

**FEED FACTORS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**FEED FACTORS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Mr W S Heide Mr W E Krueger Mr J Hopkinson
<b>Company secretary</b>	T Carew
<b>Registered number</b>	02918087
<b>Registered office</b>	6th Floor 2 London Wall Place London EC2Y 5AU
<b>Trading Address</b>	The Gallery Whittaker Avenue Richmond TW9 1EH

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Directors present their strategic report on the company for the year ended 31 December 2021.

**Introduction**

Feed Factors Limited is a wholly owned subsidiary of The Andersons, Inc. The company's principal activity is the trading, importing and distribution of agricultural commodities for human and animal consumption.

**Business review**

The company's key performance indicators are Turnover, profit before tax and net assets. Turnover for the year increased by 54.8%, the main reason being a fluctuating market in 2021. Feed Factors has also seen an increase in their international trade. Profit before tax was £5.8m, which together with a debt to equity adjustment from our parent company, has led to an increase in net assets to £27.0m from £19.8m at the end of the previous year.

**Future Developments**

The first two quarters of 2022 have been positive, with robust forward sales due to a significant growth in the market. Strong sales trends look to remain for the rest of the year.

**Principal risks and uncertainties****Foreign exchange risk**

The Company purchases stock generally in US dollars whilst sales are primarily in pounds sterling with some sales in Euros. It reduces its currency risk by entering into forward contracts on the foreign exchange market. The Company sources its products from numerous origins, and has spent many years nurturing and maintaining a network of high quality, reliable suppliers, who have remained loyal even in the times of poor harvests and political unrest.

**Credit risk**

The Company has protected itself against customer default and bad debts by entering into a comprehensive credit insurance policy.

**Price risk**

The Company manages price risk by ensuring, where possible, a buyer is found and a price agreed before committing to a purchase.

**Liquidity and cashflow risk**

Liquidity and cashflow risk are managed by ensuring there are adequate overdraft facilities in place before committing to a trade.

**Financial key performance indicators**

The company is affected by the scale and profitability of individual contracts, hence turnover and profits may not follow a steady pattern but vary substantially from year to year:

	31/12/2021	31/12/2020	31/12/2019
<b>Turnover</b>	£108.1m	£69.8m	£57.1m
<b>Gross Profit (%)</b>	9.1%	6.2%	5.6%
<b>Net Assets</b>	£27.0m	£19.8m	£17.9m

For the above reason, using KPIs would vary on a year to year basis.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Directors' statement of compliance with duty to promote the success of the Company**

The likely consequences of any decision in the long term

Feed Factors previous parent company Lansing trade group was acquired by The Andersons Inc, in January 2019. All local UK decisions are now reviewed to consider both the needs of the UK subsidiary and the requirements and expectations of a US Public company.

The interest of the company's employees

The Directors believe that the employees serve an integral part in carrying out the strategic direction of the company. Our focus is to maintain a culture that supports and encourages a healthy lifestyle and provide a high-quality affordable benefits package that is truly valued by our employees.

For more information on engagement see "Employee involvement" within the Directors' Report on page 4.

The need to foster the company's business relations with suppliers, customers and others

We believe in strong long-term partnerships working closely with suppliers and serving the needs of our buyers.

The impact of the company's operations on the community and environment

Our business model is based on promoting organic farming throughout the world and therefore reducing the usage of chemicals in agricultural production. Our consumer clients abide by organic principles of animal welfare, where space and quality of life is of paramount importance.

We promote low impact farming, whilst supporting both economically and socially the small farm networks throughout the world. Organic certification synchronises with our fair-trade principles of paying a responsible and sustainable price level to farmers in order to benefit their families and the local economy.

The desirability of the company maintaining a reputation for high standards of business conduct

Feed Factors is one of the largest organic trading houses in Europe specialising in non-genetically modified, organics and identity preservation. The Company periodically reviews its Sustainability Statement, which details the principals that guide the company to maintain its reputation for high standards. The Board also reviews the Human Rights and Modern Slavery Statement to ensure that high standards are maintained within the business and within business relationships.

