

Company Registration No. 08497200 (England and Wales)

BELTON FARM GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



BELTON FARM GROUP LIMITED

COMPANY INFORMATION

Directors

Mr J C Beckett
Mr N Kennedy
Mr W J W Neville

Company number

08497200

Registered office

Belton
Whitchurch
Shropshire
SY13 1JD

Auditor

Azets Audit Services
Alpha House
4 Greek Street
Stockport
Cheshire
SK3 8AB

BELTON FARM GROUP LIMITED

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BELTON FARM GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Belton Farm Group (Belton) is an independent business owned and run by third generation cheesemaker Justin Beckett who produce Classic, Contemporary and Vat-made British Cheese. Our range includes a variety of British Cheese led by our Red, White and Smoked Red Fox brands as well as several classic crumbly and hard-pressed territorial cheese. Our purpose is to produce the very best tasting cheese and provide excellent customer service. The business is underpinned by our continuous investment in our people and partnerships as well as plant and machinery.

Our milk is supplied by a dedicated pool of loyal and local dairy farmers operating to the highest standards of animal welfare and environmental protection. We pride ourselves on being able to pay our farmers a strong and sustainable price for their milk that provides stability for their businesses and the confidence for them to invest.

The comparative information was reported in the accounts of Belton farm Group Holdings Limited for the year ended 31 December 2020, as noted above on 4 January 2021 Belton Farm Group Limited completed the acquisition of this company and the financial statements for Belton Farm Group Limited for the year ended 31 December 2021 relate only to the period following the acquisition.

Performance

Belton Farm Limited delivered another strong performance in 2021 with both turnover and profit increasing. Gross turnover has increased to £33.8M (2020: £31.5M), cheese sales by volume has also increased by 9% on 2020. Profit before tax was £2.3M (2020 £1.9M).

Investment in packing and processing

Belton Farm Group continues to invest in its packing and processing facilities. In 2022, the packing operation previously carried out at our site in Wrexham will be transferred to Whitchurch, thereby bringing all the Group's activities to one site, which will enhance and streamline operations as well as reduce costs.

Inflation

The industry and the economy are dealing with hyperinflation, currently at a 40 year high of 11%. The main cost of the group is milk, which makes up around 80-85% of total cost of sales. Over the past 12 months there has been an increase of circa 55% on the milk price per litre.

Energy is another cost that exceeds the average. To mitigate this cost, we will be installing more solar panels towards the end of 2022 which will reduce our reliance on grid electricity to less than half our total usage.

Strengthening our business

Our strong and diverse customer base across the UK continues to grow and is based on long term relationships. Belton's targeted marketing activity has remained focused on "*There's more to cheese than cheddar*" building awareness to attract new customers. Export sales have been strong, working together with our export partners they now account for 15% of total sales.

2021 saw the first full year of running our Belton Farm online shop, which has been well received by many loyal customers, and is an excellent tool for marketing and brand awareness.

Belton is committed to social responsibility and for 12 years we have been striving to reduce emissions. Our absolute greenhouse gas emissions have reduced by 32% and our relative (to activity) emissions by 48%.

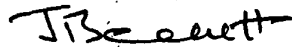
Sustainability has always been a key consideration at Belton and the increasing, wider recognition of this important area for both businesses and consumers is well received. To ensure a more holistic understanding across our business – in 2022 a multifunctional team of personnel has been established. The role of this team being both to consolidate all the work done over many years, with new ideas and targets for continuous improvement.

BELTON FARM GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board



Mr J C Beckett

Director

Date: 5 August 2022

BELTON FARM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of a holding company.

The principal activities of the group are as follows:

Belton Farm Limited - Manufacture and distribution of cheese products.

Belton Farm Trading Limited - Farming activities.

Belton Packing & Logistics Limited - Packaging and logistical activities.

Belton Farm Group Holdings Limited - Holding company.

Results and dividends

The results for the year are set out on page 9.

