

Registered number: 12585901

OMSCO GROUP LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021



OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

CONTENTS

	Page(s)
Company Information	1
Group Strategic Report	2 - 4
Directors' Report	5 - 7
Independent Auditors' Reports to the Members of Omsco Group Limited	8 - 13
Consolidated Profit and Loss Account	14
Consolidated Statement of Comprehensive Income	15
Consolidated Balance Sheet	16
Company Balance Sheet	17
Consolidated Statement of Changes in Equity	18
Company Statement of Changes in Equity	19
Consolidated Statement of Cash Flows	20
Notes to the Financial Statements	21 - 42

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors

J A Alpe
B W Carlisle
D J Denning
L R C Edwards
A Grist
H G Jones
N A Kennedy
R H Paton
A J Pitts
M Saunders
S H M Slade
G S Tomlinson
S Weaver
D A J Williams

Company secretary

Prima Secretary Limited

Registered number

12585901

Registered office

501 Parkway
Worle
Weston-super-Mare
Somerset
BS22 6WA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present the Strategic Report of Omsco Group Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 March 2021.

The Company was incorporated on 5 May 2020 and on that date the Company acquired the share capital of Organic Milk Suppliers Co-operative Limited. As this business combination is being accounted for under the merger method of accounting the following report relates to the full year and not the period since incorporation or the business combination.

Summary

This was an unprecedented year in the history of Omsco. Whilst we had expected the main focus to be the culmination of Brexit and the impact of new trading conditions, the global pandemic introduced levels of volatility and uncertainty outside of anyone's experience.

The short-term impact of the pandemic resulted in increased demand from UK retail customers, however, at the same time, it had a detrimental impact on our foodservice sales. While the restrictions placed on travel also reduced the opportunity to build new business. Indeed, the longer-term outlook remains uncertain as the economic impacts of the pandemic become apparent and we understand better the effect it has had on consumer behaviour and customer demand, both in the UK and overseas.

The new trading conditions following Brexit were only known very late in the day and, because of the UK now being a Third Country, and despite having a zero tariff/zero quota trade agreement, the need to meet Third Country requirements for importing to the EU has introduced significant complexity and cost to our important European business.

The company, with the overwhelming support of its' Members also successfully completed a corporate restructure during the year and this stands it in good stead for its' future aspirations.

The Group continued to develop its' added value processing with 70% of processed volume using our premium milk and the associated products being destined for domestic and global premium markets. Such developments continue to illustrate Omsco's move away from broker and balancer into markets more under our control with the added benefit of bridging the gap left following our exit from the EU.

Commercial Performance

The 'lockdowns' associated with the global pandemic had a significant impact on our business. With people having to stay at home, UK retail demand increased which, in the short-term positively impacted our sales to our UK liquid customers and helped offset the collapse in demand from our food service customers.

Our all-important sales of fresh products to Europe continued as normal through the remainder of the Brexit transition period to the end of 2020, contributing 10% of total turnover for the whole financial year. However, due to the uncertainties around continued ability to supply as a result of the late completion of the Trade & Cooperation Agreement on 24th December 2020, many of our customers had made alternative supply arrangements for 2021 meaning that our European trade dropped significantly from the 1st January. This was exacerbated by the lack of a process in the UK to export raw milk to Europe, an issue that was only resolved some way into the new financial year.

The continuing conversion of Members to US organic milk standards meant that we were able to continue to grow our sales of cheese and butter to the US market, the world's largest organic market contributing 11% of total turnover for the financial year.

Overall, the improved commercial performance, driven by the strong retail demand as a result of the lockdowns, meant that the overall Available for Distribution amount, the key KPI for the business increased by 1.2ppt.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Costs

Our largest single cost remains the collection and delivery of milk which saw a reduction of 0.2ppl for the year. Our planning team continue to work to mitigate the costs and challenges of our, and our customers, demands to deliver milk into an increasingly complicated supply chain.

Staff headcount across the group increased by 3 to 27 FTE. The increased processing, sale and distribution of product into global markets has seen a necessary recruitment of relevant personnel to ensure compliance with legislation and control of these multifaceted supply chains. Without such people in the business the returns generated would not be possible, and the potential losses, arising from noncompliance with ever increasing regulatory demands, would also rise. Overall staff payroll costs increased by £349k, but these were in part offset by lower consultant costs, resulting in total personnel costs being only 0.1ppl higher than last year.

