

Company Registration No. SC156515 (Scotland)

**2 AGRICULTURE LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**2 JANUARY 2021**

PARENT COMPANY / GROUP ACCOUNTS

PROVIDING AUDIT EXEMPTION TO

2 AGRICULTURE MILKING LIMITED,

Co. No. : 10379729

SEE NOTE 21

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## 2 AGRICULTURE LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	R J Rafferty T J Curle G J Berry K L Sketcher
<b>Company number</b>	SC156515
<b>Registered office</b>	Fairview Mill Ingliston Newbridge Midlothian EH28 8NB
<b>Auditor</b>	Grant Thornton UK LLP The Colmore Building 20 Colmore Circus Birmingham B4 6AT

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## **2 AGRICULTURE LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 2 JANUARY 2021**

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The directors present the strategic report for the 53 week period ended 2 January 2021. The prior year was 52 weeks ending 28 December 2019.

##### **Fair review of the business**

The principal activity of the company and group is the production of animal feed and live poultry trading.

On the 13 February 2020, the company acquired 100% of the share capital of 2 Agriculture Milling Limited (formerly know as Bernard Matthews Green Energy Limited), see note 11 for further details. This is the first year the results have been consolidated.

The Consolidated Statement of Comprehensive Income shows a profit after taxation of £3,073,000 (2019: £3,068,000).

Despite the challenges presented by the Covid-19 pandemic, the company managed to meet demand for poultry feed to ensure food supplies were maintained throughout the period. Overall profitability improved year on year, with volumes sold in line with the previous year, due to improved margins from operating efficiencies and product performance.

Turnover increased £8,541,000 split by £5,690,000 increase in feed sales and £2,851,000 increase in live bird sales. The increase in feed sales reflects an increased selling price of 1.9% driven by year on year increased raw material commodity prices. The increase in live bird sales is mainly related to an increase in selling price due to increased global commodity prices.

Cost of sales increased by £6,695,000 split by £3,952,000 increase in feed raw materials and £2,743,000 increase in live bird purchases. The reason for the increase in feed raw material purchases is the same as increase in sales. The reason for the increase in live bird purchases, again is mainly related to increase in price of feed commodities.

Distribution costs have decreased by £768,000, 14% decrease, mainly due to reduced third party haulage and lower fuel costs.

Administration expenses increased by £2,409,000, mostly driven by increased investment in employee cost.

Net interest payable has reduced by £124,000 reflecting lower debt balances compared with 2019.

The company continues to invest significantly in mill equipment and infrastructure at each site to ensure high standards of productivity and efficiency are maintained.

During the year the Company utilised several production and manufacturing efficiency indicators to monitor and improve the Company's performance. The Company closely monitored raw materials and customer pricing on a product-by-product basis to ensure adequate margins were maintained.

## 2 AGRICULTURE LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

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#### Principal risks and uncertainties

##### Strategic risks

For 2021, the strategic risks have been identified and the consequences assessed for the remaining business. Suitable measures have been put in place to reduce the exposure and mitigate the consequences where possible.

The main strategic risks would come from the change in demand for British poultry and the impact on margins from high raw materials and other uncontrollable input costs. The business has in place various supply agreements with its customers that tracks sales price to commodity prices thereby reducing the risks to margin.

However, there are also risks against which the Company cannot fully protect itself such as a disease outbreak or a food safety crisis that may affect the number of poultry being grown in the UK. The Company tries to proactively deal with such risks and has taken initiatives to control the risks more effectively.

##### Operational risks

The Company faces a number of operational risks including raw material quality, loss of facility, health, safety and environmental risks.

Quality is assured by accreditation to Universal Feed Assurance Scheme (UFAS) HACCP systems, as well as adherence to many customer codes of practice. Additional rigorous testing of raw material and finished product is routinely carried out to ensure highest standards are met.

To assure safety the Company will coordinate its structural risk and an engineering program with the requirements of the insurers. Under the terms of a coordinated programme, measures are taken in respect of preventative maintenance and technical procedures. In the event of a major facility loss, contingency plans are in place to minimise business disruption.

Health, safety and the environment risks are regularly reviewed and prioritised, with work streams established to minimise the risk to people, equipment and property.

##### Financial risks

The Company operates within a framework of weekly reporting which covers weekly performance measures for profitability, cash flow and production. A set of monthly management accounts are also produced to manage the drivers of the business in a controlled manner so as to minimise the financial and operational impacts and risks upon the Company.

The Company monitors cash flow as part of its day to day control procedures. Regular consideration of the Company's cash flow projections enable management to ensure that the Company operates within the committed funding available to it.

#### Future developments and Covid-19

At the balance sheet date, the Company and group had advanced plans that support further growth anticipated for the future in line with our strategy. To support the growth in the poultry market throughout the UK, it is planned that the Company will continue to invest in the infrastructure of milling to support the poultry supply chain and the development of its employees.

