

Company Registration No. 04295450 (England and Wales)

BARFOOT FARMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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BARFOOT FARMS LIMITED

COMPANY INFORMATION

Directors	Mr P Barfoot Mr N Lake Mr J D Marks Dr H Kinloch
Company number	04295450
Registered office	Sefter Farm Pagham Road Bognor Regis West Sussex PO21 3PX
Auditor	Wilkins Kennedy Audit Services Carnac Place Cams Hall Estate Fareham Hampshire PO16 8UY

BARFOOT FARMS LIMITED

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BARFOOT FARMS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

Barfoot Farms had an excellent farming year, immediately following the terrible year in 2018 where the worst result in the history of the Company had been recorded. Where the weather had been poor all year in 2018, the weather pattern in 2019 was better than average leading to higher yields and also high demand for the products.

Turnover was up by 22.7% year on year, on a similar land area farmed, and Gross profit increased from 14.64% in 2018 (a record low) to 26.14% in 2019.

As is the case in the farming sector the weather makes it difficult to predict the trajectory of future profitability. The Company is confident that it will continue to deal with the effect of the unpredictability and other sources of uncertainty in 2020.

Coronavirus is yet to create a material impact on the farming business as labour availability continues to be strong and the UK farming business is not subject to the volatility in foreign exchange and global supply chains.

Principal risks and uncertainties

The directors review and agree policies for managing risk as summarised below:

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

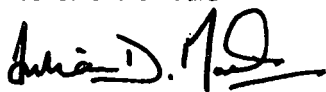
Interest rate risk

The group finances its operations through retained profit and borrowings. The group's exposure to interest rate fluctuations on its borrowings is managed through the support of related party lenders.

Subsequent events

On 15 April 2020 Barfoot Farms Limited disposed of its interest in Barfoot Energy Project Limited and its indirect interest in Herriard Bio Power Limited.

On behalf of the board



Mr J D Marks

Director

23/04/2020

BARFOOT FARMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of farming and managing the company's land and buildings.

Directors

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

Mr P Barfoot

Mr N Lake

Mr N J Dellicott

(Resigned 5 April 2019)

Mr J D Marks

Dr H Kinloch

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,388,509. The directors do not recommend payment of a final dividend.

Future developments

Future developments are set out in the Strategic Report.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 of disclosure to auditor

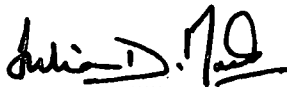
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to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

BARFOOT FARMS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

On behalf of the board



Mr J D Marks
Director

Date: 23.04.2020

BARFOOT FARMS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BARFOOT FARMS LIMITED

Opinion

We have audited the financial statements of Barfoot Farms Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 our audit:

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

BARFOOT FARMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BARFOOT FARMS 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 and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Wilkins Kennedy Audit Services

Zara Hogg FCA, BA (Hons) (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

23 April 2020

Statutory Auditor

Carnac Place
Cams Hall Estate
Fareham
Hampshire
PO16 8UY

BARFOOT FARMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Notes	£	as restated £
Turnover	4	14,639,003	11,929,191
Cost of sales		(10,812,627)	(10,182,622)
Gross profit		<u>3,826,376</u>	<u>1,746,569</u>
Administrative expenses		(4,347,803)	(4,502,736)
Other operating income		1,645,042	2,056,969
Operating profit/(loss)	5	<u>1,123,615</u>	<u>(699,198)</u>
Interest receivable and similar income	8	613	(174)
Interest payable and similar expenses	9	(48,844)	(40,423)
Profit/(loss) before taxation		<u>1,075,384</u>	<u>(739,795)</u>
Tax on profit/(loss)	10	(282,634)	133,276
Profit/(loss) for the financial year		<u><u>792,750</u></u>	<u><u>(606,519)</u></u>

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

BARFOOT FARMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Profit/(loss) for the year	792,750	(606,519)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>792,750</u>	<u>(606,519)</u>

