31.95m) with cheese sales by volume also slightly down (1.6%) on 2019. Group Profit before tax was £1.93m (2019 £1.87m).

Investment in processing and packing

Belton Farm Group has been investing in the development of its processing and packing capabilities for many years. In 2020, we invested a further c. £600k in our ability to process whey, a new cheese pressing area and the installation of new butter making equipment. The latter enabling us to efficiently process whey cream into whey butter targeting the wholesale and foodservice markets.

Strengthening our business

Our strong and diverse customer base across the UK continues to grow and is based on long term relationships with leading retailers, wholesalers, foodservice businesses and independent delis and cheesemongers. At the same time, working closely with our export partners, sales to the US, the EU and other emerging markets have continued to grow and exports now account for 15% of Belton's sales.

Belton's targeted marketing activity has remained focused on the highly creative "There's more to cheese than cheddar" campaign which during the year included our TV advertising debut.

Belton is committed to social responsibility and for 11 years we have been striving to reduce emissions. Over this time, our absolute Greenhouse Gas emissions have reduced by 31% and our relative emissions by 46%.

Covid-19

The new financial year continues to see the impact of the Covid-19 global pandemic. Belton continues to react to the challenging conditions quickly both internally and externally. Our priority throughout has always been the health and wellbeing of our employees by taking steps to ensure their safety at work. We have reconfigured our products and routes to market to reflect the ever-changing lockdown and social distancing rules. Despite these unprecedented challenges the business continues to trade on a sound footing as we adapt to the new normal.

Brexit

The UK left the EU customs union on 31st December 2020. This resulted in significant changes with regards to the documentation and inspections required to export our products to European customers adding increased complexity and costs. However, although this resulted in subdued export sales in January and February, as the new protocols have bedded-in we are now starting to see growth and a return in customer confidence and demand.

BELTON FARM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

On behalf of the board

A handwritten signature in black ink, appearing to read 'J C Beckett', written over a dotted line.

J C Beckett
Director

2 June 2021

BELTON FARM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Results and dividends

The results for the year are set out on page 8.

Dividends to Belton Farm Group Limited to reimburse dividends and share redemptions were £283,020. The directors do not recommend a further dividend.

Directors

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

J C Beckett
N A Kennedy

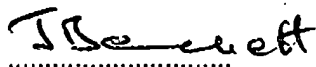
Auditor

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Azets Audit Services be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

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

On behalf of the board



J C Beckett
Director

Date: 2 June 2021

BELTON FARM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 company will continue in business.

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

BELTON FARM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BELTON FARM LIMITED

Opinion

We have audited the financial statements of Belton Farm Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

BELTON FARM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BELTON FARM LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

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

BELTON FARM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BELTON FARM LIMITED

Extent to which the audit was considered 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Azets Audit Services

**Don Bancroft (Senior Statutory Auditor)
For and on behalf of Azets Audit Services**

14 June 2021
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**Chartered Accountants
Statutory Auditor**

Alpha House
4 Greek Street
Stockport
Cheshire
SK3 8AB

BELTON FARM LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	31,100,461	31,480,168
Cost of sales		(26,781,876)	(27,059,212)
Gross profit		4,318,585	4,420,956
Administrative expenses		(2,248,079)	(2,310,929)
Operating profit	4	2,070,506	2,110,027
Interest receivable and similar income	7	31,011	-
Interest payable and similar expenses	8	(221,447)	(244,315)
Profit before taxation		1,880,070	1,865,712
Tax on profit	9	(370,764)	(344,623)
Profit for the financial year		1,509,306	1,521,089

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

BELTON FARM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Profit for the year	1,509,306	1,521,089
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,509,306</u>	<u>1,521,089</u>

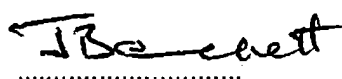
BELTON FARM LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11	4,917,817		5,028,650	
Investments	12	124,034		93,883	
		<u>5,041,851</u>		<u>5,122,533</u>	
Current assets					
Stocks	13	14,818,962		13,510,934	
Debtors	14	5,281,760		5,782,889	
Cash at bank and in hand		39,855		5,050	
		<u>20,140,577</u>		<u>19,298,873</u>	
Creditors: amounts falling due within one year	15	<u>(6,263,613)</u>		<u>(8,574,651)</u>	
Net current assets		<u>13,876,964</u>		<u>10,724,222</u>	
Total assets less current liabilities		<u>18,918,815</u>		<u>15,846,755</u>	
Creditors: amounts falling due after more than one year	16	<u>(3,394,187)</u>		<u>(1,629,197)</u>	
Provisions for liabilities					
Deferred tax liability	18	<u>285,986</u>		<u>205,202</u>	
		<u>(285,986)</u>		<u>(205,202)</u>	
Net assets		<u>15,238,642</u>		<u>14,012,356</u>	
Capital and reserves					
Called up share capital	20	10,000		10,000	
Revaluation reserve		1,847,061		1,847,061	
Profit and loss reserves		13,381,581		12,155,295	
Total equity		<u>15,238,642</u>		<u>14,012,356</u>	

