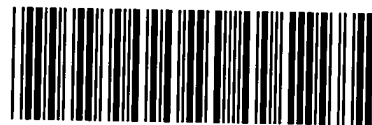


FAST FORWARD FFW LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

WEDNESDAY



AAD25DG0

A28

15/09/2021

#46

COMPANIES HOUSE



FAST FORWARD FFW LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Contents	Pages
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Independent auditor's report to the members of Fast Forward FFW Limited	8
Profit and loss account	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14

DIRECTORS

Greg Jardine
Shelagh Hancock

COMPANY SECRETARY

Angus Waugh

REGISTERED OFFICE

The Lake District Creamery
Station Road
Aspatria
Wigton
Cumbria
CA7 2AR

REGISTERED NUMBER

07706327

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow
United Kingdom
G1 3BX

SOLICITORS

Dentons LLP
Quartermile One
15 Lauriston Place
Edinburgh
EH3 9EP

PRINCIPAL BANKERS

Lloyds Banking Group
Level 6
110 St Vincent St
Glasgow
G2 5ER

DEBT PROVIDERS

Wells Fargo Capital Finance
33 King William Street
London
EC4R 9AT



The directors of Fast Forward FFW Limited (the "Company") present their strategic report for the year ended 31 March 2021. The Company's registered number is 07706327.

THE BUSINESS AND PRINCIPAL ACTIVITY

Fast Forward FFW Limited is a subsidiary undertaking of First Milk Limited, a dairy farmers' co-operative registered under the Co-operative and Community Benefit Societies Act 2014 (number: 29199R). The principal activities of the Group are the marketing of milk on behalf of its members and the manufacture and sale of dairy products.

Fast Forward FFW Limited produces premium whey proteins at the Lake District Creamery site operated by First Milk Limited's wholly owned subsidiary, The First Milk Cheese Company Limited. Products are sold via a strategic sales and distribution partnership with Haverro Hoogwegt. Haverro Hoogwegt is a global specialist in dairy proteins, supplying more than 50 countries.

The principal activity of the Company is the production of premium whey proteins.

RESULTS

The financial statements on pages 11 to 22 detail the trading results of the Company for the year ended 31 March 2021 and the financial position as at that date.

The profit and loss account on page 11 of this annual report shows a profit after tax for the year of £219k (2020: £912k). The Company's turnover for the year was £9,173k (2020: £9,714k). The performance for the year was in line with budget and expectations. The balance sheet on page 12 shows the Company's net assets at 31 March 2021 of £4,133k (2020: £3,914k).

KEY PERFORMANCE INDICATORS ("KPIs")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company is in a net current asset position as at 31 March 2021.

The market for WPC80 powders continues to grow and our strategic sales and distribution partnership with Haverro Hoogwegt enables us to have a global reach to maximise the returns for WPC80 in the market.

PRINCIPAL RISKS AND UNCERTAINTIES

Regulatory risk

The process for the production of premium whey products must comply with various regulatory regimes in areas such as health and safety and environmental legislation. This is achieved through a contractual arrangement with The First Milk Cheese Company Limited, which manufactures the products. The directors of the Company monitor the activities of The First Milk Cheese Company Limited in manufacturing its products.

Market risk

Market risk is addressed via our strategic sales and distribution partnership with Haverro Hoogwegt. Haverro Hoogwegt is a global specialist in dairy proteins, supplying more than 50 countries.

Fraud risk

The Company recognises the risk of fraud. This risk is mitigated through reviews of controls within systems conducted, where appropriate, with the assistance of internal auditors, and by the operation of an Anti-bribery and Corruption Policy.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Cyber risk and risk of data breach

The Company recognises the risks to IT systems and data from cyber-attacks. These risks are mitigated by the use of up-to-date anti-virus software, regular back-up of data and use of cloud-based storage. The board has addressed the risk of personal data breaches by staff training and the adoption of policies on privacy and acceptable use of IT equipment.