In relation to the Covid-19 pandemic, as a business we are continuing to take steps to safeguard the health and wellbeing of our employees in line with government guidelines, and to ensure that production and distribution of feed to our customers can continue uninterrupted. The ongoing situation is monitored daily by senior management. Where possible, staff that can work from home do so, and for staff that need to attend site, or transport feed, we have implemented social distancing and enhanced hygiene measures. The Directors assess that the risk to the business relating to volumes is minimal, given the large proportion of our customers that serve the food retail sector which is classed as a key service and continues to operate throughout the situation. We liaise closely with suppliers of ingredients, goods and services to ensure business operations continue uninterrupted.

## 2 AGRICULTURE LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 2 JANUARY 2021

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##### **S172 statement**

The group understands the importance for the business at all levels, the Board of Directors, to engage with its shareholders and stakeholders to gain a better understanding of what areas they are concerned about and how decisions have impacted them.

In accordance with the duties detailed in section 172 of the Companies Act 2006, a director must act in the way he considers, in good faith, would be most likely to promote the success of the Group for the benefit of the members as a whole, and in doing so have regard (amongst other matters) to:

##### *a) The likely consequences of any decision in the long term*

The Group is headed by an effective Board of Directors bringing a wide range of commercial, agricultural and financial experience and is collectively responsible for leadership and the long term success of the business. The Group's strategy is designed to have a long-term beneficial impact on the Group, contributing to its success and deliver value to the poultry supply chain. The Group continues to operate in a prudent manner in line with market conditions.

##### *b) The interests of the Group's employees*

Our employees are a key resource to the success of our business. Employees are remunerated in line with performance and the roles that they undertake within the business. They are supported in pursuing opportunities for personal development and career progression including the availability of external training. The Apprentice Levy is used where available in respect of NVQ courses undertaken. We provide employees with regular updates via briefings, employee forums, engagement focus groups, e-mails and openly invite opinions, questions as well as ideas on how to improve the business with feedback sought at regular intervals.

##### *c) The need to foster the Group's business relationships with contractors, suppliers, customer and others*

We seek to ensure that we engage with all of our contractors and suppliers in a partnership manner and follow best practice with regards to:

- Operating tender processes and agreement of variation to programme of works;
- An open and transparent commercial basis of operation with terms and conditions in place;
- Paying to terms and on agreed invoices and agreed certificates; and
- Codes of conduct on how our contractors are to adhere to Health and Safety including Risk Assessments and social distancing

We are committed to developing and maintaining good customer relations in order to better serve the UK poultry demands. This includes regular communications between all components of the supply chain so we that we may better under the interest and concerns of all parties.

##### *d) The impact of the Group's operations on the community and the environment*

Our aim is to provide a sustainable source of protein for the country. We aim to minimise our impact on the environment including robust policies to address issues around deforestation, use of energy efficient designs and improving animal welfare.

##### *e) The desirability of the Group maintaining a reputation for high standards and business conduct*

We strive to behave responsibly and to ensure that management operates the business in a responsible manner with good governance in order to assist the delivery of our strategic plan. The intention is the reinforce the infrastructure that underpins the UK's poultry supply chain.

## 2 AGRICULTURE LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

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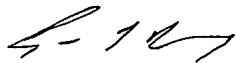
#### **S172 statement (continued)**

##### *f) The need to act fairly between members*

Our intention is to behave responsibly towards our shareholders and treat them fairly and equally. A meeting is held with all shareholders at least once a year to update them with the Group's results and strategic plan.

Other major stakeholder groups included insurers, suppliers, bankers, advisors, auditors, regulators, contractors, suppliers, HMRC. With all of these stakeholder groups, the directors maintain regular and open lines of communication to ensure all parties are kept informed and to build strong working relationships.

On behalf of the board



.....  
G J Berry  
**Director**

Date: 24/9/2021  
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## 2 AGRICULTURE LIMITED

### DIRECTORS' REPORT

### FOR THE YEAR ENDED 2 JANUARY 2021

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The directors present their report and the financial statements for the 53 week year ended 2 January 2021. The 2019 comparative presents a 52 week year ended 28 December 2019. This report should be read in conjunction with the strategic report. Key information relating to the business noted in the strategic report has not been repeated in the directors' report.

#### Principal activities

The principal activity of the company and group continued to be that of the production of animal feed and live poultry trading.

#### Results and dividends

The results for the year are set out on page 13.

The profit for the period, after taxation, amounts to £3,073,000 (2019: £3,068,000)

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

#### Directors

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

R J Rafferty

T J Curle

G J Berry

K L Sketcher

(Appointed 3 May 2021)

#### Disabled persons

The group continues to adopt a policy of non-discrimination in the employment of disabled persons. Their training and career development are consistent with the group's general policies and procedures relating to those activities. In addition, where an employee becomes disabled, every effort is made to ensure continuity of employment or to offer suitable employment with appropriate retraining if necessary.

#### Employee involvement

The group has continued to keep employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. It will continue to ensure that employees are encouraged to participate in the effective running of the group.

#### Political contributions

The group made no political donations nor incurred any political expenditure during the year (2019: £nil).