The financial statements were approved by the board of directors and authorised for issue on 2/6/21 and are signed on its behalf by:



J C Beckett
Director

Company Registration No. 01129055

BELTON FARM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2019		10,000	1,847,061	11,443,789	13,300,850
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	1,521,089	1,521,089
Dividends to Belton Farm Group Ltd / Share Redemption	10	-	-	(809,583)	(809,583)
Balance at 31 December 2019		10,000	1,847,061	12,155,295	14,012,356
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	1,509,306	1,509,306
Dividends to Belton Farm Group Ltd / Share Redemption	10	-	-	(283,020)	(283,020)
Balance at 31 December 2020		10,000	1,847,061	13,381,581	15,238,642

BELTON FARM LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	23	473,786		2,825,709	
Interest paid		(221,447)		(244,315)	
Income taxes paid		(346,570)		(351,438)	
Net cash (outflow)/inflow from operating activities		(94,231)		2,229,956	
Investing activities					
Purchase of tangible fixed assets		(572,599)		(358,137)	
Proceeds on disposal of tangible fixed assets		6,000		38,899	
Purchase of fixed asset investments		(30,151)		(93,883)	
Interest received		31,011		-	
Net cash used in investing activities		(565,739)		(413,121)	
Financing activities					
Repayment of borrowings		(179,837)		126,600	
Repayment of bank loans		1,631,961		538,742	
Dividends to Belton Farm Group Ltd / Share Redemption		(283,020)		(809,583)	
Net cash generated from/(used in) financing activities		1,169,104		(144,241)	
Net increase in cash and cash equivalents		509,134		1,672,594	
Cash and cash equivalents at beginning of year		(469,279)		(2,141,873)	
Cash and cash equivalents at end of year		39,855		(469,279)	
Relating to:					
Cash at bank and in hand		39,855		5,050	
Bank overdrafts included in creditors payable within one year		-		(474,329)	

BELTON FARM LIMITED

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

1 Accounting policies

Company information

Belton Farm Limited is a private company limited by shares incorporated in England and Wales. The registered office is Belton, Whitchurch, Shropshire, SY13 1JD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

At the time of approving the financial statements the full impact of the corona virus pandemic on the UK and global economy is uncertain and the effect this may have on the company, its customers and suppliers is unknown. The directors have considered the potential risks and actions they can take to mitigate that risk and concluded that the company will continue to be a going concern.

1.3 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Land and buildings Freehold	10% pa reducing balance
Plant and machinery	15% pa reducing balance
Fixtures, fittings & equipment	15% pa reducing balance
Motor vehicles	20% pa reducing balance

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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

1.5 Fixed asset investments

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

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

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

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

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

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

1.7 Stocks

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

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

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

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

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Derivatives

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

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

The company operates a defined contribution retirement benefit scheme for its employees and contributions are charged as an expense as they fall due.

1.15 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.16 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020	2019
	£	£
Other significant revenue		
Gains on financial investments measured at fair value	31,011	-

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue (Continued)

	2020 £	2019 £
Turnover analysed by geographical market		
UK	30,068,504	30,737,907
EC	820,744	561,972
Rest of world	211,213	180,289
	<u>31,100,461</u>	<u>31,480,168</u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	21,500	22,000
Depreciation of owned tangible fixed assets	683,432	710,779
(Profit)/loss on disposal of tangible fixed assets	(6,000)	10,053
Cost of stocks recognised as an expense	<u>23,613,466</u>	<u>24,154,423</u>

5 Employees

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

	2020 Number	2019 Number
Production	73	73
Management and administration	19	15
Laboratory and maintenance	10	9
Total	<u>102</u>	<u>97</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,577,091	3,377,170
Social security costs	62,136	46,129
Pension costs	121,412	103,484
	<u>3,760,639</u>	<u>3,526,783</u>

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	395,172	394,520

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

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

	2020 £	2019 £
Remuneration for qualifying services	395,172	394,520

7 Interest receivable and similar income

	2020 £	2019 £
Other income from investments		
Gains on financial investments measured at fair value	31,011	-

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	62,686	108,755
Interest on directors' loans	30,115	23,640
Other interest on financial liabilities	100,072	85,863
	192,873	218,258
Other finance costs:		
Interest on pension fund loans	28,574	26,057
	221,447	244,315

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	288,464	347,064
Adjustments in respect of prior periods	1,516	(3,809)
Total current tax	289,980	343,255

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Taxation

(Continued)

	2020 £	2019 £
Deferred tax		
Origination and reversal of timing differences	80,784	1,368
	<u> </u>	<u> </u>
Total tax charge	<u>370,764</u>	<u>344,623</u>