Brexit risk

The decision by the United Kingdom to leave the European Union created uncertainties about our future trading relationship with the EU right up until the 31 December deadline. Despite the uncertainty in the early part of the year, and the additional administrative burdens of exporting after the agreement, we continued to grow the Group's export cheese volumes, with sales continuing to more than 26 countries across the globe.

There remain some minor risks in relation to labour (especially for 3rd party hauliers) and additional administration requirements to export products. The Board addresses these uncertainties by monitoring developments and government guidance and taking mitigating actions where appropriate.

COVID-19

The COVID-19 pandemic has created short-term and long-term risks. However, the financial year to 31 March 2021 has shown the pandemic did not have a material effect on Fast Forward FFW Limited's operational or financial performance. We maintained operational continuity throughout the year while ensuring our colleagues and members were safe and we continued to perform in line with expectations, delivering solid financial progress for our members.

The COVID-19 pandemic has accelerated some of the change that the Group was already seeing in food markets in terms of consumer expectations around sustainability and transparency. The Group's First4Milk sustainability programme, as well as investment in capacity and productivity mean the Group remains well placed to serve our customer partners, as we work together to deliver dairy prosperity.

The long-term economic impact of the pandemic is not known. Undoubtedly, we face the same global challenges as all other organisations but the board will address these risks by monitoring developments and will factor potential impacts into its decision making working together to adapt and decarbonise our supply chain, leveraging our co-operative values and exploring new opportunities to continue to deliver value for our members.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a number of financial risks including price, credit, interest rate, liquidity and fraud risk. The use of financial derivatives is governed by the Group's risk management framework as approved by the Board of Directors. The Company does not use derivative financial instruments for speculative purposes.

Price risk

The risk of the Company receiving low prices compared to market levels is mitigated by the use of up-to-date market intelligence. The price of whey products is subject to international price volatility. The Company addresses this risk through producing added value whey proteins.

Credit risk

The Company's principal financial assets are trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. A provision is made where there is an identified triggering event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Credit risk attributable to trade receivables is mitigated through the use of credit insurance.

Interest rate risk

The Company's activities expose it to the financial risks of changes in interest rates. The parent company, Fast Forward FFW Limited, uses interest rate swap contracts, where appropriate, to hedge the exposures for the Group.



FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Group aims to use a mixture of long-term and short-term debt finance. Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows.

**Approved by the Board of Directors
and signed by order of the Board**



**Angus Waugh
Secretary
30 June 2021**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

BUSINESS PERFORMANCE

The trading results for the year ended 31 March 2021 and the financial position as at 31 March 2021 are detailed in the strategic report and on pages 11 to 22 of the financial statements.

FUTURE DEVELOPMENTS

The expected future developments of the Company are contained in the strategic report.

DIVIDENDS

No dividends were paid during the year (2020: £nil) and no recommendation is made in respect of dividends to be paid.

FINANCIAL RISK MANAGEMENT

The financial risk management of the Company is contained in the strategic report.

DIRECTORS

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

Shelagh Hancock
Greg Jardine

DIRECTORS INDEMNITIES

The company has not made qualifying third-party indemnity provisions for the benefit of its directors.

EMPLOYMENT POLICIES

The Company has no direct employees. Staff are employed by The First Milk Cheese Company Limited (a subsidiary entity of First Milk Limited).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report, the Strategic 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102), 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; and
- 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.



DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each of the persons who are directors of the Company at the date when this report was approved:

- so far as each of the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

INDEPENDENT AUDITOR

A resolution to reappoint Deloitte LLP as auditor for the Group will be proposed at the forthcoming AGM of First Milk Limited. If this resolution is passed, the Company proposes to reappoint Deloitte as the Company's auditor. Their report on these financial statements can be found on pages 8 to 10.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Company is dependent on its parent company, First Milk Limited ("Group") for financial support and funding. The information presented below is in respect of the going concern of the Group and is included here as the going concern of the Company is dependent upon the Group's own ability to continue as a going concern.

The directors of the Company have received a letter of formal support from First Milk Limited stating that they will continue to provide financial support to the Company to enable it to meet its liabilities as they fall due until at least one year from date of approval of the financial statements.

