

Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 30 May 2023
for
Farmers Fresh Limited



Contents of the Financial Statements
for the year ended 30 May 2023

	Page
Company Information	1
Strategic Report	2 to 3
Report of the Directors	4 to 6
Report of the Independent Auditors	7 to 10
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 to 24

Farmers Fresh Limited

Company Information
for the year ended 30 May 2023

DIRECTORS:

T J Bayliss
G Jones
W A Lammass
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
Strategic Report
for the year ended 30 May 2023

The directors present their strategic report for the year ended 30 May 2023.

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 671,666 units (2022: 611,639 units) of meat at a margin of approximately 19.01% (2022: 16.26%). Distribution costs have grown as expected with the increase in sales volume and fuel prices.

The company was invoiced management charges amounting to £125,293 (2022: £141,359) 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.

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.


Farmers Fresh Limited

Strategic Report
for the year ended 30 May 2023

SECTION 172(1) STATEMENT

The company operates in a complex and interconnected commercial and regulatory environment which impacts and touches many different stakeholders. By understanding and engaging with stakeholders the company can consider their interests and priorities when making key decisions and ensure that the business works constructively with them to promote the success of the company. Details of how the company engages with its key stakeholders are included in the Directors' Report.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'D Powell', written in a cursive style.

D Powell - Director

20 February 2024

Farmers Fresh Limited

Report of the Directors for the year ended 30 May 2023

The directors present their report with the financial statements of the company for the year ended 30 May 2023.

DIVIDENDS

An interim dividend of £7,125,510 (2022: £125,510) per share was paid during the year.

The total distribution of dividends for the year ended 30 May 2023 will be £7,125,510 (2022: £125,510).

FUTURE DEVELOPMENTS

We have considered the continuing impact of Brexit and the war in the Ukraine on the operation of the company'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 from Brexit, 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. The war in Ukraine has contributed to rising fuel and energy costs, both during the year and post year end.

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.

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 2024.

DIRECTORS

The directors shown below have held office during the whole of the period from 31 May 2022 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

Farmers Fresh Limited

Report of the Directors **for the year ended 30 May 2023**

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The company believes that engagement with its stakeholders has an important role to play in achieving its strategy, helping it to be a responsible business and delivering long-term sustainable growth.

How the company engages with its key stakeholders is set out below.

Shareholders

The continued involvement and communication with shareholders is considered fundamental to the company's objectives. Communication through newsletters and the AGM is essential to ensuring shareholders remain informed and empowered to support the business. In turn the company has rewarded that support through dividend distributions.

Customers

The company continues to strive to achieve its overriding aim of building and maintaining good customer relationships, a key ingredient of which is regular dialogue. These relationships culminate in long term arrangements, ensuring continuity and helping the business plan and deliver in the long term.

Workforce

The company has an experienced and dedicated workforce and has a responsibility to ensure that all employees work in a safe environment and have opportunities to learn and develop. Opportunities are presented to employees to further develop their expertise through training programmes including, but not limited to, slaughtering licences and animal welfare handling certification.

The company is an equal opportunities employer and has a formal whistleblowing policy in place to allow employees to raise any concerns or issues they have confidentially.

Farmers and Markets

The company places great emphasis on its relationship with its suppliers and, wherever possible, looks to support farmers nationwide who provide it with sheep. It helps to achieve this by ensuring a percentage of sheep purchases are made directly with farmers on a deadweight basis as opposed to being dependent on markets for supplies. This gives a better understanding of issues which may occur in the supply chain and allows the business to provide direct support to the farmers. The company also aims to adhere to prompt payment terms for both farmers and markets.

Community and environment

As well as considering the impact on its supply chain, the company considers the impact it has in the areas it operates, including local businesses, residents and charities. The company makes charitable contributions to charities associated with the industry.

The company takes environmental matters very seriously. It is committed to continuing efforts to reduce its carbon footprint by participating in an ongoing programme to become even more efficient in its energy usage, including through the use of energy saving plant such as solar panels and a biomass boiler.

Government and society

The company believes in the importance of acting responsibly and operating with high standards of food safety, through its continued adherence to the regulations of the BRC Global Standard for Food Safety, the Halal Regulatory Commission and the Food Standard Agency.

Banks

The company's bankers provide essential financing which supports the long-term future of the company. The company engages in quarterly dialogue with the bank to ensure the continuity of this relationship.