#### Directors' insurance and indemnities

The group has maintained throughout the year Directors' and officers' liability insurance for the benefit of the group, the Directors and its officers. The group has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

#### Auditor

The auditor, Grant Thornton UK LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006 and will therefore continue in office.

#### Energy and carbon reporting

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1 and 2 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial period.

## 2 AGRICULTURE LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

<i>Energy consumption</i>		<b>kWh</b>
Aggregate of energy consumption in the year		121,108,592
<i>Emissions of CO2 equivalent</i>		
	<b>Metric tonnes</b>	<b>Metric tonnes</b>
Scope 1 - direct emissions		
- Gas combustion	12,046.00	
- Fuel consumed for owned transport	6,947.00	
		18,993.00
Scope 2 - indirect emissions		
- Electricity purchased		8,413.00
Total gross emissions		27,406.00
<i>Intensity ratio</i>		
kgCO2e/per £1m sales value		84.04

#### *Quantification and reporting methodology*

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

#### *Measures taken to improve energy efficiency*

2 Agriculture strives to reduce energy and associated carbon emissions, through operational and technological improvements, including:

- Weekly reporting of energy KPI's to ensure site management are aware of any changes in efficiency at short notice
- Membership of the UK Government's Climate Change Agreement (CCA) scheme with targeted reductions the company strives for
- Operating a rolling three year fleet renewal policy for company tractor units, designed to take advantage of the latest technological developments in emission reduction
- Driver Training and Incentive Scheme to achieve best fuel performance
- Ongoing replacement programme of traditional tube lighting with LED lighting across all sites
- Installation of variable speed drive motors, prioritising high energy intensive processes first
- Implement operational improvements working with partners to recycle as much waste generated in the production process as possible
- Using ingredients which are less energy intensive in the production process



## 2 AGRICULTURE LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

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#### Statement of disclosure to auditor

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

#### Strategic report

The group has chosen in accordance with Companies Act 2006, s 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and principal risks and uncertainties.

On behalf of the board



.....  
G J Berry  
Director

Date: 24/9/2021 .....

## **2 AGRICULTURE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 2 JANUARY 2021**

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The directors are responsible for preparing the strategic report and the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group and 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;
- 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 2 AGRICULTURE LIMITED**

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### **Opinion**

We have audited the financial statements of 2 Agriculture Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 2 January 2021, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (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 of the parent company's affairs as at 2 January 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 group and the parent 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**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 and the 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 2 AGRICULTURE LIMITED (CONTINUED)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the 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.

### **Matter on which we are required to report under the Companies Act 2006**

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 or the directors' report.

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

We have nothing to report in respect of the following matters in relation to which 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 group's and 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 2 AGRICULTURE LIMITED (CONTINUED)

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### **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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **The 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the parent company and the group, and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the parent company and the group operate.
- We understood how the parent company and the group are complying with relevant legal and regulatory frameworks by making enquiries of management and have corroborated our enquiries through our review of board minutes.
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices.
- We assessed the susceptibility of the parent company and the group's financial statements to material misstatement, including how fraud might occur by meeting with management from different parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programs and controls that the entity has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Our audit procedures involved journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business and enquiries of management. In addition, we completed audit procedures to conclude on the compliance of disclosures in the Annual Report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free of fraud or error.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the client operates
  - understanding of the legal and regulatory requirements specific to the Parent company and the group including:
    - the provisions of the applicable legislation
    - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
    - the applicable statutory provisions

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 2 AGRICULTURE LIMITED (CONTINUED)

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### 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.

*Grant Thornton UK LLP*

Matthew Buckingham (Senior Statutory Auditor)

For and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

The Colmore Building

20 Colmore Circus

Birmingham

B4 6AT

...24/9/2021....

## 2 AGRICULTURE LIMITED

### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 2 JANUARY 2021

		<b>2 January 2021 £000</b>	<b>28 December 2019 £000</b>
	<b>Notes</b>		
<b>Turnover</b>	<b>3</b>	326,096	317,555
Cost of sales		(288,974)	(282,280)
<b>Gross profit</b>		<b>37,122</b>	<b>35,275</b>
Distribution costs		(4,591)	(5,359)
Administrative expenses		(27,772)	(25,363)
Other operating income		58	2
<b>Operating profit</b>	<b>6</b>	<b>4,817</b>	<b>4,555</b>
Interest payable and similar expenses	<b>7</b>	(275)	(399)
<b>Profit before taxation</b>		<b>4,542</b>	<b>4,156</b>
Tax on profit	<b>8</b>	(1,469)	(1,088)
<b>Profit for the financial year</b>		<b>3,073</b>	<b>3,068</b>

## 2 AGRICULTURE LIMITED

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 2 JANUARY 2021

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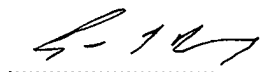
	2 January 2021 £000	28 December 2019 £000
<b>Profit for the year</b>	3,073	3,068
<b>Other comprehensive income net of taxation</b>		
Revaluation of tangible fixed assets	1,867	4,641
<b>Total comprehensive income for the year</b>	<u>4,940</u>	<u>7,709</u>