Current Trading and Borrowings

The year to 31 March 2021 saw a fifth consecutive profitable year for the Group at both the Operating Profit and Net Profit levels, and despite a global pandemic profits were delivered in line with plans. The Group's operating profit before exceptional items was £8.1m (2020: £7.5m). Net profit for the year was £5.6m compared to a profit of £4.5m in 2020.

In the first quarter of the year to 31 March 2022 the Group's trading and operational performance continues to track in line with expectations. Last years' experience of COVID-19 has shown the pandemic did not have a material effect on First Milk's operational and financial performance and while we had to ensure our colleagues and members were safe, we maintained operational continuity throughout the year. Lockdowns during 2020 resulted in consumption moving into the home and away from foodservice sectors. The Group's customer mix meant we did not suffer too much from the drop off in foodservice demand, and with retail cheese sales experiencing strong volume growth this led to increased demand for cheddar from the Group's largest customer, Ornuo Foods. Growth has not been limited to the domestic market as we have continued to grow the Group's export cheese volumes, with sales continuing to more than 26 countries across the globe. Raw Milk sales also grew as Nestlé benefitted from in-home demand for their chocolate and beverages while McQueen's Dairy benefitted from a surge in demand for doorstep deliveries.

The Group's net bank debt was maintained at the same level as last year at £33.0m. Borrowings have increased since year-end, however, this is due to the normal seasonal flow of funds and net debt and facility headroom remains consistent with expectations.

Funding

The Group's business is financed through a combination of members' capital contributions and debt facilities. Members' capital contributions are collected through the retention of 0.5 pence per litre from each member's milk payment until they reach their capital target. In the financial year members' capital contributions totalled £0.5m.

GOING CONCERN (CONTINUED)

On 6 April 2020 we renewed our long-term debt arrangement with Wells Fargo, extending the facility through to 31 July 2024 and increasing the maximum facility available from £62 million to £74 million. The amount available is dependent on the value of stock and debtors and is based on a percentage draw-down specified in the facility agreement, and a term loan on our fixed assets. These facilities are secured by fixed securities over certain Group assets, a floating charge over Scottish Milk Products Limited and a debenture over First Milk Limited, The First Milk Cheese Company Limited, Fast Forward FFW Limited and Lake District Biogas Limited. There are financial covenants applicable to the facilities, with which we have been complying since inception and we continue to comply with throughout the forecast period, that ensure there is a specified minimum level of headroom with the facility on any business day. The amount available from the revolving facility at 30 June 2021 was £57.7m (31 March 2021: £52.8m). The term loan is based on fixed asset values and at 30 June 2021 was £7.5m (31 March 2021: £7.7m). The Board's forecasts show that there is adequate headroom within the facilities over the next year.

Forecasts

The Board has undertaken a thorough review of the Group's forecasts and associated risks. These forecasts extend for a period beyond one year from the date of approval of these financial statements. The forecasts make key assumptions based on information available to the directors at the time of the approval of these financial statements that:

- the business will ensure profitability is achieved and returns to members, primarily through milk price, are maximised whilst also retaining sufficient profits to meet our business obligations and commitments;
- there is no material adverse impact in the bank facilities available to the Group as a result of the market value of stock falling, given this is a key feature in establishing the amount of borrowing facilities available to the Group, or other adverse working capital movements;
- key customer and supplier contracts continue as per their existing commercial arrangements over the contractually agreed periods; and
- COVID-19 continues not have a material effect on First Milk's financial and operational performance.

The directors have based their conclusions regarding going concern upon these forecasts.


Conclusion on Going Concern

At the date of these financial statements, the directors consider that, based upon the information available, financial projections and the existence of debt facilities available through to 31 July 2024, the Group will have adequate resources to continue in operational existence for the foreseeable future (being at least twelve months from the approval of these accounts) and consider it appropriate to adopt the going concern basis in preparing the financial statements.

POST BALANCE SHEET EVENTS

There were no events after the balance sheet date that require disclosure in these financial statements.