BARFOOT FARMS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		8,998,981		8,884,347
Biological assets	13		1,696,637		1,743,175
Investments	14		101		1,388,610
			<u>10,695,719</u>		<u>12,016,132</u>
Current assets					
Stocks	16	568,584		453,325	
Debtors	17	1,226,798		1,807,763	
Cash at bank and in hand		9,168		4,631	
Biological assets	18	45,624		271,906	
		<u>1,850,174</u>		<u>2,537,625</u>	
Creditors: amounts falling due within one year	19	(4,905,495)		(6,539,483)	
Net current liabilities			<u>(3,055,321)</u>		<u>(4,001,858)</u>
Total assets less current liabilities			<u>7,640,398</u>		<u>8,014,274</u>
Creditors: amounts falling due after more than one year	20		(419,727)		(233,948)
Provisions for liabilities	23		(181,913)		(145,809)
Net assets			<u><u>7,038,758</u></u>		<u><u>7,634,517</u></u>
Capital and reserves					
Called up share capital	26		33,154		33,154
Revaluation reserve	27		742,812		742,812
Profit and loss reserves	27		6,262,792		6,858,551
Total equity			<u><u>7,038,758</u></u>		<u><u>7,634,517</u></u>

The financial statements were approved by the board of directors and authorised for issue on 23/4/20 and are signed on its behalf by:



Mr J D Marks
Director

Company Registration No. 04295450

BARFOOT FARMS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
As restated for the period ended 31 December 2018:					
Balance at 1 January 2018		33,154	-	8,707,882	8,741,036
Effect of change in accounting policy		-	742,812	(742,812)	-
As restated		33,154	742,812	7,965,070	8,741,036
Year ended 31 December 2018:					
Loss and total comprehensive income for the year		-	-	(606,519)	(606,519)
Dividends	11	-	-	(500,000)	(500,000)
Balance at 31 December 2018		33,154	742,812	6,858,551	7,634,517
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	792,750	792,750
Dividends	11	-	-	(1,388,509)	(1,388,509)
Balance at 31 December 2019		33,154	742,812	6,262,792	7,038,758

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Barfoot Farms Limited is a private company limited by shares incorporated in England and Wales. The registered office is Seftor Farm, Pagham Road, Bognor Regis, West Sussex, PO21 3PX.

1.1 Accounting convention

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

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

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Barfoot Farms Limited is a wholly owned subsidiary of Posbrook Holdings Limited and the results of Barfoot Farms Limited are included in the consolidated financial statements of Posbrook Holdings Limited which are available from 125 Wood Street, London, EC2V 7AW.

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.2 Going concern

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

Prior to the date of approving the financial statements, the UK had begun to take appropriate measures to restrict the spread of the Covid-19 Coronavirus outbreak, with the country entering into lockdown conditions, in line with many other nations across the globe. This has inevitably lead to volatility in foreign exchange rates, customer orders and availability of certain product lines. As the Group of which this company is a part of the supply chain, operates in the fresh produce industry, demand for products has remained strong throughout the pandemic, and we are managing our way through the volatility without significant reduction in efficiency or profitability so far. The directors have undertaken an extensive assessment of the impact of Covid-19 on the business of the Group, as well as conducted sensitivity analysis, and have taken measures as necessary. With regard to the impact on this company specifically, there has been little so far, as noted in the Strategic Report, labour availability continues to be strong and the UK farming business is not subject to the volatility in foreign exchange and global supply chains.

As a result, the directors consider that the measures introduced, together with strong cash reserves within the Group of which the company is a part, will ensure that the company is in a good position to withstand the economic pressures brought about by the Covid-19 pandemic, and has the ability to continue as a going concern for a period of 12 months from the date of approving these financial statements.

1.3 Turnover

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

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

1.4 Tangible fixed assets

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

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

Freehold land and buildings	2% - 5% straight line basis
Leasehold land and buildings	10% straight line basis
Plant and equipment	5% - 25% straight line basis
Fixtures and fittings	15% - 33% straight line basis
Motor vehicles	20% - 33% straight line basis

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

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Biological assets

Biological assets are recognised in accordance with FRS 102, categorised as short or long term depending upon the product lifecycle.

