

Company Registration No. 04295450 (England and Wales)

BARFOOT FARMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 United Kingdom PO21 3PX
Auditor	Azets Audit Services Carnac Place Cams Hall Estate Fareham Hampshire United Kingdom PO16 8UY

BARFOOT FARMS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 25

BARFOOT FARMS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

Barfoot Farms had a good farming year and results were up on 2019. Turnover rose by 10.5% and Gross profit increased by 12.8% to 26.7% of sales. Demand was driven by the good weather in 2020 and a general increase in demand for all products from our main customer Barfoots of Botley driven by COVID19.

Pre-tax profits increased significantly, partly as a result of the above factors, but also due to the profit arising on the disposal of the investment in Barfoot Energy Projects Limited and its subsidiary, Herriard Bio Power Limited.

The weather makes any future predictions of profitability very difficult as it has a very large impact on the outturn of any season, but the company has a wide spread of products and is confident it will continue to deal with the effects of any form of uncertainty that may present itself.

Prior to approving last years statutory accounts the UK was very much at the early stages of the COVID19 pandemic, and the country was entering the first lockdown. In the accounts at the time there was a large degree of uncertainty over the impact this would have on staff absence levels, customer demand and input prices. A year on and many of these uncertainties have been replaced by quantifiable difficulties which the Board manage and attempt to minimise alongside all the other risks that are normal within our business.

Demand has been stimulated by consumers eating at home and typically sourcing their food from supermarkets and this demand has continued throughout most of 2020, except during the governments "eat out to help out" campaign which saw demand fall back to more normal levels overall.

Staff absence has been managed to low levels through a comprehensive set of measures to prevent the spread of COVID in the workplace in excess of those specified by the government. At the onset of the pandemic we also carried out reviews of the sensitivities of our results in the event of a severe outbreak on site which could result in a temporary closure of either our farm or of our customers factory facilities, but we were able to avoid this situation from occurring in 2020.

There is some degree of uncertainty as to what the impact on demand for our products will be "post COVID" when consumers are again free to eat out or return to work, but we see a worst case scenario as a return to a level of sales at 2019 levels, but likely to be higher as some working from home likely to continue into the future.

Principal risks and uncertainties

Our key areas of risk and uncertainty include;

Liquidity risk

The company 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 borrowing. The group's exposure to interest rate fluctuations on its borrowing is managed through the support of related party lenders.

On behalf of the board

Mr J D Marks
Director
24 September 2021

BARFOOT FARMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

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 J D Marks

Dr H Kinloch

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

Future developments are set out in the Strategic Report.

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.

On behalf of the board

Mr J D Marks

Director

24 September 2021

BARFOOT FARMS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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 2020 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 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BARFOOT FARMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BARFOOT FARMS LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and 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 indicators of potential bias.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Zara Hogg FCA, BA (Hons) (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

24 September 2021

Chartered Accountants
Statutory Auditor

Carnac Place
Cams Hall Estate
Fareham
Hampshire
United Kingdom
PO16 8UY

BARFOOT FARMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	16,181,117	14,639,003
Cost of sales		(11,822,255)	(10,812,627)
Gross profit		<u>4,358,862</u>	<u>3,826,376</u>
Administrative expenses		(5,042,875)	(4,347,803)
Other operating income		<u>1,821,470</u>	<u>1,645,042</u>
Operating profit	4	1,137,457	1,123,615
Interest receivable and similar income	7	8,300	613
Interest payable and similar expenses	8	(32,957)	(48,844)
Gain on disposal of investments	9	<u>585,199</u>	<u>-</u>
Profit before taxation		1,697,999	1,075,384
Tax on profit	10	<u>(252,877)</u>	<u>(282,634)</u>
Profit for the financial year		<u><u>1,445,122</u></u>	<u><u>792,750</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 2020

	2020	2019
	£	£
Profit for the year	1,445,122	792,750
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,445,122</u>	<u>792,750</u>

BARFOOT FARMS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12	9,175,127		8,998,981	
Biological assets	13	1,263,054		1,696,637	
Investments	14		1		101
		10,438,182		10,695,719	
Current assets					
Stocks	16	342,464		568,584	
Debtors	17	2,457,735		1,226,798	
Cash at bank and in hand		7,754		9,168	
Biological assets	18	353,949		45,624	
		3,161,902		1,850,174	
Creditors: amounts falling due within one year	19	(4,612,980)		(4,905,495)	
Net current liabilities			(1,451,078)		(3,055,321)
Total assets less current liabilities			8,987,104		7,640,398
Creditors: amounts falling due after more than one year	20		(322,006)		(419,727)
Provisions for liabilities			(181,218)		(181,913)
Net assets			8,483,880		7,038,758
Capital and reserves					
Called up share capital	25	33,154		33,154	
Revaluation reserve	26	742,812		742,812	
Profit and loss reserves	26	7,707,914		6,262,792	
Total equity			8,483,880		7,038,758

The financial statements were approved by the board of directors and authorised for issue on 24 September 2021 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 2020

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2019		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
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	1,445,122	1,445,122
Balance at 31 December 2020		33,154	742,812	7,707,914	8,483,880

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

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

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.