Approved by the Board of Directors



Greg Jardine
Director
30 June 2021



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Fast Forward FFW Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

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).

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 Financial Reporting Council's (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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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, 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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework[s] that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recorded around year-end when the contractual obligations may not be met: we have selected a sample of sales recorded during March 2021 and April 2021 and inspected the corresponding goods deliver notes in order to conclude if the sample has been recorded in the correct period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

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.



Paul Hazelton, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow
30 June 2021

	Note	2021 £'000	2020 As restated £'000
Turnover	4	9,173	9,714
Cost of sales		(8,868)	(8,505)
Gross profit		305	1,209
Administrative expenses		(172)	(116)
Operating profit	5	133	1,093
Finance income	8	23	27
Finance costs	9	(3)	(3)
Profit before taxation		153	1,117
Tax on profit	10	66	(205)
Profit for the financial year		<u>219</u>	<u>912</u>

There were no recognised gains or losses other than those shown in the profit and loss account for the current year and prior year. Accordingly, no statement of other comprehensive income is provided.

All results relate to continuing operations.

2020 restatement corrected an error in the prior year to better represent the split of costs between cost of sales and administrative expenses. Prior year cost of sales have been increased by £1,832k from £6,673k to £8,505k and administrative expenses have been correspondingly reduced from £1,948k to £116k. There was no impact on profit for the financial year or cashflow.



		2021	2020
	Note	£'000	£'000
Fixed assets			
Property, plant and equipment	11	1,077	1,583
Current assets			
Trade and other receivables	13	9,727	489
Cash		4	2,565
		9,731	3,054
Payables: amounts falling due within one year	14	(6,485)	(723)
Net current assets		3,246	2,331
Total assets less current liabilities		4,323	3,914
Payables: amounts falling due after more than one year		(190)	-
Net assets		4,133	3,914
Capital and reserves			
Called up share capital	18	1,686	1,686
Profit and loss account		2,447	2,228
Total shareholders' funds		4,133	3,914

The accounting policies and notes on pages 14 to 22 are an integral part of these financial statements.

The financial statements on pages 11 to 22 were approved by the Board of Directors on 30 June 2021 and signed on its behalf by:



Greg Jardine
Director

30 June 2021

FAST FORWARD FFW LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

Page 13

	Called up share capital	Profit and loss account	Total
	£'000	£'000	£'000
Balance at 1 April 2019	1,686	1,316	3,002
Profit and total comprehensive income in equity for the year	-	912	912
Balance at 31 March 2020	1,686	2,228	3,914
Profit and total comprehensive income in equity for the year	-	219	219
Balance at 31 March 2021	1,686	2,447	4,133



1. GENERAL INFORMATION

Fast Forward FFW Limited is a subsidiary undertaking of First Milk Limited, a dairy farmers' co-operative registered under the Co-operative and Community Benefit Societies Act 2014 (number: 29199R). The principal activities of the Group are the marketing of milk on behalf of its members and the manufacture and sale of dairy products.

Fast Forward FFW Limited produces premium whey proteins at the Lake District Creamery site operated by First Milk Limited's wholly owned subsidiary, The First Milk Cheese Company Limited. Products are sold via a strategic sales and distribution partnership with Haverro Hoogwegt. Haverro Hoogwegt is a global specialist in dairy proteins, supplying more than 50 countries.

The principal activity of the Company is the production of premium whey proteins.

Fast Forward FFW Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is The Lake District Creamery, Station Road, Aspatria, Wigton, Cumbria, CA7 2AR.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions if certain conditions have been complied with, including notification of and no objection to the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Fast Forward FFW Limited is a qualifying entity as its results are consolidated into the consolidated financial statements of First Milk Limited which are available from the Company Secretary, First Milk Limited, Glasgow Airport Business Park, 9 Marchburn Drive, Paisley, PA3 2SJ.

