

**Strategic Report, Report of the Directors and**  
**Financial Statements**  
**for the Year Ended 30 May 2022**  
**for**  
**Farmers Fresh Limited**



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**for the year ended 30 May 2022**

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**Farmers Fresh Limited**

**Company Information**  
**for the year ended 30 May 2022**

**DIRECTORS:**

T J Bayliss  
G Jones  
W A Lammas  
D T Owen  
T I Simpson  
S T Morris  
D Powell  
J H Wescott

**REGISTERED OFFICE:**

The Abattoir  
Rouncil Lane  
Kenilworth  
Warwickshire  
CV8 1NN

**REGISTERED NUMBER:**

03851239 (England and Wales)

**AUDITORS:**

Clifford Roberts  
Chartered Accountants &  
Statutory Auditors  
Pacioli House  
9 Brookfield  
Duncan Close  
Northampton  
Northamptonshire  
NN3 6WL

**SOLICITORS:**

Burges Salmon  
Narrow Quay House  
Narrow Quay  
Bristol  
BS1 4AH

**Farmers Fresh Limited (Registered number: 03851239)**

**Strategic Report**  
**for the year ended 30 May 2022**

The directors present their strategic report for the year ended 30 May 2022.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of an abattoir.

**REVIEW OF BUSINESS**

The directors monitor the performance of the business by reviewing the results of the activities and benchmarking against similar enterprises.

The company continued its trade as a lamb abattoir and sold in excess of 611,639 units (2021: 561,248 units) of meat at a margin of approximately 16.3% (2021: 14.7%). Distribution costs have grown as expected with the increase in sales volume and fuel prices.

The company was invoiced management charges amounting to £141,359 (2021: £136,686) for the year by the parent company. These charges are included in the administrative expenses and have reduced the operating profit of the company.

The combination of all the above movements has resulted in a significant increase in the profit before tax.

The directors are pleased with the continued good performance of the company.

**Strategic Report**  
**for the year ended 30 May 2022**

**PRINCIPAL RISKS AND UNCERTAINTIES**

Exposure to foreign currency, credit, liquidity, interest rate and other price risk arises in the normal course of Farmers Fresh Limited's business. These risks are limited by the company's financial management policies described below.

**Foreign currency risk**

The company is exposed to foreign currency risk due to its level of sales to European customers. The risk is limited by selling euros as and when the exchange rate favours the company and by the use of forward contracts.

**Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The debtors ledger is reviewed on an on-going basis to identify unpaid amounts with overdue debts being chased on a regular basis. Provisions for bad debts are made where appropriate and funds are set-aside to cover cashflow shortages from bad debts.

**Liquidity risk**

The directors have ultimate responsibility for liquidity risk management in maintaining adequate reserves, banking and borrowing facilities. Active management of the cash position is undertaken with future cash flows being reviewed to ensure that significant liquid resources are available.

**Interest rate risk**

With the acquisition of a sister company in Wales, the group has increased exposure to interest rate risk through the impact of rate changes in interest bearing borrowings. Active management of the group's exposure to interest rate fluctuations is undertaken by managing the borrowings on a group wide basis. This mitigates the group's risk overall, but increases the risk to the company itself.

**Other price risk**

The company is exposed to live stock price risks through changes in commodity prices world wide. Active management of the company's exposure to this is undertaken on a daily basis with reference to the Agriculture and Horticulture Development Board lamb prices.

**ON BEHALF OF THE BOARD:**



D Powell - Director

25 January 2023

**Report of the Directors**  
**for the year ended 30 May 2022**

The directors present their report with the financial statements of the company for the year ended 30 May 2022.

**DIVIDENDS**

An interim dividend of £125,510 (2021: £125,510) per share was paid during the year.

The total distribution of dividends for the year ended 30 May 2022 will be £125,510 (2021: £125,510).

**FUTURE DEVELOPMENTS**

We have considered the continuing impact of Brexit and Covid-19 on the operation of the group's business as a whole. Like all businesses, we anticipate that there will continue to be some short term disruption to the supply of goods in to and out of the United Kingdom, and it is likely that there will be some fluctuations in currency that will impact on the cost of those goods, in particular our lamb exports.

Despite a deal being reached ensuring tariff free and frictionless trade, we continue to see disruption from the additional regulations being implemented, particularly in terms of export paperwork.