Biological assets which will produce more than one crop over a number of years are classified as long term biological assets. These assets are mainly in respect of Asparagus and Rhubarb. These biological assets are valued at cost less impairment and depreciation. Depreciation is provided over an expected life of 8 years.

All other biological assets, which will produce a single crop, are classified as short term biological assets. These biological assets are valued at cost less impairment.

1.6 Fixed asset investments

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

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

1.7 Stocks

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

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

1.8 Taxation

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

Current tax

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

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

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

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

1.9 Employee benefits

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

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

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

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.13 Foreign exchange

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

2 Change in accounting policy

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

Following the release of the Triennial Review 2017 effective for accounting periods beginning on or after 1 January 2019, an accounting policy choice has been given allowing the inclusion of property rented to group entities to be treated as Property, Plant and Equipment and held on the historic cost basis.

3 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Determine whether leases entered into are operating or finance leases

These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determine whether there are any indicators of impairments of the company's assets

Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Determine whether borrowings are classed as current or non-current borrowings

These decisions depend on the cash flow requirements of the company and whether the borrowings in the company can be repaid.

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible fixed assets

Tangible fixed assets, other than land and buildings, are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into consideration. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Land is not depreciated in accordance with FRS 102. Buildings, excluding separately identified components, are not depreciated, however are reviewed annually for impairment. It is the company's practice to maintain these assets in a continual state of sound repair and make improvements thereto from time to time. The life of the asset is considered to be so long and residual value so high that depreciation is insignificant and any permanent diminution in value would be recognised in profit or loss for the year.

Stock

Stock is reviewed annually for impairment and a stock provision is provided for accordingly on a line by line basis. Product life cycles, changing fashions, general market conditions and expected net realisable value are taken into consideration when determining the level of provision required.

Biological assets

Biological assets are reviewed annually to determine whether they constitute a fixed or current asset, this assessment considers the likely period to generating revenue for the entity. The cost model used for valuing the biological assets involves a reasonable estimate by the directors into the usage and allocation of resources in getting the biological asset into it's year end condition.

4 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Sale of goods	14,639,003	11,929,191
	<u> </u>	<u> </u>
	2019 £	2018 £
Other significant revenue		
Interest income	613	(174)
Grants received	384,951	296,153
	<u> </u>	<u> </u>

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Operating profit/(loss)

	2019	2018
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(2,469)	1,655
Government grants	(384,951)	(296,153)
Fees payable to the company's auditor for the audit of the company's financial statements	9,845	15,435
Depreciation of owned tangible fixed assets	660,627	640,960
Depreciation of tangible fixed assets held under finance leases	80,162	22,780
Profit on disposal of tangible fixed assets	(10,811)	(16,897)
Operating lease charges	2,479,915	2,819,709

6 Employees

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

	2019 Number	2018 Number
Production	153	145
Administration and support	16	22
	<u>169</u>	<u>167</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	5,821,026	5,191,849
Social security costs	545,452	495,589
Pension costs	86,957	64,735
	<u>6,453,435</u>	<u>5,752,173</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	576,247	632,114
Company pension contributions to defined contribution schemes	1,000	4,000
	<u>577,247</u>	<u>636,114</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Directors' remuneration

(Continued)

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

	2019 £	2018 £
Remuneration for qualifying services	350,184	356,114
Company pension contributions to defined contribution schemes	-	4,000
	<u>350,184</u>	<u>360,114</u>
8 Interest receivable and similar income		
	2019 £	2018 £
Interest income		
Interest on bank deposits	613	(174)
	<u>613</u>	<u>(174)</u>
9 Interest payable and similar expenses		
	2019 £	2018 £
Interest on bank overdrafts and loans	47,011	40,423
Interest on finance leases and hire purchase contracts	1,833	-
	<u>48,844</u>	<u>40,423</u>
10 Taxation		
	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	256,480	(118,716)
Adjustments in respect of prior periods	(9,950)	(9,068)
Total current tax	<u>246,530</u>	<u>(127,784)</u>
Deferred tax		
Origination and reversal of timing differences	<u>36,104</u>	<u>(5,492)</u>
Total tax charge/(credit)	<u>282,634</u>	<u>(133,276)</u>