**2 AGRICULTURE LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 2 JANUARY 2021**

	Notes	2 January 2021 £000	28 December 2019 £000
<b>Fixed assets</b>			
Tangible assets	9	31,415	30,569
<b>Current assets</b>			
Stocks	12	9,175	7,713
Debtors	13	66,104	71,023
Cash at bank and in hand		12,081	3,553
		<u>87,360</u>	<u>82,289</u>
<b>Creditors: amounts falling due within one year</b>	14	(60,535)	(55,846)
<b>Net current assets</b>		<u>26,825</u>	<u>26,443</u>
<b>Total assets less current liabilities</b>		<u>58,240</u>	<u>57,012</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(838)	(5,006)
<b>Provisions for liabilities</b>	17	(2,640)	(2,184)
<b>Net assets</b>		<u><u>54,762</u></u>	<u><u>49,822</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	587	587
Revaluation reserve	20	17,055	16,857
Other reserves	20	10,716	10,716
Profit and loss reserves	20	26,404	21,662
<b>Total equity</b>		<u><u>54,762</u></u>	<u><u>49,822</u></u>

The financial statements were approved by the board of directors and authorised for issue on 24/9/2021 and are signed on its behalf by:



G J Berry  
Director

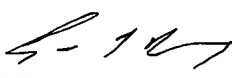
Company Registration No. SC156515

**2 AGRICULTURE LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 2 JANUARY 2021**

		2 January 2021	28 December 2019
	Notes	£000	£000
<b>Fixed assets</b>			
Tangible assets	9	31,415	30,569
Investments	10	-	-
		<u>31,415</u>	<u>30,569</u>
<b>Current assets</b>			
Stocks	12	9,175	7,713
Debtors	13	66,104	71,023
Cash at bank and in hand		12,081	3,553
		<u>87,360</u>	<u>82,289</u>
<b>Creditors: amounts falling due within one year</b>	14	(62,740)	(55,846)
<b>Net current assets</b>		<u>24,620</u>	<u>26,443</u>
<b>Total assets less current liabilities</b>		<u>56,035</u>	<u>57,012</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(838)	(5,006)
<b>Provisions for liabilities</b>	17	(2,640)	(2,184)
<b>Net assets</b>		<u><u>52,557</u></u>	<u><u>49,822</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	587	587
Revaluation reserve	20	17,055	16,857
Other reserves	20	10,716	10,716
Profit and loss reserves	20	24,199	21,662
<b>Total equity</b>		<u><u>52,557</u></u>	<u><u>49,822</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year ended 2 January 2021 was £868,000 (year ended 28 December 2019: £3,068,000).

The financial statements were approved by the board of directors and authorised for issue on 24/9/2021 and are signed on its behalf by:



G J Berry  
Director

## 2 AGRICULTURE LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 2 JANUARY 2021

	Share capital	Revaluation reserve	Other reserves	Profit and loss reserves	Total
	£000	£000	£000	£000	£000
<b>Balance at 29 December 2018</b>	587	13,853	10,716	16,957	42,113
<b>Year ended 28 December 2019:</b>					
Profit for the year	-	-	-	3,068	3,068
Other comprehensive income net of taxation:					
Revaluation of tangible fixed assets	-	4,641	-	-	4,641
Total comprehensive income for the year	-	4,641	-	3,068	7,709
Transfers	-	(1,637)	-	1,637	-
<b>Balance at 28 December 2019</b>	587	16,857	10,716	21,662	49,822
<b>Year ended 2 January 2021:</b>					
Profit for the year	-	-	-	3,073	3,073
Other comprehensive income net of taxation:					
Revaluation of tangible fixed assets	-	1,867	-	-	1,867
Total comprehensive income for the year	-	1,867	-	3,073	4,940
Transfers	-	(1,669)	-	1,669	-
<b>Balance at 2 January 2021</b>	587	17,055	10,716	26,404	54,762

## 2 AGRICULTURE LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 2 JANUARY 2021

	Share capital	Revaluation reserve	Other reserves	Profit and loss reserves	Total
	£000	£000	£000	£000	£000
<b>Balance at 29 December 2018</b>	587	13,853	10,716	16,957	42,113
<b>Year ended 28 December 2019:</b>					
Profit for the year	-	-	-	3,068	3,068
Other comprehensive income net of taxation:					
Revaluation of tangible fixed assets	-	4,641	-	-	4,641
Total comprehensive income for the year	-	4,641	-	3,068	7,709
Transfers	-	(1,637)	-	1,637	-
<b>Balance at 28 December 2019</b>	587	16,857	10,716	21,662	49,822
<b>Year ended 2 January 2021:</b>					
Profit for the year	-	-	-	868	868
Other comprehensive income net of taxation:					
Revaluation of tangible fixed assets	-	1,867	-	-	1,867
Total comprehensive income for the year	-	1,867	-	868	2,735
Transfers	-	(1,669)	-	1,669	-
<b>Balance at 2 January 2021</b>	587	17,055	10,716	24,199	52,557

