

Report of the Directors and
Audited Financial Statements
for the Year Ended 31 December 2020
for
Paul Rackham Limited

Contents of the Financial Statements
for the Year Ended 31 December 2020

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Paul Rackham Limited
Company Information
for the Year Ended 31 December 2020

DIRECTORS: P A Rackham
S A Rackham
P A Rackham Jnr
S R Stuteley
Mrs J Williams

SECRETARY: S R Stuteley

REGISTERED OFFICE: Manor Farm
122 The Street
Bridgham
Norwich
Norfolk
NR16 2RX

REGISTERED NUMBER: 02434505 (England and Wales)

INDEPENDENT AUDITORS: Knights Lowe Limited
Chartered Accountants
and Statutory Auditors
Eldo House, Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

BANKERS: Lloyds Bank Plc
35 King Street
Thetford
Norfolk
IP24 2AX

Report of the Directors
for the Year Ended 31 December 2020

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of agriculture and estate management.

DIVIDENDS

Interim dividends per share were paid as follows:

2.3731	- 21 May 2020
1.0016	- 30 September 2020
<u>3.3747</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2020 will be £ 383,960 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

P A Rackham
S A Rackham
P A Rackham Jnr
S R Stuteley

Other changes in directors holding office are as follows:

Mrs J Williams - appointed 16 July 2020

POLITICAL DONATIONS AND EXPENDITURE

Donations made in the year totalling £13,031 (2019: £1,942) all related to charity donations.

There were no donations made in respect of political parties.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the Directors
for the Year Ended 31 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

AUDITORS

The auditors, Knights Lowe Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S R Stuteley - Director

27 August 2021

Report of the Independent Auditors to the Members of
Paul Rackham Limited

Opinion

We have audited the financial statements of Paul Rackham Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Paul Rackham Limited

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 Report of the Directors.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages two and three, 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 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.

Report of the Independent Auditors to the Members of
Paul Rackham Limited

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the companies operating sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- investigated the company's basis for making accounting estimates and tested the amounts presented for accuracy. This includes depreciation, valuation of traded investments, valuation of investment properties, and the revaluation of freehold property which took place in the financial year.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, relevant regulators [include details] and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Report of the Independent Auditors to the Members of
Paul Rackham Limited

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.

James Knights ACA BSc (Senior Statutory Auditor)
for and on behalf of Knights Lowe Limited
Chartered Accountants
and Statutory Auditors
Eldo House, Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

6 September 2021

**Statement of Comprehensive
Income
for the Year Ended 31 December 2020**

	Notes	2020 £	£	2019 £	£
TURNOVER	4		4,614,192		4,633,171
Cost of sales			1,584,752		1,634,042
GROSS PROFIT			3,029,440		2,999,129
Administrative expenses			1,318,739		1,192,139
OPERATING PROFIT	6		1,710,701		1,806,990
Income from shares in group undertakings	7	-		338,375	
Interest receivable and similar income	8	10,006		11,920	
			10,006		350,295
			1,720,707		2,157,285
Gain/loss on revaluation of assets			1,942		113,081
			1,722,649		2,270,366
Interest payable and similar expenses	9		54,574		250,156
PROFIT BEFORE TAXATION			1,668,075		2,020,210
Tax on profit	10		313,720		314,481
PROFIT FOR THE FINANCIAL YEAR			1,354,355		1,705,729
OTHER COMPREHENSIVE INCOME					
Freehold property revaluation			14,052,565		-
Deferred tax on revaluation			(1,395,622)		-
Income tax relating to components of other comprehensive income			-		-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX			12,656,943		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			14,011,298		1,705,729

The notes on pages 11 to 24 form part of these financial statements

Balance Sheet
31 December 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	12		40,709,772		16,426,068
Investments	13		5,229,786		5,219,031
Investment property	14		6,727,551		6,725,634
			52,667,109		28,370,733
CURRENT ASSETS					
Stocks		730,671		607,390	
Debtors	15	1,329,437		1,263,257	
Investments	16	56,346		54,404	
Cash at bank		460,797		435,181	
		2,577,251		2,360,232	
CREDITORS					
Amounts falling due within one year	17	9,205,883		9,382,214	
NET CURRENT LIABILITIES			(6,628,632)		(7,021,982)
TOTAL ASSETS LESS CURRENT LIABILITIES			46,038,477		21,348,751
CREDITORS					
Amounts falling due after more than one year	18		(9,665,266)		(60,000)
PROVISIONS FOR LIABILITIES	22		(1,597,722)		(140,600)
NET ASSETS			34,775,489		21,148,151
CAPITAL AND RESERVES					
Called up share capital	23		113,776		113,776
Share premium			2,338,021		2,338,021
Fair value reserve	24		11,338,801		757,449
Retained earnings			20,984,891		17,938,905
SHAREHOLDERS' FUNDS			34,775,489		21,148,151

