

GFP (Agriculture) Limited

**Directors' report and financial
statements**

Registered number 07066444

30 June 2022



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Strategic report

Business review

The results for the year are shown in the attached profit and loss account. The directors consider the results satisfactory.

The directors consider that the key performance indicators for the business are turnover and profit.

	2022 £000	2021 £000
Summarised results are given below:		
Turnover	25,718	17,557
Profit after taxation for the financial year	987	726

Financial instruments

The company's activities expose it to a variety of financial risks that include commodity price and position risk, credit risk, interest rate risk. Senior operating management and Board members regularly review financial risk against established policies.

Credit Risk – Where appropriate, credit checks are performed on potential customers before sales are transacted. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the Executive Directors.

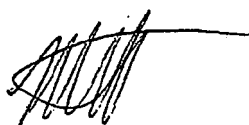
Interest Rate Risk – The Company is exposed to movements in the level of interest rates.

Employees

During the year the company made arrangements for providing information to employees on matters of concern to them, involving employees in the decision-making process and developing a common awareness of the factors affecting the performance of the company.

The company does all that is practicable to meet its responsibility towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

On behalf of the board:



M J Gibson

Director

Dated: 30 March 2023

Weston Centre
10 Grosvenor Street
London
United Kingdom
W1K 4QY

Directors' report

The directors present their directors' report and financial statements for the year ended 30 June 2022.

Principal activities

The company's principal activity during the year continued to be that of grain and seed cleaning, seed dressing and ancillary services.

Directors

The following persons served as directors during the year and to the date of this report:

M J Gibson
M J Phillips
K M Aitchison
D Overton

Results and dividends

The result for the year is shown in the attached profit and loss account. The directors do not recommend the payment of a dividend (2021: £nil)

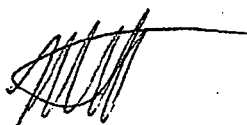
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board:



M J Gibson
Director

Dated: 30 March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of GFP (Agriculture) Limited

Opinion

We have audited the financial statements of GFP (Agriculture) Limited ("the company") for the year ended 30 June 2022 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

On this audit we do not believe there is a fraud risk related to revenue recognition due to the simple recognition criteria for the revenue streams and the limited opportunity for management to manipulate the revenue recognised. We did not identify any additional fraud risks. We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journals posted to cash or loan accounts and all material post-closing entries.
- Evaluated the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery laws, and employment laws, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page three the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

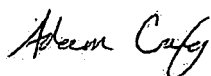
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Adam Craig (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
EastWest
Tollhouse Hill
Nottingham
NG1 5FS
31 March 2023

Profit and loss account
for year ended 30 June 2022

	<i>Note</i>	2022 £000	2021 £000
Turnover	2	25,718	17,557
Cost of sales		(24,234)	(16,598)
Gross profit		1,484	959
Administrative expenses		(641)	(622)
Other operating income		643	684
Operating profit		1,486	1,021
Interest receivable and similar income	6	-	8
Interest payable and similar charges	7	(71)	(64)
Profit before taxation		1,415	965
Tax on profit	8	(428)	(239)
Profit for the financial year		987	726

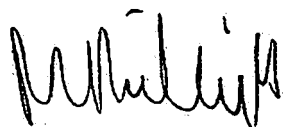
In both the current and prior year, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or prior year other than the result shown above. Accordingly, no statement of other comprehensive income is presented.

Balance sheet
at 30 June 2022

	Note	2022 £000	£000	2021 £000	£000
Fixed assets					
Goodwill	9		24		26
Tangible assets	10		3,964		3,932
			<hr/>		<hr/>
			3,988		3,958
Current assets					
Stocks	11	2,274		1,933	
Debtors	12	3,920		2,219	
Cash at bank and in hand		177		1,122	
		<hr/>		<hr/>	
		6,371		5,274	
Creditors: amounts falling due within one year	13	(3,705)		(3,840)	
		<hr/>		<hr/>	
Net current assets			2,666		1,434
			<hr/>		<hr/>
Total assets less current liabilities			6,654		5,392
			<hr/>		<hr/>
Provisions for liabilities					
Deferred tax liability	15	(505)		(230)	
		<hr/>		<hr/>	
			(505)		(230)
			<hr/>		<hr/>
Net assets			6,149		5,162
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		-		-
Profit and loss account			6,149		5,162
			<hr/>		<hr/>
Shareholders' funds			6,149		5,162
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 30 March 2023 and were signed on its behalf by:



MJ Phillips
Director

Company registered number: 07066444

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2020	-	4,436	4,436
Total comprehensive income for the year			
Profit for the year	-	726	726
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2021	<hr/> - <hr/>	<hr/> 5,162 <hr/>	<hr/> 5,162 <hr/>

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2021	-	5,162	5,162
Total comprehensive income for the year			
Profit for the year	-	987	987
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	<hr/> - <hr/>	<hr/> 6,149 <hr/>	<hr/> 6,149 <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

GFP (Agriculture) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 07066444 and the registered address is Weston Centre, 10 Grosvenor Street, London, United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, Frontier Agriculture Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Frontier Agriculture Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Frontier Agriculture Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

1.1. *Measurement convention*

The financial statements are prepared on the historical cost basis.

1.2. *Going concern*

The directors consider that the going concern assumption is appropriate as the company continues to be profitable, has cash at bank and has financing in place, via its parent company, sufficient to enable it to meet its financial obligations as they fall due.

As with any company placing reliance on other group companies for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so. In making this assessment, the directors, who are also directors of Frontier Agriculture Limited, have considered the overall position of the group and in particular the factors outlined in the note 1 of the financial statements of Frontier Agriculture Limited which were approved on 30 March 2023.

Notes (continued)

1 Accounting policies (continued)

1.3. Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4. Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Plant, machinery and plant vehicles	10% to 20% straight line
Office Equipment	20% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes (continued)

1 Accounting policies (continued)

1.7. Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Company elected not to restate business combinations that took place prior to 1 July 2014. In respect of acquisitions prior to 1 July 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

1.8. Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill is tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that it may be impaired.

1.9. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Notes (continued)

1 Accounting policies (continued)

1.10. Impairment excluding stocks

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.12. Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers and arose entirely in the United Kingdom.

Notes (continued)

1 Accounting policies (continued)

1.13. Expenses

Interest receivable

Interest receivable is recognised in profit or loss as it accrues, using the effective interest method.

Interest payable

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.14. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Notes (continued)

2 Turnover

Turnover for the year ended 30 June 2022 was £25,718,000 (2021: £17,557,000). All turnover arose within the United Kingdom.

3 Expenses and auditor's remuneration

The audit fee for the Company in both the current and preceding year of £2,000 has been borne by the Company's parent, Frontier Agriculture Limited.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Frontier Agriculture Limited.

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2022	2021
Administrative	9	9
Processing and distribution	20	17
	<u>29</u>	<u>26</u>

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	1,198	975
Social security costs	126	88
Contributions to defined contribution plans	56	337
	<u>1,380</u>	<u>1,100</u>

5 Directors' remuneration

	2022 £000	2021 £000
Directors' remuneration	<u>232</u>	<u>219</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £116,000 for the year (2021: £109,500).

6 Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable on financial assets at amortised cost	<u>-</u>	<u>8</u>

Interest receivable and similar income represents amounts receivable from group undertakings

Notes (continued)

7 Interest payable and similar charges

	2022 £000	2021 £000
Interest payable on financial liabilities at amortised cost	71	64

Interest payable and similar charges represent amounts payable to group undertakings

8 Tax on profit

Total tax expense recognised in the profit and loss account

	2022 £000	2021 £000
<i>Current tax</i>		
Current tax on income for the year	151	153
Adjustments in respect of prior period	2	-
Total current tax	153	153
<i>Deferred tax</i>		
Origination and reversal of timing differences	210	31
Adjustments in respect of prior period	(1)	-
Change in tax rate	66	55
Total deferred tax	275	86
Total tax	428	239

Reconciliation of effective tax rate

	2022 £000	2021 £000
Profit for the year	987	726
Total tax expense	428	239
Profit excluding taxation	1,415	965
Tax using the UK corporation tax rate of 19% (2021: 19%)	269	182
Increase in tax rate on deferred tax balances	157	55
Non-deductible expenses	2	2
Total tax expense included in profit or loss	428	239

A change to the main UK corporation tax rate was announced in the UK Budget on 3 March 2021, and substantively enacted on 24 May 2021. The Budget announced an increase in the Corporation Tax main rate of 19% to 25% with effect from 1 April 2023. Deferred tax balances are held at the future tax rate of 25% (2021: 25%).