The past few years has seen the business take part in trade missions to non-European markets and we have started to export outside the European Union.

The strategy to find new markets will continue. Regardless of the final impact of Brexit, we believe we are well placed to deal with a drop in demand for lamb from Europe. Should it become necessary, we can also minimise the use of subcontractors in line with falling demand, reducing our variable costs to ensure that we continue to run profitably.

Inflation has risen significantly post year end and the Consumer Price Index reached 11.1% in the year to October 2022. The uncertainties and increases in future costs arising as a result of inflation have been considered by the directors when assessing going concern as at the date of signing.

Large fluctuations in the exchange rate with the Dollar and Euro post year end are mitigated, where possible, by the methods disclosed within the 'Principal Risks and Uncertainties' section of the strategic report.

In summary, we are confident that the business will continue for the foreseeable future, but in these uncertain times it is difficult to predict the size of the business in 2023.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 31 May 2021 to the date of this report.

T J Bayliss  
G Jones  
W A Lammas  
D T Owen  
T I Simpson  
S T Morris  
D Powell  
J H Wescott

Other changes in directors holding office are as follows:

J A Geldard - resigned 24 March 2022  
M J Gooding - resigned 24 March 2022

**DISCLOSURE IN THE STRATEGIC REPORT**

The principal activity, financial risk management objectives and policies and the exposure to foreign currency, credit, liquidity, interest rate and other price risk are set out in the strategic report (as defined by section 414 C (11) of the Companies Act 2006).

**Report of the Directors**  
**for the year ended 30 May 2022**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report, 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). 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.

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Clifford Roberts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



D Powell - Director

25 January 2023

**Report of the Independent Auditors to the Members of**  
**Farmers Fresh Limited**

**Opinion**

We have audited the financial statements of Farmers Fresh Limited (the 'company') for the year ended 30 May 2022 which comprise the Income Statement, Other 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 30 May 2022 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 Strategic Report and 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.



**Report of the Independent Auditors to the Members of**  
**Farmers Fresh 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 Strategic Report or 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.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page five, 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**  
**Farmers Fresh 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:

- We obtained an understanding of the legal and regulatory framework applicable to the company and the sector in which they operate. We determined that the following laws and regulations were most significant: the Companies Act 2006, UK Generally Accepted Accounting Practice, UK corporate taxation laws and the BRC Global Standard for Food Safety.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries to the management and by observing the oversight of management, the culture of honesty and ethical behaviour and whether strong emphasis is placed on fraud prevention, which may reduce the opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud in the first instance. We corroborated our inquiries through our review of all relevant available audit information.
- We assessed and understood the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. The audit procedures performed by the engagement team included:
  - > Identifying and assessing the design and effectiveness of controls management has in place to prevent and detect fraud;
  - > Understanding of how senior management considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - > Challenging assumptions and judgements made by management in its significant accounting estimates;
  - > 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 reviewing accounting estimates for bias; and,
  - > Assessing the extent of compliance with relevant 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 Report of the Auditors.

**Report of the Independent Auditors to the Members of**  
**Farmers Fresh Limited**

**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.

*Robert Dearing*

Robert Dearing BEng FCA (Senior Statutory Auditor)  
for and on behalf of Clifford Roberts  
Chartered Accountants &  
Statutory Auditors  
Pacioli House  
9 Brookfield  
Duncan Close  
Northampton  
Northamptonshire  
NN3 6WL

25 January 2023

**Farmers Fresh Limited (Registered number: 03851239)**

**Income Statement**  
**for the year ended 30 May 2022**

	Notes	2022 £	2021 £
<b>TURNOVER</b>	3	81,993,389	66,905,268
Cost of sales		68,664,327	57,098,918
<b>GROSS PROFIT</b>		13,329,062	9,806,350
Distribution costs		3,720,871	2,190,311
Administrative expenses		6,377,254	5,629,699
		10,098,125	7,820,010
		3,230,937	1,986,340
Other operating income	4	731,075	996,801
<b>OPERATING PROFIT</b>	7	3,962,012	2,983,141
Interest receivable and similar income	8	13	433
		3,962,025	2,983,574
Interest payable and similar expenses	9	142	37,321
<b>PROFIT BEFORE TAXATION</b>		3,961,883	2,946,253
Tax on profit	10	788,471	539,997
<b>PROFIT FOR THE FINANCIAL YEAR</b>		3,173,412	2,406,256