STREAMLINED ENERGY AND CARBON REPORTING

The company has not included its energy and carbon report on the basis that its results are included in the consolidated financial statements of its parent company. Details of the parent company in which full disclosure can be found are contained in the 'Ultimate Controlling Party' note.

Farmers Fresh Limited

Report of the Directors
for the year ended 30 May 2023

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).

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

20 February 2024

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 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 May 2023 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 six, 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. 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 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

20 February 2024

Farmers Fresh Limited

**Statement of Comprehensive
Income
for the year ended 30 May 2023**

	Notes	2023		2022	
		£	£	£	£
TURNOVER	3		91,724,835		81,993,389
Cost of sales			74,283,854		68,664,327
GROSS PROFIT			17,440,981		13,329,062
Distribution costs		5,383,397		3,720,871	
Administrative expenses		7,692,150		6,377,254	
			13,075,547		10,098,125
			4,365,434		3,230,937
Other operating income	4		1,482,035		731,075
OPERATING PROFIT	7		5,847,469		3,962,012
Interest receivable and similar income	8		58,311		13
			5,905,780		3,962,025
Interest payable and similar expenses	9		-		142
PROFIT BEFORE TAXATION			5,905,780		3,961,883
Tax on profit	10		1,217,441		788,471
PROFIT FOR THE FINANCIAL YEAR			4,688,339		3,173,412
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			4,688,339		3,173,412

The notes form part of these financial statements

Farmers Fresh Limited (Registered number: 03851239)

Balance Sheet
30 May 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	12	3,531,101	2,904,808
Investments	13	-	-
		<u>3,531,101</u>	<u>2,904,808</u>
CURRENT ASSETS			
Stocks	14	208,610	8,000
Debtors	15	10,650,085	14,222,492
Cash at bank		6,341,305	1,650,413
		<u>17,200,000</u>	<u>15,880,905</u>
CREDITORS			
Amounts falling due within one year	16	5,682,768	1,373,587
		<u>5,682,768</u>	<u>1,373,587</u>
NET CURRENT ASSETS		<u>11,517,232</u>	<u>14,507,318</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,048,333</u>	<u>17,412,126</u>
PROVISIONS FOR LIABILITIES	21	405,841	332,463
		<u>405,841</u>	<u>332,463</u>
NET ASSETS		<u><u>14,642,492</u></u>	<u><u>17,079,663</u></u>
CAPITAL AND RESERVES			
Called up share capital	22	1	1
Revaluation reserve	23	754,603	773,952
Retained earnings	23	13,887,888	16,305,710
		<u>14,642,492</u>	<u>17,079,663</u>
SHAREHOLDERS' FUNDS		<u><u>14,642,492</u></u>	<u><u>17,079,663</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 February 2024 and were signed on its behalf by:



D Powell - Director

The notes form part of these financial statements

Farmers Fresh Limited

Statement of Changes in Equity
for the year ended 30 May 2023

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 31 May 2021	1	13,238,459	793,301	14,031,761
Changes in equity				
Dividends	-	(125,510)	-	(125,510)
Total comprehensive income	-	3,173,412	-	3,173,412
Release of deferred tax	-	(5,092)	5,092	-
Depreciation written back	-	24,441	(24,441)	-
Balance at 30 May 2022	<u>1</u>	<u>16,305,710</u>	<u>773,952</u>	<u>17,079,663</u>
Changes in equity				
Dividends	-	(7,125,510)	-	(7,125,510)
Total comprehensive income	-	4,688,339	-	4,688,339
Release of deferred tax	-	(5,092)	5,092	-
Depreciation written back	-	24,441	(24,441)	-
Balance at 30 May 2023	<u><u>1</u></u>	<u><u>13,887,888</u></u>	<u><u>754,603</u></u>	<u><u>14,642,492</u></u>

The notes form part of these financial statements

Farmers Fresh Limited

Notes to the Financial Statements **for the year ended 30 May 2023**

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 Friday 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.

Farmers Fresh Limited

Notes to the Financial Statements - continued
for the year ended 30 May 2023

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 cost

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.

Government grants

Grant income is received in respect of energy efficiency schemes. These grants are recognised as other income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

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 Statement of Comprehensive Income, 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.