## 2 AGRICULTURE LIMITED

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 2 JANUARY 2021

		2 January 2021	28 December 2019
	Notes	£000	£000
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	17,152	1,749
Interest paid		(275)	(399)
Income taxes paid		(2,149)	(982)
<b>Net cash inflow from operating activities</b>		<u>14,728</u>	<u>368</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(2,037)	(1,849)
Proceeds on disposal of tangible fixed assets		3	12
<b>Net cash used in investing activities</b>		<u>(2,034)</u>	<u>(1,837)</u>
<b>Financing activities</b>			
Repayment of bank loans		(4,166)	(1,667)
<b>Net cash used in financing activities</b>		<u>(4,166)</u>	<u>(1,667)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>8,528</u>	<u>(3,136)</u>
Cash and cash equivalents at beginning of year		3,553	6,689
<b>Cash and cash equivalents at end of year</b>		<u><u>12,081</u></u>	<u><u>3,553</u></u>

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 JANUARY 2021

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#### 1 Accounting policies

##### Company information

2 Agriculture Limited ("the company") is a private company limited by shares and is registered and incorporated in Scotland. The registered office is Fairview Mill, Ingliston, Newbridge, Midlothian, EH28 8NB.

The group consists of 2 Agriculture Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the directors' report.

##### 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 group. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold buildings and plant and equipment. The principal accounting policies adopted, which are set out below, are consistent for the parent and group.

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 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel and as a wholly owned subsidiary of Amber REI Holdings Limited the company is exempt from the requirement to disclose transactions with other wholly owned members of the group headed by Amber REI Holdings Limited as 100% of voting rights are controlled within the group.

The financial statements of the company are consolidated in these financial statements.

##### Basis of consolidation

The consolidated financial statements incorporate those of 2 Agriculture Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 2 January 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.

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 1 Accounting policies (Continued)

##### Going concern

After making enquiries, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In reaching this decision the directors have considered latest forecasts and contractual agreements. These demonstrate that the group and company has sufficient financing facilities available to continue to trade as a going concern.

In making the going concern assessment, the directors have taken into consideration the potential impact of the Covid-19 pandemic on the cash flows, and liquidity of the group over the next 12 month period. Current sales volumes have not been materially affected. The assessment undertaken has taken into account a number of scenarios. These scenarios include the assumption that sales volumes are reduced to only those customers who we have a long term supply agreement in place. At these reduced levels of sales the directors currently believe the group can continue to satisfy its bank covenants and maintain sufficient liquidity over the next 12 months.

The group is funded by its own reserves and by a loan agreement with NIBC Bank, with a balance of £4,167,000 as at 2 January 2021 (£8,333,333 as at 28 December 2019). Repayments are made at the end of each quarter with the final repayment being made on 31 March 2022. Covenants required to be met ongoing are 1) tangible net worth is a minimum of £18m, 2) net debt must be a maximum ratio of 2.5 to EBITDA and 3) interest charge to EBITDA ratio is a minimum of 3.0:1. The covenants have been reviewed in relation to the scenario mentioned above and all three covenants have still been met.

##### Turnover

Turnover for feed sales comprises revenue by the group in respect of goods supplied during the period, exclusive of Value Added Tax.

Turnover is recognised when the risks and rewards of owning the goods have passed to the customer which is generally delivery.

Turnover for live bird trading is recognised when the risks and rewards of owning the goods have passed to the customer which is on delivery to the customer from a live bird supplier of 2 Agriculture's undertaking.

##### 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.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

At each reporting date the group and company assess whether tangible fixed assets (including those leased under a finance lease) are impaired. Any impairment charges are recognised in the Statement of Comprehensive Income.

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

Freehold buildings	10 to 40 years
Plant and equipment	4 to 20 years

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 1 Accounting policies (Continued)

##### **Tangible fixed assets (continued)**

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

##### **Revaluation**

Land is not depreciated, land and buildings and plant and machinery in use are stated at fair value less any subsequent accumulated depreciation and impairment losses. Included in the fixed assets values is work in progress of £1,368,000 (2019: £1,044,000) which is valued at cost.

Gains on revaluation are recognised in other comprehensive income and accumulated in the revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

##### **Fixed asset investments**

In the separate accounts of the company, interests in subsidiaries, are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

##### **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.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

##### **Financial instruments**

The group and the company 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 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.



## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 1 Accounting policies (Continued)

##### ***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 or the company 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 or the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans, and loans from fellow group companies, 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.

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

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's or the company's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the group and the company are recorded at the fair value of 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 or the company.

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

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#### 1 Accounting policies (Continued)

##### **Taxation (continued)**

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

##### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### **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.

#### 2 Judgements and key sources of estimation uncertainty

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

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

##### **Valuation of tangible fixed assets**

In determining the valuation of assets, the group and the company are required to apply judgement over the future performance of the business. Assets are held at a fair value and any potential impairment is reflected in the valuation of the specific property. Benchmarks from other properties either within the local area, in the portfolio of the group or the company or similar assets on the market will also be reviewed in determining a reasonable fair value.