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

The financial statements were approved by the Board of Directors and authorised for issue on 27 August 2021 and were signed on its behalf by:

S R Stuteley - Director

Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Fair value reserve £	Total equity £
Balance at 1 January 2019	113,776	17,242,702	2,338,021	649,966	20,344,465
Changes in equity					
Dividends	-	(902,043)	-	-	(902,043)
Total comprehensive income	-	1,705,729	-	-	1,705,729
Transfer between reserves	-	(107,483)	-	107,483	-
Balance at 31 December 2019	113,776	17,938,905	2,338,021	757,449	21,148,151
Changes in equity					
Dividends	-	(383,960)	-	-	(383,960)
Total comprehensive income	-	1,354,355	-	12,656,943	14,011,298
Transfer between reserves	-	2,075,591	-	(2,075,591)	-
Balance at 31 December 2020	113,776	20,984,891	2,338,021	11,338,801	34,775,489

The notes on pages 11 to 24 form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2020

1. STATUTORY INFORMATION

Paul Rackham Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. There were no material departures from those standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised as follows:

- i) Rental and similar income is accrued on a time basis in the period to which it relates by reference to underlying contracts.
- ii) Income from the sale of land and buildings is recognised at the date of unconditional exchange of contract.
- iii) Livestock and produce revenue is recognised at the point legal title to stock passes to the customer, normally at collection or delivery.
- iv) Interest income is accrued on a time basis by reference to the underlying capital sum and applicable interest rate.
- v) Dividend income from investments is recognised at the date of receipt.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- not provided
Plant and machinery	- 5 years straight line
Fixtures and fittings	- 5 years straight line
Motor vehicles	- 4 years straight line

The measurement basis for freehold land and buildings is at fair value, on a revaluation basis.

Plant, machinery and all other tangible fixed assets are held at historic cost, less accumulated depreciation. The directors estimate residual values on an asset by asset basis and apply depreciation accordingly.

During the year a full review has been made of non-investment freehold property and the directors considered the values for all properties and have considered the valuation for each individual asset and that the revaluation method is the most appropriate recognition method going forward. Therefore these are recognised at current fair value.

The directors consider freehold land and buildings on a group basis for impairment, and should the recoverable amount be below valuation or cost an impairment review is carried out and recognised as required. The position will be reviewed annually.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Investment property

Investment property held to earn rental income and/or capital appreciation is included in the balance sheet at fair value where such value can be measured reliably without undue cost or effort on an ongoing basis. Fair value adjustments are taken to the profit and loss account. The property is not depreciated which is a treatment contrary to the Companies Act 2006 however in the opinion of the Directors the policy adopted by the Company provides a true and fair view.

The majority of such properties are on the main farming estate and are thus difficult to independently value. In accordance with Section 16 of FRS 102 such properties are accounted for under the principles applying to property plant and equipment as described above.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative reasons.

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

The best evidence of fair value is quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Current asset investments

Investments comprise current asset investments which are originally recognised at cost. Where the fair value can be reliably determined, the investments are subsequently stated at fair value at each balance sheet date with change to values being recognised in the profit and loss account. Those current investments where fair values cannot be reliably determined are stated at cost.

Fair value reserve

It is the company's policy to transfer to the fair value reserve all non-distributable fair value movements recognised in the profit and loss account together with deferred taxation thereon.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described below, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 estimated and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if revision affects only that and future periods.

The following are critical judgements including those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Depreciation of tangible fixed assets - property, plant and machinery

Tangible fixed assets are recognised at cost and depreciated on the basis appropriate to charge to the profit and loss the economic consumption of those assets during the accounting period. The charge is calculated as described below and is based on the directors knowledge of the reduction in the residual value of trading assets and estate property on average over the investment cycle of each class of asset. The rates of depreciation are kept under review such that assets are written down to residual value at the end of the economic lives of the assets.

Revaluation of investment properties

The Company carries investment properties at fair value, with changes in fair value being recognised in the profit or loss. The Directors have determined fair values on a property by property basis at open market value based on assumptions on expected yield given the location and nature of the property comparable to other known sales or potential sales in the region. Where considered appropriate, the directors seek formal or informal valuations by land and estate agents.

4. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by class of business is given below:

	2020	2019
	£	£
Farming income	2,105,434	2,052,495
Income from property	908,764	836,277
Serviced warehousing income	1,014,017	1,154,945
Management charges intra-group	348,284	345,430
Other operating income	237,693	244,024
	<u>4,614,192</u>	<u>4,633,171</u>

5. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 13 (2019 - 14) .