As a qualifying entity, the company has taken the following exemptions:

- i) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- ii) from the requirements of Section 7 Statement of Cash Flows and paragraph 3.17(d) of FRS 102; and
- iii) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

These financial statements are prepared on the going concern basis, which assumes that the Company will have adequate resources to continue in operational existence for the foreseeable future, under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Company is dependent on its parent company, First Milk Limited ("Group") for financial support and funding. The information presented below is in respect of the going concern of the Group and is included here as the going concern of the Company and is dependent upon the Group's own ability to continue as a going concern.

The directors of the Company have received a letter of formal support from First Milk Limited stating that they will continue to provide financial support to the Company to enable it to meet its liabilities as they fall due until at least one year from date of approval of the financial statements.

Current Trading and Borrowings

The year to 31 March 2021 saw a fifth consecutive profitable year for the Group at both the Operating Profit and Net Profit levels, and despite a global pandemic profits were delivered in line with plans. The Group's operating profit before exceptional items was £8.1m (2020: £7.5m). Net profit for the year was £5.6m, compared to a profit of £4.5m in 2020.

In the first quarter of the year to 31 March 2022 the Group's trading and operational performance continues to track in line with expectations. Last years' experience of the COVID-19 has shown the pandemic did not have a material effect on First Milk's operational and financial performance and while we had to ensure our colleagues and members were safe, we maintained operational continuity throughout the year. Lockdowns during 2020 resulted in consumption moving into the home and away from foodservice sectors. The Group's customer mix meant we did not suffer too much from the drop off in foodservice demand, and with retail cheese sales experiencing strong volume growth this led to increased demand for cheddar from the Group's largest customer, Ornu Foods. Growth has not been limited to the domestic market as we have continued to grow the Group's export cheese volumes, with sales continuing to more than 26 countries across the globe. Raw Milk sales also grew as Nestlé benefitted from in-home demand for their chocolate and beverages while McQueen's Dairy benefitted from a surge in demand for doorstep deliveries.

The Group's net bank debt was maintained at the same level as last year at £33.0m, borrowings have increased since year-end, however, this is due to the normal seasonal flow of funds and net debt and facility headroom remains consistent with expectations.

Funding

The Group's business is financed through a combination of members' capital contributions and debt facilities. Members' capital contributions are collected through the retention of 0.5 pence per litre from each member's milk payment until they reach their capital target. In the financial year members' capital contributions totalled £0.5m.

On 6 April 2020 we renewed our long-term debt arrangement with Wells Fargo, extending the facility through to 31 July 2024 and increasing the maximum facility available from £62 million to £74 million. The amount available is dependent on the value of stock and debtors and is based on a percentage draw-down specified in the facility agreement, and a term loan on our fixed assets. These facilities are secured by fixed securities over certain Group assets, a floating charge over Scottish Milk Products Limited and a debenture over First Milk Limited, The First Milk Cheese Company Limited, Fast Forward FFW Limited and Lake District Biogas Limited. There are financial covenants applicable to the facilities, with which we have been complying since inception and we continue to comply with throughout the forecast period, that ensure there is a specified minimum level of headroom with the facility on any business day. The amount available from the revolving facility at 30 June 2021 was £57.7m (31 March 2021: £52.8m). The term loan is based on fixed asset values and at 30 June 2021 was £7.5m (31 March 2021: £7.7m). The Board's forecasts show that there is adequate headroom within the facilities over the next year.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOING CONCERN (CONTINUED)

Forecasts

The Board has undertaken a thorough review of the Group's forecasts and associated risks. These forecasts extend for a period beyond one year from the date of approval of these financial statements. The forecasts make key assumptions based on information available to the directors at the time of the approval of these financial statements that:

- the business will ensure profitability is achieved and returns to members, primarily through milk price, are maximised whilst also retaining sufficient profits to meet our business obligations and commitments;
- there is no material adverse impact in the bank facilities available to the Group as a result of the market value of stock falling, given this is a key feature in establishing the amount of borrowing facilities available to the Group, or other adverse working capital movements;
- key customer and supplier contracts continue as per their existing commercial arrangements over the contractually agreed periods; and
- COVID-19 continues not have a material effect on First Milk's financial and operational performance.

The directors have based their conclusions regarding going concern upon these forecasts.