##### **Revenue recognition: Agent versus principal**

When undertaking live bird sales, the terms of the arrangements in place are reviewed in concluding whether the risk and rewards of the transaction is taken on by the group. A series of tests and indicators are scrutinised so that the judgement can be made as to whether the live bird sales are being conducted with the group acting as an agent or a principal. It is concluded that the group is acting as a principal in this regard.

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 3 Turnover and other revenue

	2 January 2021 £000	28 December 2019 £000
<b>Turnover analysed by class of business</b>		
Feed sales	294,795	289,106
Live bird sales	31,301	28,449
	<u>326,096</u>	<u>317,555</u>
	2 January 2021 £000	28 December 2019 £000
<b>Turnover analysed by geographical market</b>		
I,IK	326,096	317,555
	<u>326,096</u>	<u>317,555</u>

#### 4 Employees

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

	Group 2 January 2021 Number	28 December 2019 Number	Company 2 January 2021 Number	28 December 2019 Number
Production	240	229	240	229
Management, administration and sales	45	45	45	45
Total	<u>285</u>	<u>274</u>	<u>285</u>	<u>274</u>

Their aggregate remuneration comprised:

	Group 2 January 2021 £000	28 December 2019 £000	Company 2 January 2021 £000	28 December 2019 £000
Wages and salaries	10,730	9,754	10,730	9,754
Social security costs	1,132	1,079	1,132	1,079
Pension costs	407	399	407	399
	<u>12,269</u>	<u>11,232</u>	<u>12,269</u>	<u>11,232</u>

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 5 Directors' remuneration

	2 January 2021 £000	28 December 2019 £000
Remuneration for qualifying services	180	184
Company pension contributions to defined contribution schemes	16	16
	<u>196</u>	<u>200</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (28 December 2019: 1).

#### 6 Operating profit

	2 January 2021 £000	28 December 2019 £000
Operating profit for the year is stated after charging/(crediting):		
Government grants	(58)	(2)
Fees payable to the group's auditor for the audit of the company's financial statements	50	43
Depreciation of owned tangible fixed assets	3,406	3,365
Profit on disposal of tangible fixed assets	-	(5)
Operating lease charges	<u>1,259</u>	<u>1,357</u>

#### 7 Interest payable and similar expenses

	2 January 2021 £000	28 December 2019 £000
Interest on bank overdrafts and loans	<u>275</u>	<u>399</u>

#### 8 Taxation

	2 January 2021 £000	28 December 2019 £000
<b>Current tax</b>		
UK corporation tax on profits for the current period	<u>1,364</u>	<u>1,292</u>

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 8 Taxation (Continued)

##### Deferred tax

Origination and reversal of timing differences	(152)	(195)
Changes in tax rates	257	-
Adjustment in respect of prior periods	-	(9)
	<u>105</u>	<u>(204)</u>
Total deferred tax		
	<u>105</u>	<u>(204)</u>
Total tax charge	1,469	1,088
	<u>1,469</u>	<u>1,088</u>

The main rate of corporation tax remained at 19% following an announcement on 11 March 2020. The group has therefore measured its UK deferred tax assets and liabilities at the end of the reporting period at 19%.

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2 January 2021 £000	28 December 2019 £000
Profit before taxation	4,542	4,156
	<u>4,542</u>	<u>4,156</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (28 December 2019: 19.00%)	863	790
Tax effect of expenses that are not deductible in determining taxable profit	183	188
Adjustments in respect of prior years	-	(9)
Other differences	(25)	(42)
Fixed asset differences	191	161
Effect of change in tax rate	257	-
	<u>1,469</u>	<u>1,088</u>
Taxation charge	1,469	1,088
	<u>1,469</u>	<u>1,088</u>

In addition to the amount charged to profit or loss for the year ended 2 January 2021 £351,000 (year ended 28 December 2019: £950,000) has been recognised in other comprehensive income which comprises deferred tax relating to the revaluation of the group's tangible fixed assets.

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 9 Tangible fixed assets

Group and company	Freehold buildings £000	Plant and equipment £000	Total £000
<b>Cost or valuation</b>			
At 29 December 2019	24,825	6,203	31,028
Additions	605	1,432	2,037
Disposals	-	(18)	(18)
Revaluation	(40)	(1,044)	(1,084)
At 2 January 2021	25,390	6,573	31,963
<b>Depreciation and impairment</b>			
At 29 December 2019	-	459	459
Depreciation charged in the year	2,258	1,148	3,406
Eliminated in respect of disposals	-	(15)	(15)
Revaluation	(2,258)	(1,044)	(3,302)
At 2 January 2021	-	548	548
<b>Carrying amount</b>			
At 2 January 2021	25,390	6,025	31,415
At 28 December 2019	24,825	5,744	30,569

Assets in use are valued by an independent valuer as a minimum every 5 years. Work in Progress is valued at cost. The directors carry out an assessment of the value of the assets each year. The last directors assessment was carried out on 2 January 2021.