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation - owned assets	175,469	192,895
Depreciation - assets on hire purchase contracts	61,746	78,173
Profit on disposal of fixed assets	(141,398)	(150,748)
Auditors' remuneration - audit fee	23,675	21,024
Other non-audit services	11,285	11,529

7. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2020	2019
	£	£
Shares in group undertakings	-	338,375

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Deposit account interest	6	11,469
Other interest receivable	10,000	451
	10,006	11,920

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank loan interest payable	248,942	211,954
Other interest	(194,368)	-
Loan write off	-	38,202
	54,574	250,156

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

10. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	314,196	304,501
Prior period tax adjustments	(61,976)	-
Total current tax	252,220	304,501
Deferred tax	61,500	9,980
Tax on profit	313,720	314,481

Tax effects relating to effects of other comprehensive income

	2020	
	Gross	Net
	£	£
Freehold property revaluation	14,052,565	14,052,565
Deferred tax on revaluation	(1,395,622)	(1,395,622)
	12,656,943	12,656,943

11. DIVIDENDS

	2020	2019
	£	£
Interim dividends for the year ended 31 December 2020 proposed and paid during the year at £3.37 (2019: £7.93) per share	383,960	902,043

Dividends proposed and paid after the balance sheet date and before the financial statements were approved by the directors comprise interim dividends for the year to 31 December 2021 of £758,083.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

12. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST OR VALUATION			
At 1 January 2020	17,847,653	2,335,095	20,182,748
Additions	10,031,006	551,161	10,582,167
Disposals	(43,541)	(256,725)	(300,266)
Revaluations	11,975,031	-	11,975,031
At 31 December 2020	39,810,149	2,629,531	42,439,680
DEPRECIATION			
At 1 January 2020	2,077,534	1,679,146	3,756,680
Charge for year	-	237,215	237,215
Eliminated on disposal	-	(186,453)	(186,453)
Revaluation adjustments	(2,077,534)	-	(2,077,534)
At 31 December 2020	-	1,729,908	1,729,908
NET BOOK VALUE			
At 31 December 2020	39,810,149	899,623	40,709,772
At 31 December 2019	15,770,119	655,949	16,426,068

Cost or valuation at 31 December 2020 is represented by:

	Land and buildings £	Plant and machinery etc £	Totals £
Valuation in 2019	11,975,030	-	11,975,030
Cost	27,835,119	2,629,531	30,464,650
	39,810,149	2,629,531	42,439,680

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	2020 £	2019 £
Cost	27,835,119	17,847,653
Aggregate depreciation	2,077,534	2,077,534
Value of land in freehold land and buildings	25,757,585	15,770,119

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

12. TANGIBLE FIXED ASSETS - continued

The directors consider that the most appropriate basis to included freehold land and buildings is on a revaluation basis.

Freehold land and buildings have therefore been revalued in the year.

Freehold land and buildings with a cost of £14,574,030 were valued on an open market basis on 30 June 2019 by Savills. Property additions since this valuation have been included as improvements increasing the net book value.

Other additions in the year are included at cost, at the recent cost, this being the best estimate of current open market value.

The directors have considered the market value of the remaining cost base and considered the current valuation to be inline with cost at £3,408,759.

The directors consider these valuations to be the current fair value on an open market basis.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery etc £
COST OR VALUATION	
At 1 January 2020	446,613
Transfer to ownership	(223,613)
At 31 December 2020	<u>223,000</u>
DEPRECIATION	
At 1 January 2020	137,883
Charge for year	61,746
Transfer to ownership	(121,579)
At 31 December 2020	<u>78,050</u>
NET BOOK VALUE	
At 31 December 2020	<u>144,950</u>
At 31 December 2019	<u>308,730</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

13. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2020	5,273,904
Additions	10,755
At 31 December 2020	<u>5,284,659</u>
PROVISIONS	
At 1 January 2020	
and 31 December 2020	<u>54,873</u>
NET BOOK VALUE	
At 31 December 2020	<u>5,229,786</u>
At 31 December 2019	<u>5,219,031</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Property Recycling Group plc

Registered office: England & Wales

Nature of business: Property trading

	%	2020	2019
	holding	£	£
Class of shares:			
Ordinary	93.89		
Aggregate capital and reserves		17,785,230	18,659,914
(Loss)/profit for the year		<u>(874,684)</u>	<u>1,047,555</u>

Brorack Limited

Registered office: Malta

Nature of business: Property investment

	%	2020	2019
	holding	£	£
Class of shares:			
Ordinary	99.90		
Aggregate capital and reserves		-	(30,500)
Profit for the year		<u>-</u>	<u>277,735</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

14. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 January 2020	6,725,634
Additions	1,917
At 31 December 2020	<u>6,727,551</u>
NET BOOK VALUE	
At 31 December 2020	<u>6,727,551</u>
At 31 December 2019	<u>6,725,634</u>

Fair value at 31 December 2020 is represented by:

	£
Valuation in 2016	535,453
Valuation in 2017	144,537
Valuation in 2019	106,713
Cost	5,940,848
	<u>6,727,551</u>

15. DEBTORS

	2020 £	2019 £
Trade debtors	741,833	672,009
Amounts owed by group undertakings	79,229	93,401
Amounts owed by associates	78,786	78,726
Other debtors	429,589	419,121
	<u>1,329,437</u>	<u>1,263,257</u>

16. CURRENT ASSET INVESTMENTS

	2020 £	2019 £
Listed investments	3,040	1,098
Single farm payment entitlements	53,306	53,306
	<u>56,346</u>	<u>54,404</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 19)	7,100,000	5,900,000
Hire purchase contracts (see note 20)	30,000	50,096
Trade creditors	48,025	78,146
Amounts owed to group undertakings	801,496	2,001,496
Corporation tax	194,241	219,393
Social security and other taxes	62,450	72,789
VAT	191,281	92,986
Other creditors	233,030	428,114
Accruals and deferred income	545,360	539,194
	<u>9,205,883</u>	<u>9,382,214</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Hire purchase contracts (see note 20)	30,000	60,000
Amounts owed to group undertakings	9,635,266	-
	<u>9,665,266</u>	<u>60,000</u>

19. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>7,100,000</u>	<u>5,900,000</u>

There is a revolving bank loan facility of £12 million which can be drawn down on demand.

20. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2020	2019
	£	£
Net obligations repayable:		
Within one year	30,000	50,096
Between one and five years	30,000	60,000
	<u>60,000</u>	<u>110,096</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

21. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank loans	7,100,000	5,900,000
Hire purchase contracts	60,000	110,096
	<u>7,160,000</u>	<u>6,010,096</u>

Bank borrowings are secured by way of a Debenture incorporating a charge over commercial freehold property at Manor Farm, Bridgham, Norwich, Norfolk.

On 14 October 2019, the Company entered into a loan facility of £12,000,000 with Lloyds Banking Group, secured by legal charges over Manor Farm, Bridgham which is an Omnibus Guarantee and Set-Off Agreement between the company and Property Recycling Group Plc.

22. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	173,800	116,000
Other timing differences	28,300	24,600
Deferred tax on revaluations	1,395,622	-
	<u>1,597,722</u>	<u>140,600</u>

	Deferred tax
	£
Balance at 1 January 2020	140,600
Charge to Income Statement during year	61,500
Recognised on revaluation	<u>1,395,622</u>
Balance at 31 December 2020	<u>1,597,722</u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
113,776	Ordinary	£1	<u>113,776</u>	<u>113,776</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

24. RESERVES

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Fair value reserve - Non-distributable

This reserve is used to record movements in the fair value of investment property and other traded investments, which as unrealised is not distributable.

25. PENSION COMMITMENTS

The company operates a defined contribution scheme for its employees. The scheme and its assets are held by independent managers.

The pension charge represents contributions due from the company and amount to £6,380(2019: £3,212). There were unpaid pension contributions at the year end showing in other creditors of £1,764 (2019: £413).

26. CONTINGENT LIABILITIES

There is currently an ongoing and unresolved dispute over works carried out by the company. All costs incurred to 31 December 2020 in relation to this have been recognised in the accounts. The directors having sought advice are confident in the company's position. The outcome of the dispute is however not yet concluded and therefore there is an uncertainty as to the positive outcome of the dispute. The directors cost estimate should the dispute not be resolved in favour of the company is £150,000 which includes costs and any penalties, the directors however consider it unlikely that these costs will fully crystallise and it is hoped that a resolution will be agreed in the current year.

27. CAPITAL COMMITMENTS

	2020	2019
	£	£
Contracted but not provided for in the financial statements	<u>70,000</u>	<u>230,000</u>

28. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2020 and 31 December 2019:

	2020	2019
	£	£
P A Rackham Jnr		
Balance outstanding at start of year	(1,420)	1,489
Amounts advanced	3,724	158,143
Amounts repaid	(1,106)	(161,052)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>1,198</u>	<u>(1,420)</u>

Directors loans are interest free and repayable on demand.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

29. HOLDING COMPANY AND ULTIMATE CONTROLLING PARTY

The company's parent company is Rackham Group Limited, registered at the same address as the company.

The ultimate controlling party is considered to be the extended Rackham family with no single majority shareholder in Rackham Group Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.