The notes form part of these financial statements

**Farmers Fresh Limited (Registered number: 03851239)**

**Other Comprehensive Income**  
**for the year ended 30 May 2022**

	Notes	2022 £	2021 £
<b>PROFIT FOR THE YEAR</b>		3,173,412	2,406,256
<b>OTHER COMPREHENSIVE INCOME</b>			
		-	5,092
Income tax relating to other comprehensive income		-	-
		<hr/>	<hr/>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		-	5,092
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>3,173,412</u>	<u>2,411,348</u>

The notes form part of these financial statements

**Farmers Fresh Limited (Registered number: 03851239)**

**Balance Sheet**  
**30 May 2022**

	Notes	2022	2021
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	12	2,904,808	2,892,389
Investments	13	-	-
		<u>2,904,808</u>	<u>2,892,389</u>
<b>CURRENT ASSETS</b>			
Stocks	14	8,000	234,943
Debtors	15	14,222,492	11,901,172
Cash at bank		<u>1,650,413</u>	<u>2,581,601</u>
		15,880,905	14,717,716
<b>CREDITORS</b>			
Amounts falling due within one year	16	<u>1,373,587</u>	<u>3,284,253</u>
<b>NET CURRENT ASSETS</b>		<u>14,507,318</u>	<u>11,433,463</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		17,412,126	14,325,852
<b>PROVISIONS FOR LIABILITIES</b>	21	<u>332,463</u>	<u>294,091</u>
<b>NET ASSETS</b>		<u><u>17,079,663</u></u>	<u><u>14,031,761</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	1	1
Revaluation reserve	23	773,952	793,301
Retained earnings	23	<u>16,305,710</u>	<u>13,238,459</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>17,079,663</u></u>	<u><u>14,031,761</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 January 2023 and were signed on its behalf by:



D Powell - Director

The notes form part of these financial statements

**Statement of Changes in Equity**  
**for the year ended 30 May 2022**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
<b>Balance at 31 May 2020</b>	1	10,933,272	812,650	11,745,923
<b>Changes in equity</b>				
Dividends	-	(125,510)	-	(125,510)
Total comprehensive income	-	2,430,697	(19,349)	2,411,348
<b>Balance at 30 May 2021</b>	1	13,238,459	793,301	14,031,761
<b>Changes in equity</b>				
Dividends	-	(125,510)	-	(125,510)
Total comprehensive income	-	3,192,761	(19,349)	3,173,412
<b>Balance at 30 May 2022</b>	1	16,305,710	773,952	17,079,663

The notes form part of these financial statements

**Notes to the Financial Statements**  
**for the year ended 30 May 2022**

**1. STATUTORY INFORMATION**

Farmers Fresh 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.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis modified to include the deemed cost of freehold property.

The financial statements are presented in Sterling (£) and cover the period to the Saturday that falls closest to the 30th May each year. This results in the comparatives being not entirely comparable.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

Details of the parent of the group in which full disclosure can be obtained can be found in the "Ultimate Controlling Party" note.

**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 entities within the group.

**Significant judgements and estimates**

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

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

**(a) Deemed cost of property**

As stated in the 'Tangible fixed assets' note, Freehold property is stated at deemed cost based on the valuation performed by an independent professional valuer, Gerald Eve LLP in October 2012. The directors consider this value to be deemed cost at the date of transition.

**(b) Provision for bad debts**

The directors carefully consider the recoverability of trade debtors based on their experience of the customers' payment history and the likelihood of recovery, through the use of debt collection services, including firms that specialise in companies overseas, should they fail.



**Notes to the Financial Statements - continued**  
**for the year ended 30 May 2022**

**2. ACCOUNTING POLICIES - continued**

**Turnover**

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

Turnover represents net invoiced sales of meat and by products, excluding value added tax. Turnover is recognised upon delivery.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- 25% on cost
Plant and machinery	- 33% on cost, 20% on cost, 10% on cost and 5% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on reducing balance

Freehold land is not depreciated. Assets under the course of construction are recorded at cost. No depreciation will be provided on these assets until all of the activities necessary to bring the assets fully in to use are complete.