The business and the wider Group to which it belongs continues to maintain strong reserves and has a robust asset base and as a result we remain confident the company 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 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.

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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 cost and replacement 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.

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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.

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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 in the period are included in profit or loss.

2 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 2020

2 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. Condition of stock is reviewed to determine if it is no longer suitable for its intended use.

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.

Deferred and contingent consideration

There is a degree of uncertainty surrounding the estimation of the contingent consideration in relation the the sale of investment.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods	16,181,117	14,639,003
	<u> </u>	<u> </u>
	2020	2019
	£	£
Other significant revenue		
Interest income	1,582	613
Dividends received	6,718	-
Grants received	340,256	384,951
	<u> </u>	<u> </u>

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(18)	(2,469)
Government grants	(340,256)	(384,951)
Fees payable to the company's auditor for the audit of the company's financial statements	13,380	9,845
Depreciation of owned tangible fixed assets	706,720	660,627
Depreciation of tangible fixed assets held under finance leases	122,151	80,162
Profit on disposal of tangible fixed assets	(27,041)	(10,811)
Operating lease charges	2,848,040	2,479,915

5 Employees

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

	2020	2019
	Number	Number
Production	166	153
Administration and support	15	16
	181	169

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	6,826,535	5,821,026
Social security costs	624,673	545,452
Pension costs	59,472	86,957
	7,510,680	6,453,435

6 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	276,000	576,247
Company pension contributions to defined contribution schemes	-	1,000
	276,000	577,247

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Directors' remuneration (Continued)

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

	2020 £	2019 £
Remuneration for qualifying services	276,000	350,184

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	1,582	613
Other income from investments		
Dividends received	6,718	-
Total income	8,300	613

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	32,957	47,011
Interest on finance leases and hire purchase contracts	-	1,833
	32,957	48,844

9 Disposal of investments

	2020 £	2019 £
Gain on disposal of fixed asset investments	585,199	-

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.

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	243,537	256,480
Adjustments in respect of prior periods	10,035	(9,950)
Total current tax	253,572	246,530

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation (Continued)

	2020 £	2019 £
Deferred tax		
Origination and reversal of timing differences	(695)	36,104
	<u> </u>	<u> </u>
Total tax charge	252,877	282,634
	<u> </u>	<u> </u>

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

	2020 £	2019 £
Profit before taxation	1,697,999	1,075,384
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	322,620	204,323
Tax effect of expenses that are not deductible in determining taxable profit	3,930	3,421
Tax effect of income not taxable in determining taxable profit	(128,485)	-
Permanent capital allowances in excess of depreciation	24,001	16,972
Other permanent differences	-	71,931
Under/(over) provided in prior years	10,035	(9,950)
Deferred tax adjustments in respect of prior years	(625)	165
Gross deferred tax rate movement	21,401	(4,228)
	<u> </u>	<u> </u>
Taxation charge for the year	252,877	282,634
	<u> </u>	<u> </u>

11 Dividends

	2020 £	2019 £
Interim paid	-	1,388,509
	<u> </u>	<u> </u>

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020	7,179,526	613,345	6,474,721	145,026	289,725	14,702,343
Additions	141,694	-	703,646	6,011	168,722	1,020,073
Disposals	-	(12,201)	(133,507)	-	(55,827)	(201,535)
At 31 December 2020	7,321,220	601,144	7,044,860	151,037	402,620	15,520,881
Depreciation and impairment						
At 1 January 2020	810,230	423,767	4,258,020	22,897	188,448	5,703,362
Depreciation charged in the year	88,593	30,306	608,606	30,840	70,526	828,871
Eliminated in respect of disposals	-	(12,201)	(133,506)	-	(40,772)	(186,479)
At 31 December 2020	898,823	441,872	4,733,120	53,737	218,202	6,345,754
Carrying amount						
At 31 December 2020	6,422,397	159,272	2,311,740	97,300	184,418	9,175,127
At 31 December 2019	6,369,296	189,578	2,216,701	122,129	101,277	8,998,981

