

**Strategic Report, Report of the Directors and**  
**Financial Statements for the Year Ended 31st March 2021**  
**for**  
**West Scottish Lamb Limited**

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**for the Year Ended 31st March 2021**

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**West Scottish Lamb Limited**  
**Company Information**  
**for the Year Ended 31st March 2021**

<b>DIRECTORS:</b>	J F Errington D Burton
<b>SECRETARY:</b>	Mrs A J Burton
<b>REGISTERED OFFICE:</b>	Carlisle Abattoir Brunthill Road Kingstown Industrial Estate Carlisle Cumbria CA3 0EH
<b>REGISTERED NUMBER:</b>	04450315 (England and Wales)
<b>AUDITORS:</b>	Farries, Kirk and McVean Chartered Accountants Statutory Auditors Dumfries Enterprise Park Heathhall Dumfries DUMFRIESSHIRE DG1 3SJ
<b>SOLICITORS:</b>	Arnison Heelis 1 St Andrew's Place Penrith CA11 7AW

**Strategic Report**  
**for the Year Ended 31st March 2021**

The directors present their strategic report for the year ended 31st March 2021.

West Scottish Lamb Limited run an abattoir. The abattoir is based in Carlisle, though the product is predominantly Scottish. They deal in lamb and beef production and associated by-products.

The directors believe that the company is well placed to service the meat production industry from its location close to major transport routes between Scotland and England. Their staff and management team have lengthy experience in the industry.

**REVIEW OF BUSINESS**

The directors are again very pleased with the results. Turnover has decreased from £53.2m to £50.1m. They have continued the policy of concentrating mainly on lamb sales. As the majority of sales are to the export market, the Sterling turnover can fluctuate with Euro exchange rate movements regardless of the volume of business. The rate has not changed significantly over the year, remaining between 1.10€ to 1.16€. The low rate has again been good for export trade.

Gross profits during the year under review have dropped from £3.9m to £2.9m. Gross profit percentage has decreased from 7.4% to 5.9%. Bottom line profit before tax is decreased from £1.46m to £1.27m. The previous year results were exceptional and helped by a very weak pound in the run up to 'Brexit'. Despite being down a little, the current year results also represent an excellent trading return, especially in light of the fact the company was closed down for 6 weeks at the start of the year due to Covid and claimed Job Retention Scheme support in that period which is disclosed in Other Income and also fluctuations in the market demand for by products.

**Key Performance Indicators (KPI's)**

In the opinion of the directors, the key performance indicators of the company are gross profit and turnover as noted above. Given the straightforward nature of the business, the directors are of the opinion that there are no additional KPI's that are necessary for an understanding of the development, performance or position of the business.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from both national and more local meat dealers, employee retention and product availability.

Financial risk management

The company's operations expose it to little in the way of financial risk. However, a variety of financial risks do exist to an extent including credit risk, liquidity risk currency risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual is subject to a limit which can only be reassessed by a director.

Liquidity risk

The company finances operations using invoice financing facilities from RBS Invoice Finance Limited. Reliance on this facility is reducing year on year and the company is operating well within available credit limits. However, it still requires the facility in order to ensure there are sufficient available funds for operations.

Currency risk

The company incurs virtually all its expenditure in Sterling but a significant percentage of its income is in Euros. As a result the company faces a risk with respect to movements in the exchange rate between invoice date and payment date.

Interest rate risk

The company has interest bearing liabilities including a bank overdraft and invoice financing facilities. The amount of interest charged on these liabilities is not sufficient to significantly affect company operations.

**Strategic Report**  
**for the Year Ended 31st March 2021**

**FUTURE OUTLOOK**

The directors expect to continue trading profitably over the forthcoming twelve months, though the company results will always be subject to the fluctuations in the Euro exchange rate. There are no plans for significant expansion within the next twelve months. The company is coming to terms with the ramifications of the 'Brexit' deal and the additional paperwork and procedures required to export product to Europe. There will be an inevitable impact on profitability from the resultant compliance costs. The early signs are that the amount of trade with Europe has been largely unaffected but the costs of doing so are certainly increased and this will have an effect on bottom line profits. There has also been a significant impact on the ability of the company to source labour as many of their staff previously were European.