The business model is based on promoting organic farming throughout the world and therefore reducing the usage of chemicals in agricultural production. We are further guided by standards of the following organizations:

- Organic Food Federation (OFF)

- Grain and Feed Trade Association (GAFTA)
- The GAFTA trade assurance scheme (GTAS)
- Human Rights and Modern Slavery Policy
- Hazard Analysis and Critical Control Points (HACCP)
- Good Trade Practice (GTP)

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

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The need to act fairly as between members of the company

The directors of the company make decisions based on all relevant information, making the best decision for the Company.

This report was approved by the board and signed on its behalf.

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**Mr J Hopkinson**

Director

Date: 29 September 2022

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Directors present their report and the financial statements for the year ended 31 December 2021.

**Directors' responsibilities statement**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

**Directors**

The Directors who served during the year were:

Mr W S Heide  
Mr W E Krueger  
Mr J Hopkinson

**Qualifying third party indemnity provisions**

The Company has maintained throughout the year Directors and Officers' liability insurance for the benefit of the Company, the Directors and its Officers.

**Employee involvement**

The Company keeps the employees informed of the performance of the Company, their relationships with clients and the principal decisions taken by means of regular briefings, company circulars and other meetings. All employees have opportunities to develop and to progress according to their ability, irrespective of age, marital status, sex, race and creed.



**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Greenhouse gas emissions, energy consumption and energy efficiency action**

The Company consumed less than 40,000kWh in the year under review and therefore information on greenhouse gas emissions has not been reported.

**Matters covered in the strategic report**

The company has chosen to include several items in the strategic report which would otherwise be required to be disclosed in the Directors' report. These include information on the exposure to price risk, credit risk, liquidity risk and cash flow risk, details of any important events affecting the company since the end of the financial year and an indication of likely future developments in the business of the company.

**Disclosure of information to auditors**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, MHA MacIntyre Hudson LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

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**Mr J Hopkinson**  
Director

Date: 29 September 2022

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEED FACTORS LIMITED**

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**Opinion**

We have audited the financial statements of Feed Factors Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 2021 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 United Kingdom, including the Financial Reporting Council'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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEED FACTORS LIMITED (CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

**Opinion 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 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 or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 set out on page 4, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEED FACTORS LIMITED (CONTINUED)

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

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

- Performing audit work over the risk of management 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 review of accounting estimates for bias;
- Reviewing financial statement disclosures and testing supporting documentation to assess compliance with applicable laws and regulations.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FEED FACTORS LIMITED (CONTINUED)

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**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 an Auditors' 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.

Stephen Poleykett BA (Hons) FCA (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson LLP, Statutory Auditor**

Chartered Accountants

London, United Kingdom

Date: 12 October 2022

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
Turnover	4	<b>108,116,036</b>	69,822,365
Cost of sales		<b>(98,277,738)</b>	(65,503,933)
<b>Gross profit</b>		<b>9,838,298</b>	4,318,432
Administrative expenses		<b>(3,950,795)</b>	(1,922,738)
<b>Operating profit</b>	5	<b>5,887,503</b>	2,395,694
Interest receivable and similar income	8	<b>194,473</b>	4,311
Interest payable and expenses	9	<b>(303,883)</b>	(92,107)
<b>Profit before tax</b>		<b>5,778,093</b>	2,307,898
Tax on profit	10	<b>(1,114,157)</b>	(434,386)
<b>Profit for the financial year</b>		<b>4,663,936</b>	1,873,512

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 15 to 28 form part of these financial statements.