Notes (continued)

9 Goodwill

	Goodwill £000
Cost	
Balance at 1 July 2021 and 30 June 2022	50
Amortisation and impairment	
Balance at 1 July 2021	24
Amortisation for the year	2
Balance at 30 June 2022	26
Net book value	
At 30 June 2022	24
At 30 June 2021	26

The amortisation charge is recognised in administrative expenses in the profit and loss account.

10 Tangible fixed assets

	Assets Under Construction £000	Land and buildings £000	Plant and machinery and plant vehicles £000	Office equipment £000	Total £000
Cost					
Balance at 1 July 2021	41	7	5,960	94	6,102
Additions	9	-	622	24	655
Disposals	-	-	(90)	-	(90)
Balance at 30 June 2022	50	7	6,492	118	6,667
Depreciation and impairment					
Balance at 1 July 2021	-	1	2,133	36	2,170
Depreciation charge for the year	-	1	555	10	566
Disposals	-	-	(33)	-	(33)
Balance at 30 June 2022	-	2	2,655	46	2,703
Net book value					
At 30 June 2022	50	5	3,837	72	3,964
At 30 June 2021	41	6	3,827	58	3,932

Notes (continued)

11 Stocks

	2022	2021
	£000	£000
Raw materials and consumables	1,170	1,026
Finished goods	1,104	907
	<u>2,274</u>	<u>1,933</u>

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £20,035,000 (2021: £13,472,000).

12 Debtors

	2022	2021
	£000	£000
Trade debtors	3,175	2,014
Other debtors	725	201
Corporation Tax	20	4
	<u>3,920</u>	<u>2,219</u>

All debtors are due within one year.

13 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	620	643
Amounts due to group undertakings	2,781	2,677
Other creditors	304	520
	<u>3,705</u>	<u>3,840</u>

Notes (continued)

14 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2022 £000	2021 £000
Creditors falling due within less than one year		
Net amounts due to group undertakings	2,781	2,677
	<u>2,781</u>	<u>2,677</u>

The amounts due to group undertakings are wholly due to Frontier Agriculture Limited, presented in a net position within note 13.

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2022 £000	2021 £000
Amounts due to group undertakings	GBP	2.5%	-	On demand	2,850	3,200
					<u>2,850</u>	<u>3,200</u>

15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2022 £000	2021 £000
Accelerated capital allowances	505	230
	<u>505</u>	<u>230</u>

16 Capital and reserves

Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2022 £000	2021 £000
Less than one year	589	589
Between one and five years	2,354	2,354
More than five years	4,549	5,137
	<hr/> 7,492 <hr/>	<hr/> 8,080 <hr/>

During the year £703,000 (2021: £620,000) was recognised as an expense in the profit and loss account in respect of operating leases.

18 Defined contribution plans

The company operates a defined contribution plan. The total expense relating to this plan in the current year was £56,000 (2021: £37,000).

19 Related parties

The Company is a wholly owned subsidiary of Frontier Agriculture Limited. Consequently the Company is exempt under section 33.1A of FRS 102 "Related Party Disclosures" from disclosing related party transactions with wholly owned subsidiaries of Frontier Agriculture Limited.

20 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Frontier Agriculture Limited, the ultimate controlling party.

The largest group in which the results of the Company are consolidated is that headed by Frontier Agriculture Limited, whose registered address is Weston Centre, 10 Grosvenor St, London W1k 4QY and which is incorporated in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from Companies House.

21 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The directors consider that there are no significant accounting estimates and judgements impacting these financial statements.