Conclusion on Going Concern

At the date of these financial statements, the directors consider that, based upon the information available, financial projections and the existence of debt facilities available through to 31 July 2024, the Group will have adequate resources to continue in operational existence for the foreseeable future (being at least twelve months from the approval of these accounts) and consider it appropriate to adopt the going concern basis in preparing the financial statements.

Revenue recognition

Revenue, which is stated net of value added tax, represents amounts invoiced to third parties for goods or services supplied during the year, and is recognised on the manufacture and sale of whey products. Revenue and operating surplus relate to the continuing operations of the Company and are all attributable to the principal business activity.

Property, plant and equipment

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is calculated by writing off the cost of tangible fixed assets, less their residual value, by equal annual instalments over their estimated useful lives. The useful economic life of land and buildings is estimated at 25 years and plant and equipment is estimated at 10 years.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Inventory cost and provisioning

Inventory is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes direct costs together with attributable overheads. Inventory cost is released to the profit and loss account based on an average monthly price and on a First In First Out (FIFO) basis. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion. Inventory cost released to the profit and loss account in the year was £7,735k (2020: £5,412k).

Impairment of receivables

Receivables are regularly assessed for their recoverability and appropriate provisions are made where recovery is in doubt.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets on fixed assets and tax losses at the balance sheet date have not been recognised on the basis that there is insufficient evidence that these assets will be recovered.

Foreign currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Sterling, which is the Company's functional currency.

Transactions denominated in foreign currencies are translated into the functional currency of the entity using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in currencies are translated into Sterling at the rates of exchange ruling at the period-end.

Differences arising on translation of transactions are charged or credited to the profit and loss account.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates. There were no critical judgements or key sources of estimation uncertainty made by the directors in applying the company's accounting policies in the current year.

4. TURNOVER

Turnover, which is stated net of value added tax, represents the invoiced amount of goods sold and delivered during the year. Turnover and operating profit relate to the continuing operations of the Company and are all attributable to the principal business activity, being the manufacture and distribution of whey products.

The majority of the turnover is to continental Europe £8,545k (2020: £9,489k) with the remaining balance of £628k (2020: £225k) being to the United Kingdom.

5. OPERATING PROFIT

Operating profit is stated after charging:

	2021	2020
	£'000	£'000
Depreciation on tangible fixed assets - owned	506	508
Auditor's remuneration - audit of the financial statements	5	5

6. DIRECTORS

All directors receive remuneration for services to the First Milk Limited Group, of which Fast Forward FFW Limited is a member, but the proportion attributable to Fast Forward FFW Limited is not separately identifiable. Full disclosure is made in the financial statements of First Milk Limited.

7. STAFF COSTS

The Company had no employees during the financial year. A management recharge is made from The First Milk Cheese Company Limited for employee services to the company.

8. FINANCE INCOME

	2021	2020
	£'000	£'000
Interest on short term deposits with banks	23	27

9. FINANCE COSTS

	2021	2020
	£'000	£'000
Bank loans and overdraft	3	3

10. TAX ON PROFIT

	2021	2020
	£'000	£'000
Current taxation		
UK corporation tax on profits for the period	-	263
Adjustments in respect of prior periods	(27)	-
	(27)	263
Deferred tax		
Origination and reversal of timing differences	(39)	(21)
Adjustment in respect of previous periods	-	(30)
Effect of changes in tax rates	-	(7)
Total deferred tax	(39)	(58)
Tax on profit	(66)	205
	2021	2020
	£'000	£'000
Profit on ordinary activities before taxation	153	1,117
Tax charge on profit on ordinary activities at standard rate in the UK 19% (2020: 19%)	29	212
<i>Factors affecting the charge for the year:</i>		
Effects of group relief	(72)	-
Tax rate changes	-	(7)
Expenses not deductible	4	30
Adjustments in respect of prior periods	(27)	(30)
Total tax charge	(66)	205

The rate used to calculate deferred tax in these Financial Statements is 19% (2020: 19%), since this is the expected rate that will apply when the deferred tax timing differences reverse.



11. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Plant & equipment	Total
	£'000	£'000	£'000
Cost:			
At 1 April 2020	448	5,286	5,734
Additions	-	-	-
At 31 March 2021	448	5,286	5,734
Accumulated depreciation:			
At 1 April 2020	141	4,010	4,151
Charge for the year	19	487	506
At 31 March 2021	160	4,497	4,657
Net book value:			
At 31 March 2021	288	789	1,077
At 31 March 2020	307	1,276	1,583

12. INVENTORIES

	2021	2020
	£'000	£'000
Inventories	-	-

The amount of inventories recognised as an expense during the year was £7,735k (2020: £7,244k).

13. TRADE AND OTHER RECEIVABLES

	2021	2020
	£'000	£'000
Trade debtors	591	338
Amounts due from Group undertakings	8,967	-
Value added tax	2	6
Prepayments and accrued income	42	59
Deferred tax asset (note 17)	125	86
	9,727	489

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Amounts owed to group undertakings	6,093	398
Corporation tax	79	105
Provisions	-	82
Accruals and deferred income	301	111
Other creditors	12	27
	<u>6,485</u>	<u>723</u>

Amounts owed to other group undertakings are unsecured, bear no interest and are repayable on demand.

Amounts owed to other group undertakings represent trading balances with The First Milk Cheese Company Limited of £6,093k (2020: £398k).

15. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£'000	£'000
Bank loans (note 16)	190	-

16. BANK BORROWINGS

	2021	2020
	£'000	£'000
Within one year	-	-
Due in more than one year	190	-
	<u>190</u>	<u>-</u>

Borrowings at 31 March 2021 of £190k (2020: Nil) are secured by fixed securities over certain Group assets, a floating charge over Scottish Milk Products Limited and a debenture over First Milk Limited, The First Milk Cheese Company Limited, Fast Forward FFW Limited and Lake District Biogas Limited. These facilities are subject to financial covenants.

The directors consider that the carrying amount of bank borrowings approximates to their fair value.



17. DEFERRED TAX

	2021	2020
	£'000	£'000
Deferred tax (assets) / liabilities		
Provision at start of period	(86)	(28)
Deferred tax charged to income statement for the period	(39)	(28)
Adjustment in respect of prior years	-	(30)
	<u>(125)</u>	<u>(86)</u>

Deferred tax (assets) not recognised at the closing rate of 19% (2020: 19%)

Fixed assets	<u>(125)</u>	<u>(86)</u>
--------------	--------------	-------------

Deferred tax (assets) / liabilities

Recoverable within 12 months	(6)	(29)
Recoverable after 12 months	<u>(119)</u>	<u>(57)</u>
	<u>(125)</u>	<u>(86)</u>

The rate used to calculate deferred tax in these Financial Statements is 19% (2020: 19%), since this is the expected rate that will apply when the deferred tax timing differences reverse.

18. CALLED UP SHARE CAPITAL

	2021	2020
	£'000	£'000
Allotted and fully paid:		
1,686,186 (2020: 1,686,186) ordinary shares of £1 each held by First Milk Limited	<u>1,686</u>	<u>1,686</u>
	<u>1,686</u>	<u>1,686</u>

The Company has one class of ordinary shares which carry no right to fixed income.

19. RELATED PARTY TRANSACTIONS

During the year, the Company made purchases from The First Milk Cheese Company Limited, a wholly owned subsidiary of First Milk Limited, of liquid whey and manufacturing services of £5,208k (2020: £4,093k) and £2,491k (2020: £2,021k) respectively. Included within amounts owed to other group undertakings at 31 March 2021 are amounts owed to The First Milk Cheese Company Limited amounting to £6,093k (2020: £398k).

20. CONTROL

The Company's share capital is fully held by First Milk Limited. Copies of the financial statements of First Milk Limited are available from the Company Secretariat at Glasgow Airport Business Park, 9 Marchburn Drive, Paisley, PA3 2SJ.

21. POST BALANCE SHEET EVENTS

There were no events after the balance sheet date that require disclosure in these financial statements.