BALANCE SHEET  
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	11	171,137	142,222
		<u>171,137</u>	<u>142,222</u>
<b>Current assets</b>			
Stocks	12	57,010,360	22,978,942
Debtors: amounts falling due within one year	13	13,613,081	8,607,517
Cash at bank and in hand	14	3,323,268	3,553,230
		<u>73,946,709</u>	<u>35,139,689</u>
Creditors: amounts falling due within one year	15	(47,132,421)	(15,485,324)
<b>Net current assets</b>		<u>26,814,288</u>	<u>19,654,365</u>
<b>Total assets less current liabilities</b>		<u>26,985,425</u>	<u>19,796,587</u>
<b>Net assets</b>		<u>26,985,425</u>	<u>19,796,587</u>
<b>Capital and reserves</b>			
Called up share capital	18	372	372
Share premium account	19	2,524,902	-
Profit and loss account	19	24,460,151	19,796,215
		<u>26,985,425</u>	<u>19,796,587</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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**Mr J Hopkinson**  
Director

Date: 29 September 2022

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 January 2020</b>	372	-	17,922,703	17,923,075
Profit for the year	-	-	1,873,512	1,873,512
<b>At 1 January 2021</b>	372	-	19,796,215	19,796,587
Profit for the year	-	-	4,663,936	4,663,936
Shares issued during the year	-	2,524,902	-	2,524,902
<b>At 31 December 2021</b>	372	2,524,902	24,460,151	26,985,425

The notes on pages 15 to 28 form part of these financial statements.



**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	4,663,936	1,873,512
<b>Adjustments for:</b>		
Depreciation of tangible assets	68,957	51,316
Interest paid	303,883	92,107
Interest received	(194,473)	(4,311)
Taxation charge	1,114,157	434,386
(Increase) in stocks	(34,031,418)	(3,047,956)
(Increase) in debtors	(4,999,558)	(2,442,508)
Decrease/(increase) in amounts owed by groups	15,221	(11,640)
Increase in creditors	3,606,192	276,903
Increase in amounts owed to groups	23,692,496	5,676,577
Corporation tax (paid)	(329,083)	(376,189)
<b>Net cash generated from operating activities</b>	<b>(6,089,690)</b>	<b>2,522,197</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(97,872)	(14,680)
Interest received	194,473	4,311
<b>Net cash from investing activities</b>	<b>96,601</b>	<b>(10,369)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	2,524,902	-
Repayment of loans	-	(63,171)
Interest paid	(303,883)	(92,107)
<b>Net cash used in financing activities</b>	<b>2,221,019</b>	<b>(155,278)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,772,070)</b>	<b>2,356,550</b>
Cash and cash equivalents at beginning of year	3,553,213	1,196,663
<b>Cash and cash equivalents at the end of year</b>	<b>(218,857)</b>	<b>3,553,213</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,323,268	3,553,230
Bank overdrafts	(3,542,125)	(17)
	<b>(218,857)</b>	<b>3,553,213</b>

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**FEED FACTORS LIMITED**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	At 1 January 2021 £	Cash flows £	At 3 December 2021
Cash at bank and in hand	3,553,230	(229,962)	3,323,268
Bank overdrafts	(17)	(3,542,108)	(3,542,125)
	<u>3,553,213</u>	<u>(3,772,070)</u>	<u>(218,857)</u>

The notes on pages 15 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. General information**

Feed Factors Limited is a private company limited by shares incorporated in England and Wales in the United Kingdom, registration number 02918087. The address of its registered office is detailed in the company information section.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements have been prepared in pounds sterling, the functional currency, rounded to the nearest £1.

The following principal accounting policies have been applied:

**2.2 Turnover**

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Goods are sold under both spot and forward contract terms. Under both scenarios income is recognised upon the physical delivery of goods to the customer, where the responsibility of delivery lies with the Company, or upon collection by the customer where the customer is responsible for collecting the goods from storage.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. Accounting policies (continued)**

**2.3 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	33%
Fixtures and fittings	-	20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.4 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**2.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**2.7 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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2. Accounting policies (continued)

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.9 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**2.10 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.11 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.12 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.13 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.14 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.15 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.16 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

The critical estimate in applying these policies is:

**Fixed Assets**

Management apply judgment on the estimated useful life of each class of fixed asset. At each balance sheet date fixed assets are assessed for impairment and written down where appropriate.