**SIGNED BY ORDER OF THE DIRECTORS:**

D Burton - Director

30th November 2021

**Report of the Directors  
for the Year Ended 31st March 2021**

The directors present their report with the financial statements of the company for the year ended 31st March 2021.

**DIVIDENDS**

The total distribution of dividends for the year ended 31st March 2021 will be £ 231,000 .

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st April 2020 to the date of this report.

J F Errington  
D Burton

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Farries, Kirk and McVean, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**SIGNED BY ORDER OF THE DIRECTORS:**

D Burton - Director

30th November 2021

**Report of the Independent Auditors to the Members of**  
**West Scottish Lamb Limited**

**Opinion**

We have audited the financial statements of West Scottish Lamb Limited (the 'company') for the year ended 31st March 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

**Report of the Independent Auditors to the Members of**  
**West Scottish Lamb Limited**

**Responsibilities of directors**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

- we have assessed the susceptibility of the company's financial statements to material misstatement as being low risk. The directors are very involved in the day to day management of the business and have a focus on controls to address potential fraud and error.
- the nature of the company's activities are significantly regulated. We have assessed the main regulations around the company's activities as being those concerning production of food for human consumption. The company's certification compliance with Global Standards for Food Safety was checked and confirmed.
- we have discussed the legal and regulatory framework the company operates under with the directors. This has enabled us to gain an understanding of those applicable to the company and the procedures they operate to ensure compliance.
- we have obtained an understanding of the company's policies and procedures on fraud risk through two way communication with the management and have no knowledge of any actual, suspected or alleged fraud.
- the Senior Statutory Auditor is satisfied that the engagement audit staff were competent to and capable of recognising non-compliance with laws and regulation. No details of any non-compliance were communicated to us and no such potential instances were noted during the audit process.

We have reached these conclusions following enquiries made of those charged with governance and senior staff and following audit testing procedures and review of financial statements.

We do not believe the Covid-19 pandemic has significantly impacted the risk of detecting irregularities, including fraud.

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

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



**Report of the Independent Auditors to the Members of**  
**West Scottish Lamb Limited**

**Use of our report**

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

Gerald McGill, BA CA (Senior Statutory Auditor)  
for and on behalf of Farries, Kirk and McVean  
Chartered Accountants  
Statutory Auditors  
Dumfries Enterprise Park  
Heathhall  
Dumfries  
DUMFRIESSHIRE  
DG1 3SJ

30th November 2021

**Income Statement**  
**for the Year Ended 31st March 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>	3	50,059,341	53,159,640
Cost of sales		<u>(46,964,812)</u>	<u>(49,219,193)</u>
<b>GROSS PROFIT</b>		3,094,529	3,940,447
Administrative expenses		<u>(2,038,016)</u>	<u>(2,458,768)</u>
		1,056,513	1,481,679
Other operating income		<u>248,462</u>	<u>21,943</u>
<b>OPERATING PROFIT</b>	6	1,304,975	1,503,622
Interest payable and similar expenses	7	<u>(35,641)</u>	<u>(40,424)</u>
<b>PROFIT BEFORE TAXATION</b>		1,269,334	1,463,198
Tax on profit	8	<u>(244,973)</u>	<u>(196,288)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>1,024,361</u>	<u>1,266,910</u>

The notes form part of these financial statements

**Other Comprehensive Income  
for the Year Ended 31st March 2021**

	Notes	2021 £	2020 £
<b>PROFIT FOR THE YEAR</b>		1,024,361	1,266,910
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,024,361</u>	<u>1,266,910</u>