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

Directors

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

Mr J C Beckett

Mr N Kennedy (Resigned 31 December 2021)

Mr W J W Neville

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

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

On behalf of the board



Mr J C Beckett

Director

Date: 5 August 2022

BELTON FARM GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BELTON FARM GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BELTON FARM GROUP LIMITED

Opinion

We have audited the financial statements of Belton Farm Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent 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.

BELTON FARM GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BELTON FARM GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

BELTON FARM GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BELTON FARM GROUP LIMITED

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

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

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

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

BELTON FARM GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BELTON FARM GROUP LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Azets Audit Services

Don Bancroft (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Chartered Accountants
Statutory Auditor

Date: *5 August 2022*

Alpha House
4 Greek Street
Stockport
Cheshire
United Kingdom
SK3 8AB

BELTON FARM GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	33,844,736	-
Cost of sales		(28,430,221)	-
Gross profit		5,414,515	-
Administrative expenses		(2,720,102)	-
Other operating income		33,331	-
Operating profit	4	2,727,744	-
Interest receivable and similar income	7	22,238	-
Interest payable and similar expenses	8	(432,350)	-
Profit before taxation		2,317,632	-
Tax on profit	9	(660,479)	-
Profit for the financial year	23	1,657,153	-

Profit for the financial year is all attributable to the owners of the parent company.

BELTON FARM GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Profit for the year	1,657,153	-
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,657,153</u>	<u>-</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

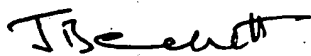
BELTON FARM GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10	7,752,796		-	
Investments	11	145,967		-	
		<u>7,898,763</u>			
Current assets					
Stocks	13	16,232,925		-	
Debtors	14	5,308,511		1	
Cash at bank and in hand		104,641		-	
		<u>21,646,077</u>		<u>1</u>	
Creditors: amounts falling due within one year	15	(11,073,142)		-	
Net current assets		<u>10,572,935</u>			<u>1</u>
Total assets less current liabilities		<u>18,471,698</u>			<u>1</u>
Creditors: amounts falling due after more than one year	16	(5,839,634)		-	
Provisions for liabilities					
Deferred tax liability	19	591,521		-	
		<u>(591,521)</u>			
Net assets		<u>12,040,543</u>			<u>1</u>
Capital and reserves					
Called up share capital	22	10,000		1	
Other reserves	23	10,373,390		-	
Profit and loss reserves	23	1,657,153		-	
Total equity		<u>12,040,543</u>			<u>1</u>

The financial statements were approved by the board of directors and authorised for issue on 5 August 2022 and are signed on its behalf by:



Mr J C Beckett
Director

BELTON FARM GROUP LIMITED


COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	11	18,117,889		-	
Current assets					
Debtors	14	77,511		1	
Creditors: amounts falling due within one year	15	(5,200,558)		-	
Net current (liabilities)/assets		(5,123,047)		1	
Total assets less current liabilities		12,994,842		1	
Creditors: amounts falling due after more than one year	16	(2,734,500)		-	
Net assets		10,260,342		1	
Capital and reserves					
Called up share capital	22	10,000		1	
Other reserves	23	10,373,390		-	
Profit and loss reserves	23	(123,048)		-	
Total equity		10,260,342		1	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £123,048 (2020 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 5 August 2022 and are signed on its behalf by:



Mr J C Beckett
Director

Company Registration No. 08497200

BELTON FARM GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2020		-	-	-	-
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	-	-
Issue of share capital	22	1	-	-	1
Balance at 31 December 2020		1	-	-	1
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	1,657,153	1,657,153
Issue of share capital	22	9,999	10,373,390	-	10,383,389
Balance at 31 December 2021		10,000	10,373,390	1,657,153	12,040,543

BELTON FARM GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2020		-	-	-	-
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	-	-
Issue of share capital	22	1	-	-	1
Balance at 31 December 2020		1	-	-	1
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(123,048)	(123,048)
Issue of share capital	22	9,999	10,373,390	-	10,383,389
Balance at 31 December 2021		10,000	10,373,390	(123,048)	10,260,342