**Stock**

Stocks are valued at the lower of cost and net realisable value, after allowance for obsolete stock. The Directors are satisfied that the stock is valued on an appropriate basis.

**Debtors**

The Directors have considered the recoverability of trade debtors and are satisfied that the debtors are fairly stated.

**4. Turnover**

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	79,945,580	61,000,435
Rest of the world	28,170,456	8,821,930
	<u>108,116,036</u>	<u>69,822,365</u>



**NOTES TO THE FINANCIAL STATEMENTS  
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**5. Operating profit**

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	206,712	(160,356)
Operating lease rentals	189,880	183,758
Depreciation of tangible fixed assets	68,957	51,316
Auditor's remuneration - Audit of the financial statements	22,000	21,000
Auditor's remuneration - Accounts preparation	2,000	1,500
Auditor's remuneration - Tax	1,685	1,500
Defined contribution pension cost	<u>84,936</u>	<u>67,222</u>

**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	1,791,111	1,097,579
Social security costs	221,863	137,945
Cost of defined contribution pension scheme	84,936	67,222
	<u>2,097,910</u>	<u>1,302,746</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Distribution staff	2	2
Administration staff	9	9
	<u>11</u>	<u>11</u>

The Key Management Personnel of the company are the directors. Their remuneration is detailed in note 7.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**7. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	965,709	268,707
Company contributions to defined contribution pension schemes	17,850	17,100
	<u>983,559</u>	<u>285,807</u>

During the year retirement benefits were accruing to 1 Director (2020 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £965,709 (2020 - £268,707).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £17,850 (2020 - £17,100).

**8. Interest receivable**

	2021 £	2020 £
Other interest receivable	194,473	4,311
	<u>194,473</u>	<u>4,311</u>

**9. Interest payable and similar expenses**

	2021 £	2020 £
Bank interest payable	303,883	92,107
	<u>303,883</u>	<u>92,107</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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## 10. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,140,391	459,267
Adjustments in respect of previous periods	(5,007)	-
	<u>1,135,384</u>	<u>459,267</u>
<b>Total current tax</b>	<u>1,135,384</u>	<u>459,267</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(21,227)	(24,881)
<b>Total deferred tax</b>	<u>(21,227)</u>	<u>(24,881)</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,114,157</u>	<u>434,386</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19 %). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>5,778,093</u>	<u>2,307,898</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,097,838	438,501
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,764	2,785
Capital allowances for year in excess of depreciation	5,330	5,176
Adjustments to tax charge in respect of prior periods	(5,007)	-
Changes in provisions leading to an increase (decrease) in the tax charge	12,766	(12,766)
Other	(1,534)	690
<b>Total tax charge for the year</b>	<u>1,114,157</u>	<u>434,386</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**10. Taxation (continued)****Factors that may affect future tax charges**

There were no factors that may effect future tax charges.

**11. Tangible fixed assets**

	<b>Plant and machinery</b>	<b>Fixtures and fittings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>			
At 1 January 2021	415,430	364,800	780,230
Additions	87,816	10,056	97,872
At 31 December 2021	503,246	374,856	878,102
<b>Depreciation</b>			
At 1 January 2021	293,782	344,226	638,008
Charge for the year	58,255	10,702	68,957
At 31 December 2021	352,037	354,928	706,965
<b>Net book value</b>			
At 31 December 2021	151,209	19,928	171,137
<b>At 31 December 2020</b>	121,648	20,574	142,222

**12. Stocks**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Finished goods and goods for resale	57,010,360	22,978,942
	<u>57,010,360</u>	<u>22,978,942</u>

Stock recognised in cost of sales during the year as an expense was £98,481,185 (2020: £65,120,755), of which £Nil (2020: £Nil) relates to impairment charges.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Debtors