**Balance Sheet**  
**31st March 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Tangible assets	10	1,327,661	1,237,847
Investments	11	<u>3,870</u>	<u>3,870</u>
		<u>1,331,531</u>	<u>1,241,717</u>
<b>CURRENT ASSETS</b>			
Stocks	12	331,473	295,300
Debtors	13	4,186,468	4,399,477
Cash at bank		<u>1,635,930</u>	<u>1,125,296</u>
		6,153,871	5,820,073
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(2,606,491)</u>	<u>(2,939,722)</u>
<b>NET CURRENT ASSETS</b>		<u>3,547,380</u>	<u>2,880,351</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,878,911	4,122,068
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(63,197)	(101,775)
<b>PROVISIONS FOR LIABILITIES</b>	19	<u>(152,579)</u>	<u>(150,519)</u>
<b>NET ASSETS</b>		<u>4,663,135</u>	<u>3,869,774</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	200,080	200,080
Capital redemption reserve	21	100,040	100,040
Retained earnings	21	<u>4,363,015</u>	<u>3,569,654</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>4,663,135</u>	<u>3,869,774</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30th November 2021 and were signed on its behalf by:

D Burton - Director

**Statement of Changes in Equity  
for the Year Ended 31st March 2021**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
<b>Balance at 1st April 2019</b>	200,080	2,302,744	100,040	2,602,864
<b>Changes in equity</b>				
Total comprehensive income	-	1,266,910	-	1,266,910
<b>Balance at 31st March 2020</b>	200,080	3,569,654	100,040	3,869,774
<b>Changes in equity</b>				
Dividends	-	(231,000)	-	(231,000)
Total comprehensive income	-	1,024,361	-	1,024,361
<b>Balance at 31st March 2021</b>	200,080	4,363,015	100,040	4,663,135

The notes form part of these financial statements

**Cash Flow Statement  
for the Year Ended 31st March 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,037,937	901,930
Interest paid		(27,858)	(35,320)
Interest element of hire purchase payments paid		(7,783)	(5,104)
Tax paid		(128,147)	(268,147)
Net cash from operating activities		<u>1,874,149</u>	<u>593,359</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(264,597)	(558,253)
Sale of tangible fixed assets		10,160	-
Net cash from investing activities		<u>(254,437)</u>	<u>(558,253)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(45,829)	(38,760)
Equity dividends paid		(231,000)	-
Net cash from financing activities		<u>(276,829)</u>	<u>(38,760)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>1,342,883</u>	<u>(3,654)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	293,047	296,701
<b>Cash and cash equivalents at end of year</b>	2	<u><u>1,635,930</u></u>	<u><u>293,047</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement  
for the Year Ended 31st March 2021**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2021	2020
	£	£
Profit before taxation	1,269,334	1,463,198
Depreciation charges	161,121	123,510
Loss on disposal of fixed assets	3,502	-
Finance costs	35,641	40,424
	<u>1,469,598</u>	<u>1,627,132</u>
(Increase)/decrease in stocks	(36,173)	83,210
Decrease in trade and other debtors	127,123	104,038
Increase/(decrease) in trade and other creditors	<u>477,389</u>	<u>(912,450)</u>
<b>Cash generated from operations</b>	<u><u>2,037,937</u></u>	<u><u>901,930</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31st March 2021**

	31.3.21	1.4.20
	£	£
Cash and cash equivalents	1,635,930	1,125,296
Bank overdrafts	<u>-</u>	<u>(832,249)</u>
	<u><u>1,635,930</u></u>	<u><u>293,047</u></u>

**Year ended 31st March 2020**

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	1,125,296	778,773
Bank overdrafts	<u>(832,249)</u>	<u>(482,072)</u>
	<u><u>293,047</u></u>	<u><u>296,701</u></u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.4.20	Cash flow	At 31.3.21
	£	£	£
<b>Net cash</b>			
Cash at bank	1,125,296	510,634	1,635,930
Bank overdrafts	<u>(832,249)</u>	<u>832,249</u>	<u>-</u>
	<u><u>293,047</u></u>	<u><u>1,342,883</u></u>	<u><u>1,635,930</u></u>
<b>Debt</b>			
Finance leases	<u>(147,605)</u>	<u>45,829</u>	<u>(101,776)</u>
	<u><u>(147,605)</u></u>	<u><u>45,829</u></u>	<u><u>(101,776)</u></u>
<b>Total</b>	<u><u>145,442</u></u>	<u><u>1,388,712</u></u>	<u><u>1,534,154</u></u>

**Notes to the Financial Statements**  
**for the Year Ended 31st March 2021**

**1. STATUTORY INFORMATION**

West Scottish Lamb Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Depreciation and Amortisation charges in accordance with the accounting policies stated below.  
Provision for bad debt.