By focusing our spend in those areas that made a real difference to sales, we were able to halve our marketing costs in the year. Travel and accommodation costs were also significantly reduced due to the requirement for people to work from home and resulting in complete elimination of global travel.

Membership

Member supply for the year was 6% lower than the previous year at 185 million litres as a number of Members retired from milk production. Allocation remained in place, rising to 100% mid-year to continue to balance pool supply against market demand.

There was no third-party milk purchased or sold in the year.

During the year Members voted to re-structure the cooperative to put in place the ability to raise a Member levy and the complementary structure to enable strategic investments to be made if appropriate in the deliverance of a higher milk price. The new structure further aligns the prevailing cooperative values of Omsco with its corporate structure.

The voting turnout and support from Members which was conducted entirely 'virtually' shows the loyalty and support from our Members and the strength inherent in a true cooperative. This gives us much to build and deliver on in equal measure.

Banking

The bank facilities established in the prior year remain unchanged through this period and enable the business to trade internationally with an increased working capital cycle along with building the necessary stock to service our growing sales of cheese, butter and other finished products. Our bank remains supportive and continues to work closely with us to ensure these facilities are fit for purpose as the business and economy evolve.

Reserves

The Board manages the cooperative to ensure the maintenance of sufficient cash in the business to fund cash flow requirements without unnecessarily building significant reserves. Such a commitment brings with it the need to tightly manage fluctuations through the trading year. However, our principle of maximising on farm returns to Members remains and has been supported by the company's bankers in continuing to provide facilities to fund seasonal and working capital requirements.

The Board considers that Group reserves of £2.03 million coupled with the support of our banking arrangements are currently sufficient for the business.

At 31 March 2021 the net assets of the Group were £1.99m (2020: £2.02m).

Strategy

The transition from domestic milk broker and balancer, to added value processor based on valued partnerships continued through the year. With greater availability of our premium milk we have been able to produce products for the global market providing value-adding opportunities for all our Members' milk.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Strategy (continued)

We welcomed David Williams as CEO to the business in April 2021 and he has been carrying out a full review of the business strategy. Central to Omsco's future is promoting organic's central role in sustainable regenerative food production.

Governance

The Group Board focuses on setting the strategy and long-term direction of the business ensuring that the right people and resources are available to deliver that strategy. The Board monitor the progress of the business and its' strategy through the regular review of performance and is responsible for the approval of budgets and business plans including the mechanism for distributing funds to Members through the milk price.

There are three key Committees in existence which operate as follows:

The Membership Committee is a critical, two-way information conduit between the wider membership and the Board. It serves to ensure that Members views are represented and understood by the Board and Executive. In turn the Membership Committee support the Board in explaining to Members the rationale and reasons for the decisions taken, policies adopted and business direction set by the Board of Omsco.

The Remuneration Committee is responsible for oversight of the operation of the HR Strategy for the business and ensuring the management structure is suitable for the effective development of the business, with adequate succession planning in place.

The Audit Committee acts to ensure that Omsco has sufficient reserves to meet its liabilities from time to time and is being fiscally managed in a way that meets requisite levels of good corporate governance. In addition, the Committee will oversee and audit any levy taken or repaid as well as reviewing the terms of any security over member capital accounts.

Principal Risks and Uncertainties

As we entered the new financial year Brexit continued to dominate the political landscape, with the final deal being announced on 24 December 2020. This left much uncertainty and little scope for planning for 2021 for either ourselves or our customers. The increased requirement for export paperwork as a result of the UK now being a Third Country has resulted in increased complexity and costs to maintain existing business in the face of European competitors who do not bear these costs. Additionally, the risks of the rejection of exports of trucks of fresh dairy product due to these requirements remain real and are weighed up against the potential returns from such products. Our logistics team have worked hard to ensure that Omsco can trade organic dairy into Europe for our customers.