BELTON FARM GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	26	6,188,592	-		
Interest paid		(432,350)	-		
Income taxes paid		(314,557)	-		
Net cash inflow/(outflow) from operating activities		5,441,685	-		
Investing activities					
Cash consideration on acquisition of shares	24	(5,000,000)	-		
Purchase of tangible fixed assets		(167,780)	-		
Proceeds on disposal of tangible fixed assets		148,382	-		
Net cash used in investing activities		(5,019,398)	-		
Financing activities					
Repayment of borrowings		(130,962)	-		
Repayment of bank loans		(186,684)	-		
Net cash used in financing activities		(317,646)	-		
Net increase in cash and cash equivalents		104,641	-		
Cash and cash equivalents at beginning of year		-	-		
Cash and cash equivalents at end of year		104,641	-		

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Belton Farm Group Limited ("the company") is a private limited company, domiciled and incorporated in England and Wales. The registered office is Belton, Whitchurch, Shropshire, SY13 1JD.

The group consists of Belton Farm Group Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Belton Farm Group Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

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

1.5 Turnover

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

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

1.6 Tangible fixed assets

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

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

Freehold land and buildings	10% pa reducing balance
Plant and machinery	15% pa reducing balance
Fixtures, fittings and equipment	15% pa reducing balance
Motor vehicles	20% pa reducing balance

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

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any):

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. The company values stock at a 2-3 month average selling price less margin rather than standard cost as this valuation method also takes into account external factors which affect product value.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

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

Current tax

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

Deferred tax

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

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

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

1 Accounting policies

(Continued)

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

1.16 Leases

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

1.17 Government grants

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

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

1.18 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

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

Stock valuation

Stock valuation is a key accounting estimate for the company. Due to the nature of products which the company make and their varying maturity times the company chooses to estimate the cost of stock at a 2-3 month average selling price less a specified margin rather than standard cost as due to the varying maturity times the value of the cheese will change over the maturity process.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Turnover	33,844,736	-
	2021 £	2020 £
Other significant revenue		
Interest income	22,238	-
Insurance claims receivable	33,331	-
	2021 £	2020 £
Turnover analysed by geographical market		
UK	32,956,448	-
EC	725,631	-
Non-EC	162,657	-
	33,844,736	-

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	762,438	-
Profit on disposal of tangible fixed assets	(37,920)	-
Operating lease charges	33,042	-

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,675	-
Audit of the financial statements of the company's subsidiaries	37,575	-
	<u>41,250</u>	<u>-</u>

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Production	91	-	-	-
Management and administration	18	-	3	-
Laboratory and maintenance	15	-	-	-
Total	<u>124</u>	<u>-</u>	<u>3</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	3,772,953	-	-	-
Social security costs	372,015	-	-	-
Pension costs	107,603	-	-	-
	<u>4,252,571</u>	<u>-</u>	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Other interest income	<u>22,238</u>	<u>-</u>

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	185,614	-
Interest payable to group undertakings	40,351	-
Interest on receivables and stock financing	187,662	-
Other interest	18,723	-
	<u>432,350</u>	<u>-</u>
Total finance costs	<u>432,350</u>	<u>-</u>

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	542,300	-
	<u>542,300</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	118,179	-
	<u>118,179</u>	<u>-</u>
Total tax charge	<u>660,479</u>	<u>-</u>

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

	2021	2020
	£	£
Profit before taxation	2,317,632	-
	<u>2,317,632</u>	<u>-</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	440,350	-
Tax effect of expenses that are not deductible in determining taxable profit	4,589	-
Adjustments in respect of prior years	117	-
Permanent capital allowances in excess of depreciation	29,946	-
Other permanent differences	(174)	-
Change in deferred tax rates	185,651	-
	<u>660,479</u>	<u>-</u>
Taxation charge	<u>660,479</u>	<u>-</u>