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

	2020 £	2019 £
Profit before taxation	1,880,070	1,865,712
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	357,213	354,485
Tax effect of expenses that are not deductible in determining taxable profit	7,130	8,800
Adjustments in respect of prior years	1,516	(3,809)
Group relief	(58,517)	(38,730)
Permanent capital allowances in excess of depreciation	63,422	23,877
	<u> </u>	<u> </u>
Taxation charge for the year	<u>370,764</u>	<u>344,623</u>

10 Dividends

	2020 £	2019 £
Dividends to Belton Farm Group Ltd / Share Redemption	283,020	809,583
	<u> </u>	<u> </u>

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2020	2,580,000	8,634,896	288,270	142,190	11,645,356
Additions	17,598	554,418	583	-	572,599
At 31 December 2020	2,597,598	9,189,314	288,853	142,190	12,217,955
Depreciation and impairment					
At 1 January 2020	386,434	5,944,523	251,831	33,918	6,616,706
Depreciation charged in the year	212,739	443,914	5,125	21,654	683,432
At 31 December 2020	599,173	6,388,437	256,956	55,572	7,300,138
Carrying amount					
At 31 December 2020	1,998,425	2,800,877	31,897	86,618	4,917,817
At 31 December 2019	2,193,566	2,690,373	36,439	108,272	5,028,650

Land and buildings were revalued at 11 May 2018 by Fisher German, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

12 Fixed asset investments

	2020 £	2019 £
Listed investments	124,034	93,883
Listed investments included above:		
Listed investments carrying amount	124,034	93,883

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 January 2020	93,883
Valuation changes	30,151
At 31 December 2020	124,034
Carrying amount	
At 31 December 2020	124,034
At 31 December 2019	93,883

13 Stocks

	2020 £	2019 £
Raw materials and consumables	297,195	283,130
Finished goods and goods for resale	14,521,767	13,227,804
	14,818,962	13,510,934

14 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	4,350,846	4,881,526
Amounts owed by group undertakings	788,896	638,395
Other debtors	79,129	168,431
Prepayments and accrued income	62,889	94,537
	5,281,760	5,782,889

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	17	183,789	943,312
Pension fund loans	17	143,491	175,183
Trade creditors		2,190,029	2,415,354
Amounts due to group undertakings		238,651	198,530
Corporation tax		128,464	185,054
Other taxation and social security		122,285	98,185
Other creditors		2,905,041	4,142,385
Accruals and deferred income		351,863	416,648
		<u>6,263,613</u>	<u>8,574,651</u>

Other creditors include a receivables financing balance of £2,329,768 (2019: £3,754,796) secured on the trade debtors of the company.

16 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	17	3,129,910	1,212,755
Pension fund loans	17	244,628	392,773
Government grants		19,649	23,669
		<u>3,394,187</u>	<u>1,629,197</u>

17 Loans and overdrafts

	2020 £	2019 £
Bank loans	3,313,699	1,681,738
Bank overdrafts	-	474,329
Other loans	388,119	567,956
	<u>3,701,818</u>	<u>2,724,023</u>
Payable within one year	327,280	1,118,495
Payable after one year	3,374,538	1,605,528

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company and the group.

The bank loans are repayable by monthly instalments, with interest charged at 2.5% over base rate (which can vary from time to time).

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	285,986	205,202
Movements in the year:		2020 £
Liability at 1 January 2020		205,202
Charge to profit or loss		80,784
Liability at 31 December 2020		285,986

19 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	121,412	103,484

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

20 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital				
Issued and fully paid				
ordinary of £1 each	10,000	10,000	10,000	10,000

21 Directors' transactions

Other creditors include £575,083 (2019: £278,517) due to members of the Beckett family, which includes J C Beckett the director.

BELTON FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

22 Ultimate controlling party

The Company is a wholly-owned subsidiary undertaking of Belton Farm Group Limited which is the ultimate parent company incorporated in England and Wales.

The smallest and largest group in which the results of the Company are consolidated is that headed by Belton Farm Group Limited.

The consolidated financial statements of this group are available to the public and may be obtained from Belton, Whitchurch, Shropshire, SY13 1JD.

Belton Farm Group Limited is controlled by J C Beckett.

23 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	1,509,306	1,521,089
Adjustments for:		
Taxation charged	370,764	344,623
Finance costs	221,447	244,315
Investment income	(31,011)	-
(Gain)/loss on disposal of tangible fixed assets	(6,000)	10,053
Depreciation and impairment of tangible fixed assets	683,432	710,779
Movements in working capital:		
(Increase) in stocks	(1,308,028)	(775,124)
Decrease/(increase) in debtors	501,129	(850,144)
(Decrease)/increase in creditors	(1,463,233)	1,624,846
(Decrease) in deferred income	(4,020)	(4,728)
Cash generated from operations	473,786	2,825,709

24 Analysis of changes in net debt

	1 January 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	5,050	34,805	39,855
Bank overdrafts	(474,329)	474,329	-
	(469,279)	509,134	39,855
Borrowings excluding overdrafts	(2,249,694)	(1,452,124)	(3,701,818)
	(2,718,973)	(942,990)	(3,661,963)