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation

(Continued)

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

	2019 £	2018 £
Profit/(loss) before taxation	1,075,384	(739,795)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	204,323	(140,561)
Tax effect of expenses that are not deductible in determining taxable profit	3,421	3,263
Tax effect of income not taxable in determining taxable profit	-	(1,276)
Permanent capital allowances in excess of depreciation	16,972	15,136
Other permanent differences	71,931	-
Under/(over) provided in prior years	(9,950)	(9,068)
Deferred tax adjustments in respect of prior years	165	94
Gross deferred rate movement	(4,228)	657
Decrease from effect of different UK tax rates on some earnings	-	(1,521)
Taxation charge/(credit) for the year	282,634	(133,276)

11 Dividends

	2019 £	2018 £
Interim paid	1,388,509	500,000

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2019	5,974,151	552,880	6,407,831	22,036	300,511	13,257,409
Effect of change in accounting policy	759,144	-	-	-	-	759,144
At 1 January 2019 (as restated)	6,733,295	552,880	6,407,831	22,036	300,511	14,016,553
Additions	446,231	60,465	302,863	122,990	54,250	986,799
Disposals	-	-	(235,973)	-	(65,036)	(301,009)
At 31 December 2019	7,179,526	613,345	6,474,721	145,026	289,725	14,702,343
Depreciation and impairment						
At 1 January 2019 (as restated)	724,856	391,834	3,859,714	8,643	147,159	5,132,206
Depreciation charged in the year	85,374	31,933	553,848	14,254	55,380	740,789
Eliminated in respect of disposals	-	-	(155,542)	-	(14,091)	(169,633)
At 31 December 2019	810,230	423,767	4,258,020	22,897	188,448	5,703,362
Carrying amount						
At 31 December 2019	6,369,296	189,578	2,216,701	122,129	101,277	8,998,981
At 31 December 2018 (as restated)	6,008,439	161,046	2,548,117	13,393	153,352	8,884,347

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019 £	2018 £
Plant and equipment	601,070	341,999

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Biological assets (non-current)

	Asparagus and Rhubarb £
Cost	
At 1 January 2019	2,596,304
Additions - purchases	242,805
Disposals	(21,729)
At 31 December 2019	2,817,380
Depreciation and impairment	
At 1 January 2019	853,129
Depreciation charged for the year	267,614
At 31 December 2019	1,120,743
Carrying amount	
At 31 December 2019	1,696,637
At 31 December 2018	1,743,175

14 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	15	101	1,388,610

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019	1,388,610
Disposals	(1,388,509)
At 31 December 2019	101
Carrying amount	
At 31 December 2019	101
At 31 December 2018	1,388,610

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Barfoot Energy Limited	England and Wales	Production of electricity from anaerobic digestion	Ordinary shares	100.00	
Barfoot Energy Projects Limited	England and Wales	Consultancy for anaerobic digestion processes	Ordinary shares	100.00	
Herriard Bio Power Limited	England and Wales	Production of electricity from anaerobic digestion	Ordinary shares		100.00

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

16 Stocks

	2019 £	2018 £
Raw materials and consumables	568,584	453,325

17 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	115,565	43,854
Corporation tax recoverable	29,719	128,391
Amounts owed by group undertakings	14,693	-
Other debtors	217,908	459,097
Prepayments and accrued income	848,913	1,176,421
	1,226,798	1,807,763

18 Biological assets (current)

	2019 £	2018 £
Opening carrying amount	271,906	378,619
Purchases / inputs	8,544,211	7,979,805
Sales / COS transfers	(8,770,492)	(8,086,519)
Closing carrying amount	45,624	271,906

19 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	21	2,286,136	1,828,950
Obligations under finance leases	22	131,567	63,467
Trade creditors		305,727	482,074
Taxation and social security		47,968	48,840
Other creditors		1,498,583	3,415,519
Accruals and deferred income		635,514	700,633
		4,905,495	6,539,483