On 27 May 2020, an independent valuer was engaged to value the freehold buildings and plant and machinery in the portfolio as at 28 December 2019. Fair value of the assets are determined as the market value in existing use. The directors consider this valuation methodology to better reflect the inherent value of the operating assets.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group		Company	
	2 January 2021 £000	28 December 2019 £000	2 January 2021 £000	28 December 2019 £000
Cost	48,064	46,044	48,064	46,044
Accumulated depreciation	(34,193)	(32,242)	(34,193)	(32,242)
Carrying value	13,871	13,802	13,871	13,802

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 10 Fixed asset investments

##### Company

Investments in subsidiaries for the year ended 2 January 2021 amounts to £1 (year ended 28 December 2019: £Nil).

On the 13 February 2020, the company acquired 100% of the share capital of 2 Agriculture Milling Limited (formerly known as Bernard Matthews Green Energy Limited) for total consideration of £1.

#### 11 Subsidiaries

Details of the company's subsidiaries at 2 January 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
2 Agriculture Milling Limited (formerly Bernard Matthews Green Energy Limited)	2nd Floor Colmore Court, 9 Colmore Row, Birmingham. B3 2BJ	Production of animal feed	Ordinary	100.00

#### 12 Stocks

	Group		Company	
	2 January 2021	28 December 2019	2 January 2021	28 December 2019
	£000	£000	£000	£000
Raw materials and consumables	8,504	7,092	8,504	7,092
Finished goods and goods for resale	671	621	671	621
	<u>9,175</u>	<u>7,713</u>	<u>9,175</u>	<u>7,713</u>

#### 13 Debtors

	Group		Company	
	2 January 2021	28 December 2019	2 January 2021	28 December 2019
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Trade debtors	55,711	60,777	55,711	60,777
Corporation tax recoverable	711	-	711	-
Amounts owed by parent company	9,000	9,000	9,000	9,000
Other debtors	333	729	333	729
Prepayments and accrued income	349	517	349	517
	<u>66,104</u>	<u>71,023</u>	<u>66,104</u>	<u>71,023</u>

Amounts owed by group undertakings are payable upon demand. No interest is charged on the balance.

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 14 Creditors: amounts falling due within one year

	Notes	Group		Company	
		2 January 2021 £000	28 December 2019 £000	2 January 2021 £000	28 December 2019 £000
Bank loans	16	3,333	3,333	3,333	3,333
Trade creditors		52,663	49,414	52,663	49,414
Amounts owed to fellow group undertakings of parent		1,273	26	4,142	26
Corporation tax payable		513	587	-	587
Other taxation and social security		496	337	345	337
Accruals and deferred income		2,257	2,149	2,257	2,149
		<u>60,535</u>	<u>55,846</u>	<u>62,740</u>	<u>55,846</u>

Amounts owed to group undertakings are payable upon demand. No interest is charged on the balance.

#### 15 Creditors: amounts falling due after more than one year

	Notes	Group		Company	
		2 January 2021 £000	28 December 2019 £000	2 January 2021 £000	28 December 2019 £000
Bank loans and overdrafts	16	834	5,000	834	5,000
Accruals and deferred income		4	6	4	6
		<u>838</u>	<u>5,006</u>	<u>838</u>	<u>5,006</u>

#### 16 Borrowings

	Group		Company	
	2 January 2021 £000	28 December 2019 £000	2 January 2021 £000	28 December 2019 £000
Bank loans	<u>4,167</u>	<u>8,333</u>	<u>4,167</u>	<u>8,333</u>
Payable within one year	3,333	3,333	3,333	3,333
Payable after one year	<u>834</u>	<u>5,000</u>	<u>834</u>	<u>5,000</u>

Repayments of the bank loan started in June 2019 and ends in March 2022 with equal repayments made on a quarterly basis of £833,333. The loan has an interest rate of 2.5% above LIBOR per annum.

Bank borrowings of £4,167,000 are secured against certain freehold land and buildings of the group.



## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 17 Deferred taxation

The major deferred tax liabilities recognised by the group and company are:

	<b>Liabilities 2 January 2021 £000</b>	<b>Liabilities 28 December 2019 £000</b>
<b>Group</b>		
Accelerated capital allowances	2,677	2,221
Tax losses	(37)	(37)
	<u>2,640</u>	<u>2,184</u>
	<u><u>2,640</u></u>	<u><u>2,184</u></u>
	<b>Liabilities 2 January 2021 £000</b>	<b>Liabilities 28 December 2019 £000</b>
<b>Company</b>		
Accelerated capital allowances	2,677	2,221
Tax losses	(37)	(37)
	<u>2,640</u>	<u>2,184</u>
	<u><u>2,640</u></u>	<u><u>2,184</u></u>
	<b>Group 2 January 2021 £000</b>	<b>Company 2 January 2021 £000</b>
<b>Movements in the year:</b>		
Liability at 29 December 2019	2,184	2,184
Charge to profit or loss	105	105
Charge to other comprehensive income	351	351
	<u>2,640</u>	<u>2,640</u>
Liability at 2 January 2021	<u><u>2,640</u></u>	<u><u>2,640</u></u>

The deferred tax liability set out above is expected to reverse in line with depreciation.