	2021 £	2020 £
Trade debtors	11,363,886	5,900,131
Amounts owed by group undertakings	841	16,062
Other debtors	857,790	218,453
Prepayments and accrued income	1,364,934	2,468,468
Deferred taxation	25,630	4,403
	<u>13,613,081</u>	<u>8,607,517</u>

14. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	3,323,268	3,553,230
Less: bank overdrafts	(3,542,125)	(17)
	<u>(218,857)</u>	<u>3,553,213</u>

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	3,542,125	17
Trade creditors	8,536,293	5,742,063
Amounts owed to group undertakings	31,590,041	7,897,545
Corporation tax	940,391	134,090
Other taxation and social security	27,717	27,756
Accruals and deferred income	2,495,854	1,325,337
Financial instruments	-	358,516
	<u>47,132,421</u>	<u>15,485,324</u>

The company's overdrafts are secured by way of a fixed and floating charge over the undertaking and all property and assets and by way of a fixed charge over the company's bank deposits.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**16. Financial instruments**

	2021	2020
	£	£

**Financial liabilities**

Financial liabilities measured at fair value through profit or loss	<u>-</u>	<u>358,316</u>
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Financial liabilities measured at fair value through profit or loss comprise cash and hedges of foreign exchange risk, comprising forward contracts to buy and sell foreign currency. Fair values are determined using quoted market prices or dealer prices using active markets.

**17. Deferred taxation**

	2021
	£
At beginning of year	4,403
Charged to profit or loss	21,227
<b>At end of year</b>	<b><u>25,630</u></b>

The deferred tax asset is made up as follows:

	2021	2020
	£	£
Accelerated capital allowances	(21,611)	(13,023)
Short term timing differences	47,241	17,426
	<u>25,630</u>	<u>4,403</u>

**18. Share capital**

	2021	2020
	£	£
<b>Allotted, called up and fully paid</b>		
37,201 (2020 - 37,200) Ordinary shares of £0.01 each	<u>372</u>	<u>372</u>

On 5 May 2021 the Company issued 1 Ordinary share of £0.01 each at a subscription price of £2,524,902. The subscription monies were satisfied by the capitalisation of a loan due to the parent company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**19. Reserves**

**Share premium account**

The share premium account balance of £2,524,902 was derived from the issue of 1 Ordinary share of £0.01 each at a subscription price of £2,524,902 on 5 May 2021.

**Profit and loss account**

This reserve is used to record the accumulated distributable profits and losses realised during the course of the year.

**20. Pension commitments**

The Company operates a defined contribution group personal pension scheme. The pension cost charge represents contributions payable by the Company to the scheme and amounted to £84,936 (2020: £67,222). There were contributions of £5,396 (2020: £5,428) payable to the fund at the balance sheet date.

**21. Commitments under operating leases**

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	488,000	495,000
Later than 1 year and not later than 5 years	387,500	620,000
Later than 5 years	-	77,500
	<u>875,500</u>	<u>1,192,500</u>

**22. Related party transactions**

The company has a loan from Lansing Trade Group LLC, the immediate parent undertaking. The balance outstanding at the year end was £58,894 (2020: £2,492,271 due to). The loan is unsecured, interest free and repayable on demand.

During the previous year, a further loan was advanced from Lansing Trade Group LLC for £5,400,000. Interest was charged at a rate of 2.65% and amounted to £86,424. The balance outstanding at the year end was £5,304,140 (2020: £5,405,274).

The total due to Lansing Trade Group LLC was £5,245,246 (2020: £7,897,545).

During the year a loan of £26,344,795 was advanced by The Andersons, Inc, the ultimate controlling party. Interest was charged at a rate of 2.89% and amounted to £202,315. The balance outstanding at the year end was £26,344,795. The loan is unsecured and repayable on demand.

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**23. Parent entity**

The company is under the control of Lansing Trade Group LLC, the immediate parent company.

The ultimate controlling party is The Andersons, Inc, a public company incorporated in and registered in the state of Ohio, USA, whose registered office is 1947 Briarfield Blvd, Maumee, OH 43537, USA.



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