**Turnover**

Turnover represents the net invoiced sales of meat, services and by-products during the financial year under review excluding value added tax. With respect to sales of meat products, revenue is recognised based on date of despatch to customers.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 4% on cost
Plant and machinery	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 15% on reducing balance

Amounts written off each asset over the estimated useful life represent cost less residual value.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

**Government grants**

The company has been in receipt of Government Grants in the form of Job Retention Scheme income. Job Retention Scheme grants are recognised in the period to which the underlying furloughed staff costs relate.

**Stocks**

Livestock is valued at specific invoiced cost. Meat stocks and skins & hides are valued at a discounted retail value to best approximate cost except in rare cases where the net realisable value is lower, in which case net realisable value would be used. Consumables are valued at the lower of cost and net realisable value on a first in, first out basis.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.



**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2021**

**2. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies have been translated into sterling at the rate available to the company from its bank at the period end date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

**Pension costs and other post-retirement benefits**

The company makes contributions to a workplace pension on behalf of employees and occasionally makes contributions to personal schemes on behalf of directors. Contributions payable to these schemes are charged to profit or loss in the period to which they relate.

**Invoice financing**

The company use Invoice Financing through RBS Invoice Finance Limited to accelerate the receipt of funds due from debtors. No rights are transferred to the finance provider, all benefits and risks remain with the company and all finance is potentially repayable therefore linked presentation is not appropriate. Accordingly debtors are disclosed in full within the balance sheet and the associated finance is included within creditors due within one year.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2021**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

**Trade debtors**

Trade debtors are amounts due from customers for the sale of services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price and represent the full value of the services charged to customers, including any amounts charged on for third parties.

**Trade Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date they are presented as non current liabilities.

**Borrowings**

Interest bearing borrowings are initially recorded at fair value, net of transaction costs. Interest bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transactions costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

**Share Capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**Provisions and contingencies**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

**3. TURNOVER**

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

An analysis of turnover by class of business is given below:

	2021	2020
	£	£
Sale of goods	49,938,972	52,963,296
Rendering of services	120,369	196,344
	<u>50,059,341</u>	<u>53,159,640</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2021**

**3. TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	2021 £	2020 £
United Kingdom	14,955,276	17,978,713
Europe	35,104,065	35,180,927
	<u>50,059,341</u>	<u>53,159,640</u>

**4. EMPLOYEES AND DIRECTORS**

	2021 £	2020 £
Wages and salaries	1,789,504	2,012,606
Social security costs	149,538	178,528
Other pension costs	35,173	92,503
	<u>1,974,215</u>	<u>2,283,637</u>

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

	2021	2020
Directors	2	2
Management staff	4	4
Administrative staff	4	5
Production staff	75	80
	<u>85</u>	<u>91</u>

**5. DIRECTORS' EMOLUMENTS**

	2021 £	2020 £
Directors' remuneration	35,557	37,568
Directors' pension contributions to money purchase schemes	-	25,000

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

Money purchase schemes	-	1
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**6. OPERATING PROFIT**

The operating profit is stated after charging:

	2021 £	2020 £
Hire of plant and machinery	28,853	31,875
Depreciation - owned assets	139,189	102,391
Depreciation - assets on hire purchase contracts	21,932	21,120
Loss on disposal of fixed assets	3,502	-
Auditors' remuneration	14,000	14,000
Foreign exchange differences	<u>155,126</u>	<u>294,713</u>

**Notes to the Financial Statements - continued  
for the Year Ended 31st March 2021**

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
	£	£
Bank interest & discounting	27,858	35,320
Hire purchase	7,783	5,104
	<u>35,641</u>	<u>40,424</u>

**8. TAXATION**

**Analysis of the tax charge**

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

	2021	2020
	£	£
Current tax:		
UK corporation tax	243,213	128,447
Interest	(300)	-
Total current tax	<u>242,913</u>	<u>128,447</u>
Deferred tax	2,060	67,841
Tax on profit	<u>244,973</u>	<u>196,288</u>

UK corporation tax has been charged at 19% (2020 - 19%).