Covid-19 had minimal negative impact on day-to-day trading, thanks in no small part to the efforts of essential workers throughout the supply chain maintaining critical retail routes to market. However, our ability to nurture existing relationships and develop new ones for commercial opportunities has been frustrating. The vaccination programme and subsequent opening of international travel is very welcome.

Spring peak remains our period of biggest opportunity but also biggest risk in the year, the business' strategy remains focused on managing this period to full effect for the benefit of our Members.

This report was approved by the board and signed on its behalf by:



N A Kennedy
Director

Date: 24th November 2021

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and the audited consolidated financial statements of Omsco Group Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 March 2021.

The parent Company was incorporated on 5 May 2020. This is the first financial period for which the financial statements of the parent Company has been prepared.

During the year ended 31 March 2021, the Company acquired a 100% interest in Organic Milk Suppliers Co-operative Limited and its subsidiaries by means of a share-for-share exchange. As there was no change in the overall ownership of Organic Milk Suppliers Co-operative Limited, business combination accounting rules do not apply to this transaction and merger accounting has been applied instead. As a result, the consolidated results are presented as if the group had been in existence for the full year ended 31 March 2021 with comparative information for the year ended 31 March 2020. The comparative figures within these financial statements are those of Organic Milk Suppliers Co-operative Limited and are for reference purposes only. As such the comparatives would be classified as unaudited as the Group was not incorporated until 5 May 2020. However these results have been audited within the financial statements of Organic Milk Suppliers Co-operative Limited.

Principal activities

The principal activity of the Group is the processing and selling of organic milk and associated processed dairy products on behalf of its members.

Results and dividends

The profit for the financial year amounted to £36,000 (2020: loss £27,000).

The directors do not recommend the payment of a dividend (2020: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

J A Alpe (appointed 4 November 2020)
B W Carlisle (appointed 4 November 2020)
D J Denning (appointed 4 November 2020)
L R C Edwards (appointed 4 November 2020)
A Grist (appointed 5 May 2020)
R Hampton (appointed 4 November 2020, resigned 2 September 2021)
H G Jones (appointed 4 November 2020)
N A Kennedy (appointed 5 May 2020)
R H Paton (appointed 4 November 2020)
A J Pitts (appointed 4 November 2020)
M Saunders (appointed 4 November 2020)
S H M Slade (appointed 4 November 2020)
G S Tomlinson (appointed 4 November 2020)
S Weaver (appointed 4 November 2020)
D A J Williams (appointed 6 April 2021)
Sir W R A Ross (resigned 31 March 2021)

Going concern

The directors have considered the financial position of the Group and have concluded that the Group will continue to meet its liabilities as they fall due for the foreseeable future and hence the financial statements are prepared on a going concern basis.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Future developments

The ongoing development of long term partnerships to grow our presence in both the UK and international markets and generate greater, added value returns from our Members' milk will be central to the future development of Omsco. At the same time, in everything we do, we need to champion our co-operative ethos, leverage our commitment to producing organic milk and dairy products of the highest ethical and environmental standards, and communicate our passion for helping create a better, more sustainable, organic future for all.

Post balance sheet events

The directors' do not have any post balance sheet events of significance to report on.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing the 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 United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

OMSCO GROUP LIMITED

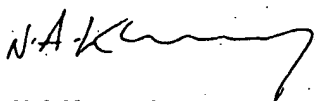
(A Company Limited by Guarantee)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'N A Kennedy', with a stylized flourish at the end.

N A Kennedy
Director

Date: 24th November 2021

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OMSCO GROUP LIMITED

Report on the audit of the Group financial statements

Opinion

In our opinion, Omsco Group Limited's Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet as at 31 March 2021; the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OMSCO GROUP LIMITED (CONTINUED)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management to enquire of any known instances of non compliance with Laws and Regulations and Fraud;
- Reading board minutes for evidence of breaches of regulations and reading relevant correspondence;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OMSCO GROUP LIMITED (CONTINUED)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matters

We have reported separately on the Company financial statements of Omsco Group Limited for the period 5 May 2021 to 31 March 2021.

The financial statements for the year ended 31 March 2020, forming the corresponding figures of the financial statements for the year ended 31 March 2021, are unaudited.