#### 18 Retirement benefit schemes

	<b>2 January 2021 £000</b>	<b>28 December 2019 £000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	407	399
	<u>407</u>	<u>399</u>

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 18 Retirement benefit schemes (Continued)

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

Contributions for the year ended 2 January 2021 totalling £65,628 (year ended 28 December 2019: £61,541) were payable to the fund at the year end and are included in creditors.

#### 19 Share capital

	Group and Company			
	2 January 2021	28 December 2019	2 January 2021	28 December 2019
	Number	Number	£000	£000
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of 1p each	58,671,845	58,671,845	587	587

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

#### 20 Reserves

##### Revaluation reserve

The cumulative revaluation gains and losses in respect of tangible fixed assets, net of deferred tax. An amount is transferred in each period from the revaluation reserve to the profit and loss reserve in the Statement of Changes in Equity for the excess depreciation over that would have been charged under the historical cost approach.

Transfers to/from the revaluation reserve are made up of £1,669,000 (year ended 28 December 2019: £1,637,000) depreciation on revalued assets.

##### Other reserves

Other reserves included £3,442,000 (year ended 28 December 2019: £3,442,000) relating to dividends received from a previous subsidiary undertaking in a prior period that are not considered to be realised profits, as well as a capital contribution received in a prior period of £7,274,000 (year ended 28 December 2019: £7,274,000).

##### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 21 Cash generated from group operations

	2 January 2021 £000	28 December 2019 £000
Profit for the year after tax	3,073	3,068
<b>Adjustments for:</b>		
Taxation charged	1,469	1,088
Finance costs	275	399
Gain on disposal of tangible fixed assets	-	(5)
Depreciation and impairment of tangible fixed assets	3,406	3,394
<b>Movements in working capital:</b>		
Increase in stocks	(1,462)	(634)
Decrease/(increase) in debtors	5,630	(5,108)
Increase/(decrease) in creditors	4,761	(453)
<b>Cash generated from operations</b>	<b>17,152</b>	<b>1,749</b>

#### 22 Analysis of changes in net funds/(debt) - group

	29 December 2019 £000	Cash flows £000	2 January 2021 £000
Cash at bank and in hand	3,553	8,528	12,081
Borrowings excluding overdrafts	(8,333)	4,166	(4,167)
	<b>(4,780)</b>	<b>12,694</b>	<b>7,914</b>

#### 23 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		Company	
	2 January 2021 £000	28 December 2019 £000	2 January 2021 £000	28 December 2019 £000
Within one year	1,132	1,073	1,132	1,073
Between one and five years	1,468	1,522	1,468	1,522
In over five years	-	71	-	71
	<b>2,600</b>	<b>2,666</b>	<b>2,600</b>	<b>2,666</b>

## 2 AGRICULTURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021

#### 24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	<b>Group</b>		<b>Company</b>	
	<b>2 January</b>	<b>28 December</b>	<b>2 January</b>	<b>28 December</b>
	<b>2021</b>	<b>2019</b>	<b>2021</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Acquisition of tangible fixed assets	177	20	177	20
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### 25 Related party transactions

##### Transactions with related parties

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

	<b>Sales</b>		<b>Purchases</b>	
	<b>2 January</b>	<b>28 December</b>	<b>2 January</b>	<b>28 December</b>
	<b>2021</b>	<b>2019</b>	<b>2021</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Group and company</b>				
Companies in which a shareholder and director has control	31,301	28,449	211	280
Companies in which a shareholder and director has joint control	218,068	207,971	30,065	27,862
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

<b>Amounts due to related parties</b>	<b>2 January</b>	<b>28 December</b>
	<b>2021</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Group and company</b>		
Companies in which a shareholder and director has control	16	65
Companies in which a shareholder and director has joint control	2,395	1,947
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

<b>Amounts due from related parties</b>	<b>2 January</b>	<b>28 December</b>
	<b>2021</b>	<b>2019</b>
	<b>Balance</b>	<b>Balance</b>
	<b>£000</b>	<b>£000</b>
<b>Group and company</b>		
Companies in which a shareholder and director has control	2,825	2,043
Companies in which a shareholder and director has joint control	43,433	46,335
	<u>          </u>	<u>          </u>

## **2 AGRICULTURE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 JANUARY 2021**

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#### **26 Contingent liabilities**

2 Agriculture Limited has guaranteed the liabilities of the following subsidiaries in order for them to qualify for the exemption from audit under section 479A of the Companies Act 2006 in respect of the year ended 2 January 2021.

- 2 Agriculture Milling Limited - 10379729

#### **27 Controlling party**

The ultimate parent undertaking is Amber REI Holdings Limited. The ultimate controlling parties are R S Boparan and B K Boparan.

The smallest and largest group within which the company is consolidated is headed by Amber REI Holdings Limited. The consolidated accounts are available from its registered office, 2nd Floor Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.