**Investments**

Fixed asset investments are stated at cost less impairment. Impairment losses are recognised immediately in the statement of income.

**Stocks**

Stocks are stated at the lower of cost and net realisable value and comprise of livestock for slaughter and deadstock for sale.

Purchases of livestock are valued at cost price, calculated on a first in first out basis. Deadstock is valued at cost price, calculated on an average cost basis. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

**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.

**Deferred 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.

**Notes to the Financial Statements - continued**  
**for the year ended 30 May 2022**

**2. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result. Forward foreign currency purchases are initially recognised at fair value on the date they are entered into and are subsequently remeasured at their fair value. Changes in the fair value are recognised in the income statement with the corresponding entry being a derivative asset or liability in the balance sheet.

**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 and loss in the period to which they relate.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Interest bearing borrowings**

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

**Financial instruments**

The company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans and balances to and from related parties.

Debt instruments (other than those wholly repayable or receivable in one year), including loans and other accounts receivable and payable, are initially measured at the present value of future cash flows and subsequently at amortised cost using the effective interest rate 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.

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 impairment is found, an impairment loss is recognised in the income statement.

**Leasing commitments**

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

**3. TURNOVER**

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

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	18,640,668	15,948,377
Europe	60,237,530	50,866,219
Asia	3,115,191	90,672
	<u>81,993,389</u>	<u>66,905,268</u>

**Farmers Fresh Limited (Registered number: 03851239)**

**Notes to the Financial Statements - continued**  
**for the year ended 30 May 2022**

**4. OTHER OPERATING INCOME**

	2022	2021
	£	£
Discounts received	18,558	16,649
Rents received	30,000	35,950
Sundry receipts	49,736	101,478
Exchange gains	632,781	842,724
	<u>731,075</u>	<u>996,801</u>

**5. EMPLOYEES AND DIRECTORS**

	2022	2021
	£	£
Wages and salaries	3,253,051	2,886,947
Social security costs	190,127	195,258
Other pension costs	59,155	47,915
	<u>3,502,333</u>	<u>3,130,120</u>

The average number of employees during the year was as follows:

	2022	2021
Production	32	39
Administration	9	10
	<u>41</u>	<u>49</u>

**6. DIRECTORS' EMOLUMENTS**

	2022	2021
	£	£
Directors' remuneration	329,268	257,123
Directors' pension contributions to money purchase schemes	29,927	25,615
	<u></u>	<u></u>

The number of directors to whom retirement benefits were accruing was as follows:

	2022	2021
Money purchase schemes	<u>2</u>	<u>2</u>

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	201,103	165,969
Pension contributions to money purchase schemes	18,610	16,500
	<u></u>	<u></u>

**Notes to the Financial Statements - continued**  
**for the year ended 30 May 2022**

**7. OPERATING PROFIT**

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

	2022	2021
	£	£
Depreciation - owned assets	322,591	295,617
Profit on disposal of fixed assets	(6,190)	(13,451)
Auditors' remuneration	10,000	10,000
Auditors' remuneration for non audit work	15,000	13,565
Foreign exchange differences	(632,781)	(842,724)
Government grants	55,704	9,965
Lease of land and buildings	10,000	10,000
	<u>          </u>	<u>          </u>

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2022	2021
	£	£
Deposit account interest	-	433
Tax interest received	13	-
	<u>      </u>	<u>      </u>
	13	433
	<u>      </u>	<u>      </u>

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£	£
Bank interest	142	-
Interest on late tax payments	-	37,321
	<u>      </u>	<u>      </u>
	142	37,321
	<u>      </u>	<u>      </u>

**10. TAXATION**

**Analysis of the tax charge**

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

	2022	2021
	£	£
Current tax:		
UK corporation tax	750,099	534,450
Deferred tax	38,372	5,547
	<u>      </u>	<u>      </u>
Tax on profit	788,471	539,997
	<u>      </u>	<u>      </u>