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Tangible fixed assets

Group	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2021	-	-	-	-	-
Additions	-	167,780	-	-	167,780
Cost acquired on business combinations	5,372,598	10,145,451	288,853	142,190	15,949,092
Disposals	-	(185,458)	-	-	(185,458)
At 31 December 2021	5,372,598	10,127,773	288,853	142,190	15,931,414
Depreciation and impairment					
At 1 January 2021	-	-	-	-	-
Depreciation charged in the year	192,827	547,852	4,435	17,324	762,438
Eliminated in respect of disposals	-	(74,996)	-	-	(74,996)
Depreciation acquired on business combinations	599,173	6,579,475	256,956	55,572	7,491,176
At 31 December 2021	792,000	7,052,331	261,391	72,896	8,178,618
Carrying amount					
At 31 December 2021	4,580,598	3,075,442	27,462	69,294	7,752,796

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

11 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	12	-	-	18,117,889	-
Listed investments		145,967	-	-	-
		145,967	-	18,117,889	-
Listed investments included above:					
Listed investments carrying amount		145,967	-	-	-

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Fixed asset investments

(Continued)

Movements in fixed asset investments Group

Investments
£

Cost or valuation

Cost acquired on business combinations

124,034

Valuation changes

21,933

At 31 December 2021

145,967

Carrying amount

At 31 December 2021

145,967

At 31 December 2020

-

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 January 2021

-

Additions

20,672,335

At 31 December 2021

20,672,335

Impairment

At 1 January 2021

-

Impairment losses

2,554,446

At 31 December 2021

2,554,446

Carrying amount

At 31 December 2021

18,117,889

At 31 December 2020

-

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Belton Farm Group Holdings Limited	England	Ordinary	100.00
Belton Farm Limited	England	Ordinary	100.00
Belton Farm Trading Limited	England	Ordinary	100.00
Belton Packing & Logistics Limited	England	Ordinary	100.00

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	364,636	-	-	-
Finished goods and goods for resale	15,868,289	-	-	-
	<u>16,232,925</u>	<u>-</u>	<u>-</u>	<u>-</u>

14 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	4,976,715	-	-	-
Unpaid share capital	1	1	1	1
Other debtors	274,179	-	77,510	-
Prepayments and accrued income	57,616	-	-	-
	<u>5,308,511</u>	<u>1</u>	<u>77,511</u>	<u>1</u>

15 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	17	186,522	-	-	-
Other borrowings	17	108,745	-	-	-
Trade creditors		2,276,388	-	-	-
Amounts owed to group undertakings		-	-	5,200,558	-
Corporation tax payable		382,182	-	-	-
Other taxation and social security		172,737	-	-	-
Other creditors		7,332,143	-	-	-
Accruals and deferred income		614,425	-	-	-
		<u>11,073,142</u>	<u>-</u>	<u>5,200,558</u>	<u>-</u>

Other creditors include a receivables financing balance of £3,309,053 (2020: £2,329,768) secured on the trade debtors of the group.

Other creditors include a stock financing balance of £3,604,341 (2020: nil) secured on the stock of group.

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Convertible loans	18	2,734,500	-	2,734,500	-
Bank loans and overdrafts	17	2,940,493	-	-	-
Other borrowings	17	148,412	-	-	-
Government grants	20	16,229	-	-	-
		<u>5,839,634</u>	<u>-</u>	<u>2,734,500</u>	<u>-</u>

17 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	3,127,015	-	-	-
Other loans	257,157	-	-	-
	<u>3,384,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payable within one year	295,267	-	-	-
Payable after one year	3,088,905	-	-	-

Bank loan and overdraft securities are as follows:

1) Legal charge dated 02 July 2020 over Freehold property known as Belton Cheese Production & Processing Plant, Belton, Shropshire, SY13 1JD.

2) Legal charge dated 02 July 2020 over Freehold property known as Belton Farm, Belton, Shropshire, SY13 1JD.

3) Unlimited multilateral guarantee dated 02 July 2020 given by: all group companies: Belton Farm Group Limited, Belton Farm Group Holdings Limited, Belton Farm Limited, Belton Farm Trading Limited and Belton Packing & Logistics Limited.

4) Debenture included fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future dated 02 July 2020.