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

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

	2021	2020
	£	£
Profit before tax	<u>1,269,334</u>	<u>1,463,198</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	241,173	278,008
Effects of:		
Expenses not deductible for tax purposes	932	702
Capital allowances in excess of depreciation	-	(64,376)
Depreciation in excess of capital allowances	1,108	-
Adjustments to tax charge in respect of previous periods provisions	-	(85,887)
Deferred taxation	2,060	67,841
Corporation tax interest	(300)	-
Total tax charge	<u>244,973</u>	<u>196,288</u>

**9. DIVIDENDS**

	2021	2020
	£	£
"C" Ordinary shares of £1 each		
Interim	<u>231,000</u>	<u>-</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2021**

10. **TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1st April 2020	620,745	1,794,805	5,401
Additions	118,349	144,468	-
Disposals	-	(19,250)	-
At 31st March 2021	<u>739,094</u>	<u>1,920,023</u>	<u>5,401</u>
<b>DEPRECIATION</b>			
At 1st April 2020	199,536	1,031,478	5,401
Charge for year	26,520	124,680	-
Eliminated on disposal	-	(6,772)	-
At 31st March 2021	<u>226,056</u>	<u>1,149,386</u>	<u>5,401</u>
<b>NET BOOK VALUE</b>			
At 31st March 2021	<u>513,038</u>	<u>770,637</u>	-
At 31st March 2020	<u>421,209</u>	<u>763,327</u>	-
	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1st April 2020	111,645	166,656	2,699,252
Additions	-	1,780	264,597
Disposals	(2,750)	-	(22,000)
At 31st March 2021	<u>108,895</u>	<u>168,436</u>	<u>2,941,849</u>
<b>DEPRECIATION</b>			
At 1st April 2020	91,926	133,064	1,461,405
Charge for year	4,640	5,281	161,121
Eliminated on disposal	(1,566)	-	(8,338)
At 31st March 2021	<u>95,000</u>	<u>138,345</u>	<u>1,614,188</u>
<b>NET BOOK VALUE</b>			
At 31st March 2021	<u>13,895</u>	<u>30,091</u>	<u>1,327,661</u>
At 31st March 2020	<u>19,719</u>	<u>33,592</u>	<u>1,237,847</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2021**

**10. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
<b>COST</b>	
At 1st April 2020	200,391
Transfer to ownership	(35,392)
At 31st March 2021	<u>164,999</u>
<b>DEPRECIATION</b>	
At 1st April 2020	31,166
Charge for year	21,932
Transfer to ownership	(12,378)
At 31st March 2021	<u>40,720</u>
<b>NET BOOK VALUE</b>	
At 31st March 2021	<u>124,279</u>
At 31st March 2020	<u>169,225</u>

**11. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>COST</b>	
At 1st April 2020 and 31st March 2021	<u>3,870</u>
<b>NET BOOK VALUE</b>	
At 31st March 2021	<u>3,870</u>
At 31st March 2020	<u>3,870</u>

**12. STOCKS**

	2021 £	2020 £
Meat stock	135,249	121,150
Livestock	181,423	157,382
Consumables	<u>14,801</u>	<u>16,768</u>
	<u>331,473</u>	<u>295,300</u>

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

	2021 £	2020 £
Trade debtors	3,881,589	3,985,281
Loans	14,898	21,862
Derivative asset	16,747	-
Tax	-	85,886
VAT	169,867	201,499
Prepayments	<u>103,367</u>	<u>104,949</u>
	<u>4,186,468</u>	<u>4,399,477</u>

Confidential Invoice Financing is provided by arrangement with RBS Invoice Finance Limited. At 31 March 2021 - £3,130,861 (2020 - £3,953,240) of the Trade debtors have been financed in such a manner.