**Notes to the Financial Statements - continued**  
**for the year ended 30 May 2022**

**10. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>3,961,883</u>	<u>2,946,253</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	752,758	559,788
Effects of:		
Expenses not deductible for tax purposes	5,604	1,513
Income not taxable for tax purposes	(1,176)	(2,556)
Depreciation added back	61,292	56,167
Capital allowances	(68,379)	(47,844)
Deferred tax timing difference	11,426	5,547
Deferred tax impact of change in tax rate	26,946	-
Group relief	-	(32,618)
Total tax charge	<u>788,471</u>	<u>539,997</u>

**Tax effects relating to effects of other comprehensive income**

	Gross £	2021 Tax £	Net £
Release of deferred tax	<u>5,092</u>	<u>-</u>	<u>5,092</u>

The 2022 deferred tax on the deemed cost movement of the freehold property consists of a 20% charge on the increase in value of the property in 2012, being £244,406, and an accumulated credit of £40,735 due to the unwinding of the deferred tax over the life of the asset.

The 2021 deferred tax on the deemed cost movement of the freehold property consists of a 20% charge on the increase in value of the property in 2012, being £244,406, and an accumulated credit of £35,643 due to the unwinding of the deferred tax over the life of the asset.

The company has capital losses amounting to £249,000 available to be carried forward and used against future capital gains.

**11. DIVIDENDS**

	2022 £	2021 £
Ordinary share of £1		
Interim	<u>125,510</u>	<u>125,510</u>

**Notes to the Financial Statements - continued**  
**for the year ended 30 May 2022**

**12. TANGIBLE FIXED ASSETS**

	Freehold property £	Improvements to property £	Plant and machinery £
<b>COST OR VALUATION</b>			
At 31 May 2021	2,695,000	615,236	1,464,384
Additions	-	61,334	258,653
Disposals	-	-	(16,170)
At 30 May 2022	2,695,000	676,570	1,706,867
<b>DEPRECIATION</b>			
At 31 May 2021	454,500	513,862	1,005,990
Charge for year	50,500	47,572	190,589
Eliminated on disposal	-	-	(16,110)
At 30 May 2022	505,000	561,434	1,180,469
<b>NET BOOK VALUE</b>			
At 30 May 2022	2,190,000	115,136	526,398
At 30 May 2021	2,240,500	101,374	458,394

	Fixtures and fittings £	Motor vehicles £	Assets under construction £	Totals £
<b>COST OR VALUATION</b>				
At 31 May 2021	226,807	73,900	-	5,075,327
Additions	-	-	15,083	335,070
Disposals	-	-	-	(16,170)
At 30 May 2022	226,807	73,900	15,083	5,394,227
<b>DEPRECIATION</b>				
At 31 May 2021	191,470	17,116	-	2,182,938
Charge for year	14,069	19,861	-	322,591
Eliminated on disposal	-	-	-	(16,110)
At 30 May 2022	205,539	36,977	-	2,489,419
<b>NET BOOK VALUE</b>				
At 30 May 2022	21,268	36,923	15,083	2,904,808
At 30 May 2021	35,337	56,784	-	2,892,389

**Notes to the Financial Statements - continued**  
**for the year ended 30 May 2022**

**12. TANGIBLE FIXED ASSETS - continued**

The freehold property was re-valued at £2,695,000, based on the market value (DRC) in October 2012, as determined by professional valuers Gerald Eve LLP, Birmingham. The directors believe that this valuation was still relevant at the date of transition and it has formed the basis of deemed cost.

**Comparable historical cost for the land and buildings included at valuation:**

<b>Cost</b>	<b>£</b>
At 30 May 2021 and 30 May 2022	<u>1,472,971</u>
<b>Depreciation based on cost</b>	
At 30 May 2021	234,535
Charge for the period	<u>26,059</u>
At 30 May 2022	<u>260,594</u>
<b>Net book value</b>	
At 30 May 2022	<u>1,212,377</u>
At 30 May 2021	<u>1,238,436</u>

**13. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>COST</b>	
At 31 May 2021 and 30 May 2022	<u>249,000</u>
<b>PROVISIONS</b>	
At 31 May 2021 and 30 May 2022	<u>249,000</u>
<b>NET BOOK VALUE</b>	
At 30 May 2022	<u>-</u>
At 30 May 2021	<u>-</u>

The company holds two investments which were both fully impaired in the 2017 accounts.