The other loans are unsecured and interest is charged at 5.5% above base rate.

The bank loans are repayable by monthly instalments, with interest charged at 2.5% over base rate (which can vary from time to time).

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Loan notes

	Group 2021 £	2020 £	Company 2021 £	2020 £
Loan notes	2,734,500	-	2,734,500	-

The company issued loan notes to the value of £2,734,500 on 04 January 2021.

These loan notes are unsecured and are subordinated to the bank debt.

The proposed term of the loan notes is 7 years and the company can elect to make repayments over the term. Interest is paid at 4.5% annually.

19 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Group		
Accelerated capital allowances	591,521	-

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 04 January 2021 acquired from business combinations	473,342	-
Charge to profit or loss	118,179	-
Liability at 31 December 2021	591,521	-

20 Deferred grants

	Group 2021 £	2020 £	Company 2021 £	2020 £
Arising from government grants	16,229	-	-	-

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	107,603	-

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Included within other taxation and social security are pensions amounts outstanding of £30,610 (2020: £18,208).

22 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and not fully paid				
Ordinary shares of £1 each	10,000	1	10,000	1

On 04 January 2021 the company issued 9,999 Ordinary shares of £1 each. Consideration was valued at £10,383,390.

23 Reserves

Included in the Group reserves of the trading entities are non-distributable reserves of £2,327,061 relating to previous revaluations of assets.

Included within other reserves is an amount of £10,373,390. This relates to a merger reserve recognised in accordance with section 612 of the Companies Act and follows the issue of equity shares in order to acquire equity shares in Belton Farm Group Holdings Limited.

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

24 Acquisition of a business

On 4 January 2021 the company acquired 100% of the issued share capital of Belton Farm Group Holdings Limited.

Net assets acquired	Book Value £	Adjustments £	Fair Value £
Property, plant and equipment	8,457,916	-	8,457,916
Investments	124,034	-	124,034
Inventories	14,890,777	-	14,890,777
Trade and other receivables	5,733,689	-	5,733,689
Cash and cash equivalents	50,663	-	50,663
Borrowings	(3,701,818)	-	(3,701,818)
Trade and other payables	(6,604,070)	-	(6,604,070)
Tax liabilities	(282,450)	-	(282,450)
Fair value adjustment	-	(77,509)	(77,509)
Deferred tax	(473,342)	-	(473,342)

Total identifiable net assets	18,195,399	(77,509)	18,117,890
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Goodwill

Total consideration	18,117,890
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The consideration was satisfied by:

Cash	5,000,000
Issue of shares	10,383,390
Issue of loan notes	2,734,500
	18,117,890

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

Turnover	33,844,736
Profit after tax	1,652,671

On 04 January 2021 Belton Farm Group Limited acquired the business of Belton Farm Group Holdings Limited and all of its subsidiaries. The principal activity of the group is the manufacture and distribution of cheese.

At 04 January 2021 the net assets of the group amounted to £18,195,399.

BELTON FARM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	5,750	46,000	-	-
	<u>5,750</u>	<u>46,000</u>	<u>-</u>	<u>-</u>

26 Cash generated from/(absorbed by) group operations

	2021 £	2020 £
Profit for the year after tax	1,657,153	-
Adjustments for:		
Taxation charged	660,479	-
Finance costs	432,350	-
Investment income	(22,238)	-
Gain on disposal of tangible fixed assets	(37,920)	-
Depreciation and impairment of tangible fixed assets	762,438	-
Movements in working capital:		
Increase in stocks	(1,342,148)	-
Decrease in debtors	425,178	-
Increase in creditors	3,720,027	-
Decrease in deferred income	(66,727)	-
Cash generated from/(absorbed by) operations	<u>6,188,592</u>	<u>-</u>

27 Analysis of changes in net debt - group

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	-	104,641	104,641
Borrowings excluding overdrafts	-	(3,384,172)	(3,384,172)
Convertible loan notes	-	(2,734,500)	(2,734,500)
	<u>-</u>	<u>(6,014,031)</u>	<u>(6,014,031)</u>