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

	2020 £	2019 £
Plant and equipment	495,466	601,070
Motor vehicles	77,944	-
	573,410	601,070

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Biological assets (non-current)

	Asparagus and Rhubarb
	£
Cost	
At 1 January 2020	2,817,380
Disposals	(69,413)
At 31 December 2020	2,747,967
Depreciation and impairment	
At 1 January 2020	1,120,743
Depreciation charged for the year	364,170
At 31 December 2020	1,484,913
Carrying amount	
At 31 December 2020	1,263,054
At 31 December 2019	1,696,637

14 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	15	1	101

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2020	101
Disposals	(100)
At 31 December 2020	1
Carrying amount	
At 31 December 2020	1
At 31 December 2019	101

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Barfoot Energy Limited	England and Wales	Production of electricity from anaerobic digestion	Ordinary shares	100.00

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

16 Stocks

	2020 £	2019 £
Raw materials and consumables	342,464	568,584

17 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	626,191	115,565
Corporation tax recoverable	-	29,719
Amounts owed by group undertakings	3,858	14,693
Other debtors	648,536	217,908
Prepayments and accrued income	1,179,150	848,913
	<u>2,457,735</u>	<u>1,226,798</u>

18 Biological assets (current)

	2020 £	2019 £
Opening carrying amount	45,624	271,906
Purchases / inputs	9,783,040	8,544,211
Sales / COS transfers	(9,474,715)	(8,770,492)
Closing carrying amount	<u>353,949</u>	<u>45,625</u>

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	21	1,948,519	2,286,136
Obligations under finance leases	22	164,782	131,567
Trade creditors		540,356	305,727
Amounts owed to group undertakings		1,000,000	1,490,000
Corporation tax		159,517	-
Other taxation and social security		59,714	47,968
Other creditors		93,275	8,583
Accruals and deferred income		646,817	635,514
		<u>4,612,980</u>	<u>4,905,495</u>

20 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Obligations under finance leases	22	<u>322,006</u>	<u>419,727</u>

21 Loans and overdrafts

	2020 £	2019 £
Bank overdrafts	<u>1,948,519</u>	<u>2,286,136</u>
Payable within one year	<u>1,948,519</u>	<u>2,286,136</u>

22 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	164,782	131,567
In two to five years	322,006	419,727
	<u>486,788</u>	<u>551,294</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and motor vehicles. 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 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	181,218	181,913
Movements in the year:		2020 £
Liability at 1 January 2020		181,913
Credit to profit or loss		(695)
Liability at 31 December 2020		181,218

24 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	59,472	86,957

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 £6,557 (2019 - £5,679) were payable to the scheme at the end of the year and are included in creditors.

25 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	33,154	33,154	33,154	33,154

26 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 land that was subsequently transferred to freehold land as permitted under Triennial Review 2017.

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

26 Reserves

(Continued)

Profit and loss reserves

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

27 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:

	2020 £	2019 £
Within one year	2,182,091	1,750,977
Between two and five years	2,089,226	2,381,313
In over five years	1,002,024	1,340,664
	<u>5,273,341</u>	<u>5,472,954</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:

	2020 £	2019 £
Within one year	<u>40,000</u>	<u>40,000</u>

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020 £	2019 £
Acquisition of tangible fixed assets	<u>144,798</u>	<u>58,525</u>

29 Events after the reporting date

Following the completion of year end, the directors became aware of an alleged fraud involving a member of the farming team that has had a material impact on retained reserves and spans more than one accounting period. The Directors are in the process of ascertaining how much of the fraud is recoverable and the Police are investigating the matter. The allegation is made against an employee, and is not connected to the actions of any member of the Board, past or present and steps have been taken to prevent a reoccurrence through alterations in procedures.

BARFOOT FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

30 Related party transactions

Transactions with related parties

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

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Subsidiaries	207,942	146,631	14,198	4,118
Other related parties	16,701,547	15,338,594	430,588	205,918

Amounts due to related parties	2020	2019
	£	£
Subsidiaries	494	-
Other related parties	1,002,749	1,500,735

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020	2019
	£	£
Subsidiaries	-	26,311
Other related parties	858,733	11,149

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 these entities are unsecured, interest free and cash settlement is expected within the normal credit terms, with the exception of loans.

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 these entities are unsecured, interest free and cash settlement is expected within the normal credit terms, with the exception of loans.

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

31 Ultimate controlling party

The company's immediate parent is Posbrook Holdings Limited, a company incorporated in England and Wales.

The financial statements for the parent company are available upon request from the company at Seftor Farm, Pagham Road, Bognor Regis, West Sussex, PO21 3PX.

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