20 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Obligations under finance leases	22	419,727	233,948

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Loans and overdrafts

	2019 £	2018 £
Bank overdrafts	2,286,136	1,828,950
Payable within one year	2,286,136	1,828,950

22 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	131,567	63,467
In two to five years	419,727	233,948
	551,294	297,415

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

23 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	24	181,913	145,809

24 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	181,913	145,809

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

24 Deferred taxation (Continued)

	2019 £
Movements in the year:	
Liability at 1 January 2019	145,809
Charge to profit or loss	36,104
Liability at 31 December 2019	<u>181,913</u>

25 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>86,957</u>	<u>64,735</u>

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

Contributions totalling £5,679 (2018 - £4,014) were payable to the scheme at the end of the year and are included in creditors.

26 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
33,154 Ordinary shares of £1 each	<u>33,154</u>	<u>33,154</u>

27 Reserves

Share premium

The share premium reserve represents the difference between the par value of the shares issued and the subscription or issue price.

Revaluation reserve

The revaluation reserve represents the excess of fair value to historic cost of property that was subsequently transferred to freehold property as permitted under Triennial Review 2017.

Profit and loss reserves

The profit and loss account represents all accumulated net gains and losses.

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

28 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	1,750,977	1,275,256
Between two and five years	2,381,313	1,734,613
In over five years	1,340,664	1,461,850
	<u>5,472,954</u>	<u>4,471,719</u>

Lessor

The company holds land which is rented to third parties. These non-cancellable leases have remaining terms of not later than one year. All leases include a provision for five-yearly upward rent reviews according to prevailing market conditions.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2019 £	2018 £
Within one year	<u>40,000</u>	<u>40,000</u>

29 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	<u>58,525</u>	<u>-</u>

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

30 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2019	2018	2019	2018
	£	£	£	£
Subsidiaries	146,631	-	4,118	-
Other related parties	15,338,594	13,182,829	205,918	228,745

Amounts due to related parties	2019	2018
	£	£
Other related parties	1,500,735	3,405,115

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2019	2018
	£	£
Subsidiaries	26,311	-
Other related parties	11,149	33,164

Summary of transactions with other related parties

Other related parties are companies under common control.

Sales and purchases between other related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement, with exception of loans, is expected within the normal credit terms.

The company has not provided or benefited from any guarantees for any other related party receivables or payables.

Summary of transactions with subsidiaries

Subsidiaries are companies under the entities control.

Sales and purchases between subsidiaries are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement, with exception of loans, is expected within the normal credit terms.

The company has not provided or benefited from any guarantees for any subsidiaries receivables or payables.

31 Subsequent events

On 15 April 2020 Barfoot Farms Limited disposed of its interest in Barfoot Energy Project Limited and its indirect interest in Herriard Bio Power Limited.

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

32 Prior period adjustment

Changes to the balance sheet

	As previously reported £	Adjustment at 1 Jan 2018 £	Adjustment at 31 Dec 2018 £	As restated at 31 Dec 2018 £
Fixed assets				
Tangible assets	8,125,203	759,144	-	8,884,347
Investment properties	759,144	(759,144)	-	-
Net assets	5,891,342	-	-	5,891,342
Capital and reserves				
Revaluation reserve	-	742,812	-	742,812
Profit and loss	7,601,363	(742,812)	-	6,858,551
Total equity	7,634,517	-	-	7,634,517

Reconciliation of changes in equity

	1 January 2018 £	31 December 2018 £
Adjustments to prior year		
Total adjustments	-	-
Equity as previously reported	8,741,036	7,634,517
Equity as adjusted	8,741,036	7,634,517

Notes to reconciliation

Reclassification of investment property

Following the release of the Triennial Review 2017 effective for accounting periods beginning on or after 1 January 2019, an accounting policy choice has been given allowing the inclusion of property rented to group entities to be treated as Property, Plant and Equipment and held at deemed cost. Therefore the investment property of £759,144 was transferred to freehold land and buildings and the opening position restated appropriately.