Farmers Fresh Limited

**Notes to the Financial Statements - continued
for the year ended 30 May 2023**

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:

	2023	2022
	£	£
United Kingdom	18,844,684	18,640,668
Europe	66,331,152	60,237,530
Asia	6,548,999	3,115,191
	<u>91,724,835</u>	<u>81,993,389</u>

Farmers Fresh Limited

Notes to the Financial Statements - continued
for the year ended 30 May 2023

4. OTHER OPERATING INCOME

	2023	2022
	£	£
Discounts received	21,151	18,558
Rents received	30,000	30,000
Sundry receipts	118,759	49,736
Exchange gains	1,312,125	632,781
	<u>1,482,035</u>	<u>731,075</u>

5. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	3,893,315	3,253,051
Social security costs	233,897	190,127
Other pension costs	79,391	59,155
	<u>4,206,603</u>	<u>3,502,333</u>

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

	2023	2022
Production	28	32
Administration	9	9
	<u>37</u>	<u>41</u>

6. DIRECTORS' EMOLUMENTS

	2023	2022
	£	£
Directors' remuneration	410,498	329,268
Directors' pension contributions to money purchase schemes	37,050	29,927
	<u>447,548</u>	<u>359,195</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2023	2022
	£	£
Emoluments etc	240,738	201,103
Pension contributions to money purchase schemes	22,074	18,610
	<u>262,812</u>	<u>219,713</u>

Farmers Fresh Limited

Notes to the Financial Statements - continued
for the year ended 30 May 2023

7. OPERATING PROFIT

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

	2023	2022
	£	£
Depreciation - owned assets	319,359	322,591
Profit on disposal of fixed assets	(16,000)	(6,190)
Auditors' remuneration	13,000	10,000
Taxation compliance services	2,300	2,100
Other non- audit services	6,000	6,000
Foreign exchange differences	(1,312,125)	(632,781)
Government grants	56,700	55,704
Lease of land and buildings	10,000	10,000
	<u>319,359</u>	<u>322,591</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023	2022
	£	£
Deposit account interest	57,669	-
Tax interest received	642	13
	<u>58,311</u>	<u>13</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Bank interest	-	142
	<u>-</u>	<u>142</u>

10. TAXATION

Analysis of the tax charge

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

	2023	2022
	£	£
Current tax:		
UK corporation tax	1,144,064	750,099
Deferred tax	73,377	38,372
Tax on profit	<u>1,217,441</u>	<u>788,471</u>

Farmers Fresh Limited

Notes to the Financial Statements - continued
for the year ended 30 May 2023

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:

	2023 £	2022 £
Profit before tax	<u>5,905,780</u>	<u>3,961,883</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.986% (2022 - 19%)	1,180,329	752,758
Effects of:		
Expenses not deductible for tax purposes	9,664	5,604
Income not taxable for tax purposes	(3,198)	(1,176)
Depreciation added back	63,827	61,292
Capital allowances	(106,558)	(68,379)
Deferred tax timing difference	73,377	11,426
Deferred tax impact of change in tax rate	-	26,946
Total tax charge	<u>1,217,441</u>	<u>788,471</u>

The increase in applicable tax rate, compared to the previous period, is due to the rate of tax chargeable on the current year profits increasing from 19% to 25% on 1st April 2023.

The 2023 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 £45,826 due to the unwinding of the deferred tax over the life of the asset.

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

11. DIVIDENDS

	2023 £	2022 £
Ordinary share of £1		
Interim	<u>7,125,510</u>	<u>125,510</u>

Farmers Fresh Limited

**Notes to the Financial Statements - continued
for the year ended 30 May 2023**

12. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST OR VALUATION			
At 31 May 2022	2,695,000	676,570	1,706,867
Additions	-	87,189	442,176
Disposals	-	-	(81,667)
Reclassification/transfer	-	-	5,171
At 30 May 2023	2,695,000	763,759	2,072,547
DEPRECIATION			
At 31 May 2022	505,000	561,434	1,180,469
Charge for year	50,500	47,554	194,832
Eliminated on disposal	-	-	(81,667)
At 30 May 2023	555,500	608,988	1,293,634
NET BOOK VALUE			
At 30 May 2023	2,139,500	154,771	778,913
At 30 May 2022	2,190,000	115,136	526,398