**Notes to the Financial Statements - continued  
for the Year Ended 31st March 2021**

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

	2021	2020
	£	£
Bank loans and overdrafts (see note 16)	-	832,249
Hire purchase contracts (see note 17)	38,579	45,830
Trade creditors	2,079,019	1,487,541
Tax	243,213	214,333
Social security and other taxes	45,555	47,627
Net wages	32,776	34,384
Accrued expenses	167,349	151,794
Derivative liability	-	125,964
	<u>2,606,491</u>	<u>2,939,722</u>

Included within the figure for bank loans and overdrafts is £Nil owing to RBS Invoice Finance Limited in respect of invoice financing (2020 - £832,249).

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2021	2020
	£	£
Hire purchase contracts (see note 17)	<u>63,197</u>	<u>101,775</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>832,249</u>

**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	38,579	45,830
Between one and five years	<u>63,197</u>	<u>101,775</u>
	<u>101,776</u>	<u>147,605</u>

  

	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	37,921	21,724
Between one and five years	<u>64,540</u>	<u>14,088</u>
	<u>102,461</u>	<u>35,812</u>

The company is committed to paying £1,000 per week rent for its premises plus a fixed amount per animal slaughtered. Based on historic levels of throughput this will amount to approximately £100,000 per annum. There is no formal lease agreement in place. However, in practice it has usually simply paid the headlease direct to Carlisle City Council (currently £35,240 per annum) with additional rent being waived by the directors who possess the leasehold.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2021**

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	2021	2020
	£	£
Bank overdrafts	-	832,249
Hire purchase contracts	<u>101,776</u>	<u>147,605</u>
	<u>101,776</u>	<u>979,854</u>

The bank overdraft is secured by a debenture dated 27th September 2004 incorporating a legal mortgage, fixed charges and floating charges over all of the assets of the company.

The hire purchase creditors are secured against the assets so financed.

**19. PROVISIONS FOR LIABILITIES**

	2021	2020
	£	£
Deferred tax	<u>152,579</u>	<u>150,519</u>
		Deferred tax
		£
Balance at 1st April 2020		150,519
Provided during year		<u>2,060</u>
Balance at 31st March 2021		<u>152,579</u>

The provision for deferred taxation arises entirely as a result of accelerated capital allowances.

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
40	"A" Ordinary	£1	40	40
40	"C" Ordinary	£1	40	40
200,000	"E" Ordinary	£1	<u>200,000</u>	<u>200,000</u>
			<u>200,080</u>	<u>200,080</u>

The "A" Ordinary and "C" Ordinary classes of shares rank pari passu. The "E" Ordinary shares of £1 each have no voting or dividend rights and are redeemable at par.

**21. RESERVES**

	Retained earnings	Capital redemption reserve	Totals
	£	£	£
At 1st April 2020	3,569,654	100,040	3,669,694
Profit for the year	1,024,361		1,024,361
Dividends	<u>(231,000)</u>		<u>(231,000)</u>
At 31st March 2021	<u>4,363,015</u>	<u>100,040</u>	<u>4,463,055</u>



**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2021**

22. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31st March 2021 and 31st March 2020:

	2021 £	2020 £
<b>D Burton</b>		
Balance outstanding at start of year	2,065	2,065
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>2,065</u>	<u>2,065</u>

23. **RELATED PARTY DISCLOSURES**

During the year, total dividends of £231,000 were paid to the directors .

During the year under review, the company made purchases totalling £1,276,826 (2020 - £2,200,391) from directors.

At 31st March 2021 the sum of £171,038 (2020 - £38,193) was owing to directors as Trade Creditors. In addition, Accruals of £Nil (2020 - £14,000) were also owed to directors.

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