**14. STOCKS**

	2022	2021
	£	£
Stocks	<u>8,000</u>	<u>234,943</u>

**Notes to the Financial Statements - continued**  
**for the year ended 30 May 2022**

**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade debtors	7,715,637	5,850,815
Amounts owed by group undertakings	6,077,408	5,700,418
Other debtors	40,720	1,950
VAT	220,892	157,468
Prepayments and accrued income	167,835	190,521
	<u>14,222,492</u>	<u>11,901,172</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Bank loans and overdrafts (see note 17)	227,486	2,090,398
Trade creditors	203,901	353,774
Tax	125,531	200,445
Social security and other taxes	58,484	54,034
Wages Control	13,107	15,090
Accruals and deferred income	745,078	570,512
	<u>1,373,587</u>	<u>3,284,253</u>

**17. LOANS**

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>227,486</u>	<u>2,090,398</u>

**18. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	<u>10,000</u>	<u>10,000</u>

**19. SECURED DEBTS**

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank overdraft	<u>227,486</u>	<u>-</u>

There is a cross group guarantee over the bank overdrafts and the loans secured by fixed and floating charges over the assets of the company and group.

**20. FINANCIAL INSTRUMENTS**

Farmers Fresh Limited holds only basic financial instruments. No financial instruments held are measured at fair value through profit and loss and therefore have no related income, expense, net gains or losses.



**Notes to the Financial Statements - continued**  
**for the year ended 30 May 2022**

**21. PROVISIONS FOR LIABILITIES**

	2022 £	2021 £
Deferred tax		
Accelerated capital allowances	128,792	85,328
Other timing differences	203,671	208,763
	<u>332,463</u>	<u>294,091</u>
		Deferred tax £
Balance at 31 May 2021		294,091
Deferred tax timing difference		16,518
Deferred tax change in rate		26,946
Revaluation reserve release		<u>(5,092)</u>
Balance at 30 May 2022		<u>332,463</u>

Deferred tax has been calculated at 25% (2021: 19%), the rate expected to apply in the future.

**22. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2022 £	2021 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

**Called up share capital**

This represents the nominal value of shares that have been issued.

**23. RESERVES**

	Retained earnings £	Revaluation reserve £	Totals £
At 31 May 2021	13,238,459	793,301	14,031,760
Profit for the year	3,173,412	-	3,173,412
Dividends	(125,510)	-	(125,510)
Release of deferred tax	(5,092)	5,092	-
Depreciation written back	24,441	(24,441)	-
At 30 May 2022	<u>16,305,710</u>	<u>773,952</u>	<u>17,079,662</u>

**Retained earnings**

This reserve includes all current and prior period retained profit and losses.

**Revaluation reserve**

This reserve includes all current year and prior year period gains and losses on revaluing the freehold property to deemed cost at the date of transition to FRS 102. The amount taken to the revaluation reserve has been subject to deferred tax and appropriate transfers between reserves.

**Notes to the Financial Statements - continued**  
**for the year ended 30 May 2022**

**24. PENSION COMMITMENTS**

The company operates defined contribution, auto enrolment retirement benefit schemes for all its qualifying employees. The total expense charged to profit or loss in the period ended 30th May, 2022 was £59,155 (2021: £47,915). The amount owed to the pension schemes at the year end was £2,052 (2021: £1,100).

**25. CONTINGENT LIABILITIES**

There is a contingent liability to the bank, in the form of a cross guarantee and debenture, dated 9th March 2018, including a fixed charge over the fixed assets and a floating charge over all the other assets of Farmers First Limited, Farmers Fresh Limited and Farmers Fresh (Wales) Limited.

The maximum amount payable is the net overdraft and bank loans of the group at each year end.

**26. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**

**Key management personnel of the entity or its parent (in the aggregate)**

	2022	2021
	£	£
Livestock purchases	263,189	125,289
Key management personnel consultancy & expenses	143,873	127,316
Key management personnel compensation	368,453	315,786
Deadstock sales	118,386	75,203
Other purchases	-	6,000
Other sales	-	941
Amount due from a related party	9,880	5,839

**27. ULTIMATE CONTROLLING PARTY**

The ultimate parent company and controlling party is Farmers First Limited, a company registered in England and Wales.

Farmers First Limited prepares group financial statements and copies can be obtained from the registered office, One, Glass Wharf, Bristol, BS2 0ZX.