	Fixtures and fittings £	Motor vehicles £	Assets under construction £	Totals £
COST OR VALUATION				
At 31 May 2022	226,807	73,900	15,083	5,394,227
Additions	80,927	36,000	299,360	945,652
Disposals	-	-	-	(81,667)
Reclassification/transfer	-	-	(5,171)	-
At 30 May 2023	307,734	109,900	309,272	6,258,212
DEPRECIATION				
At 31 May 2022	205,539	36,977	-	2,489,419
Charge for year	14,381	12,092	-	319,359
Eliminated on disposal	-	-	-	(81,667)
At 30 May 2023	219,920	49,069	-	2,727,111
NET BOOK VALUE				
At 30 May 2023	87,814	60,831	309,272	3,531,101
At 30 May 2022	21,268	36,923	15,083	2,904,808

Assets under construction includes £309,272 of cost to extend the abattoir and build new finance offices at the Kenilworth site. There is a further capital commitment of £831,206 at the year end, being the total quoted fee of £1,140,478 less the cost already incurred at the year-end.

Farmers Fresh Limited

Notes to the Financial Statements - continued
for the year ended 30 May 2023

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:

Cost	£
At 30 May 2022 and 30 May 2023	1,472,971
	<hr/>
Depreciation based on cost	
At 30 May 2022	260,594
Charge for the period	26,059
	<hr/>
At 30 May 2023	286,653
	<hr/>
Net book value	
At 30 May 2023	1,186,318
	<hr/>
At 30 May 2022	1,212,377
	<hr/>

13. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 31 May 2022 and 30 May 2023	249,000
	<hr/>
PROVISIONS	
At 31 May 2022 and 30 May 2023	249,000
	<hr/>
NET BOOK VALUE	
At 30 May 2023	-
	<hr/>
At 30 May 2022	-
	<hr/>

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

14. STOCKS

	2023	2022
	£	£
Stocks	208,610	8,000
	<hr/>	<hr/>

Farmers Fresh Limited

**Notes to the Financial Statements - continued
for the year ended 30 May 2023**

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade debtors	8,743,436	7,715,637
Amounts owed by group undertakings	1,018,947	6,077,408
Other debtors	72,412	40,720
VAT	436,867	220,892
Prepayments and accrued income	378,423	167,835
	<u>10,650,085</u>	<u>14,222,492</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans and overdrafts (see note 17)	2,803,872	227,486
Trade creditors	954,959	203,901
Amounts owed to group undertakings	338,868	-
Tax	713,720	125,531
Social security and other taxes	53,011	58,484
Wages Control	12,554	13,107
Accruals and deferred income	805,784	745,078
	<u>5,682,768</u>	<u>1,373,587</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>2,803,872</u>	<u>227,486</u>

18. LEASING AGREEMENTS

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

	2023	2022
	£	£
Within one year	<u>10,000</u>	<u>10,000</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	2023	2022
	£	£
Bank overdrafts	<u>2,803,872</u>	<u>227,486</u>

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

Farmers Fresh Limited

Notes to the Financial Statements - continued
for the year ended 30 May 2023

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.

21. PROVISIONS FOR LIABILITIES

	2023 £	2022 £
Deferred tax		
Accelerated capital allowances	207,261	128,792
Other timing differences	198,580	203,671
	<u>405,841</u>	<u>332,463</u>
		Deferred tax £
Balance at 31 May 2022		332,463
Deferred tax timing difference		78,470
Revaluation reserve release		(5,092)
Balance at 30 May 2023		<u>405,841</u>

Deferred tax has been calculated at 25% (2022: 25%), the rate expected to apply in the future.

22. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	2023 £	2022 £
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 2022	16,305,710	773,952	17,079,662
Profit for the year	4,688,339	-	4,688,339
Dividends	(7,125,510)	-	(7,125,510)
Release of deferred tax	(5,092)	5,092	-
Depreciation written back	24,441	(24,441)	-
At 30 May 2023	<u>13,887,888</u>	<u>754,603</u>	<u>14,642,491</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.

Farmers Fresh Limited

Notes to the Financial Statements - continued
for the year ended 30 May 2023

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, 2023 was £79,391 (2022: £59,155). The amount owed to the pension schemes at the year end was £9,768 (2022: £2,052).

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)

	2023	2022
	£	£
Livestock purchases	303,567	263,189
Key management personnel consultancy & expenses	190,030	143,873
Key management personnel compensation	503,467	368,453
Deadstock sales	87,746	118,386
Amount due from a related party	992	9,880
	<u> </u>	<u> </u>

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.