Stephen Patey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 24th November 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OMSCO GROUP LIMITED

Report on the audit of the Company financial statements

Opinion

In our opinion, Omsco Group Limited's Company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Company Balance Sheet as at 31 March 2021; the Company Statement of Changes in Equity for the period 5 May 2020 to 31 March 2021; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OMSCO GROUP LIMITED (CONTINUED)

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management to enquire of any known instances of non compliance with Laws and Regulations and Fraud;
- Reading board minutes for evidence of breaches of regulations and reading relevant correspondence;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

OMSCO GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OMSCO GROUP LIMITED (CONTINUED)

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the group financial statements of Omsco Group Limited for the year ended 31 March 2021.



Stephen Patey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
Date: 24th November 2021.

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £000	2020 £000
Turnover	4	84,323	90,466
Cost of sales		(81,062)	(85,991)
Gross profit		3,261	4,475
Administrative expenses		(3,182)	(4,165)
Exceptional items	5	(149)	(229)
Operating (loss)/profit	6	(70)	81
Interest receivable and similar income	10	151	1
Interest payable and similar expenses	11	(8)	(77)
Profit before taxation		73	5
Tax on profit	12	(37)	(32)
Profit/(loss) for the financial year		36	(27)

The notes on pages 21 to 42 form part of these financial statements.

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

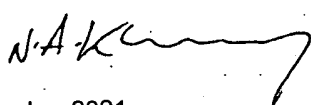
	Note	2021 £000	2020 £000
Profit/(loss) for the financial year		36	(27)
Other comprehensive expense for the financial year			
Effective portion of changes in fair value of cash flow hedges	21	(62)	-
Other comprehensive expense for the financial year		(62)	-
Total comprehensive expense for the financial year		(26)	(27)
Total comprehensive expense for the financial year attributable to:			
Owners of the parent Company		(26)	(27)

The notes on pages 21 to 42 form part of these financial statements.

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)**
REGISTERED NUMBER: 12585901**CONSOLIDATED BALANCE SHEET**
AS AT 31 MARCH 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	13	12	25
Tangible assets	14	52	57
Investments	15	55	61
		<u>119</u>	<u>143</u>
Current assets			
Stocks	16	4,878	4,167
Debtors	17	8,712	9,970
Cash at bank and in hand	18	1,012	874
		<u>14,602</u>	<u>15,011</u>
Creditors: amounts falling due within one year	19	(12,469)	(12,572)
Net current assets		<u>2,133</u>	<u>2,439</u>
Total assets less current liabilities		<u>2,252</u>	<u>2,582</u>
Creditors: amounts falling due after more than one year	20	(55)	(61)
Provisions for liabilities			
Deferred taxation	22	(9)	(6)
Other provisions	23	(200)	(500)
Net assets		<u><u>1,988</u></u>	<u><u>2,015</u></u>
Capital and reserves			
Cashflow hedge reserve	24	(62)	-
Merger reserve	24	16	17
Profit and loss account	24	2,034	1,998
Total shareholders' funds		<u><u>1,988</u></u>	<u><u>2,015</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

N A Kennedy
Director

Date: 24th November 2021

The notes on pages 21 to 42 form part of these financial statements.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)
REGISTERED NUMBER: 12585901

**COMPANY BALANCE SHEET
AS AT 31 MARCH 2021**

	Note		2021 £000
Fixed assets			
Tangible assets	14		5
Investments	15		1,633
			<u>1,638</u>
Current assets			
Debtors	17	11,416	
Cash at bank and in hand	18	850	
		<u>12,266</u>	
Creditors: amounts falling due within one year	19	(12,239)	
Net current assets			<u>27</u>
Total assets less current liabilities			<u><u>1,665</u></u>
Capital and reserves			
Merger reserve	24		1,632
Profit and loss account brought forward		-	
Profit for the financial period		33	
		<u>33</u>	
Profit and loss account carried forward			<u>33</u>
Total shareholders' funds			<u><u>1,665</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



N A Kennedy
Director

Date: 24th November 2021

The notes on pages 21 to 42 form part of these financial statements.

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Cashflow hedge reserve £000	Merger reserve £000	Profit and loss account £000	Total shareholders' funds £000
At 1 April 2019	-	17	2,025	2,042
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(27)	(27)
Total comprehensive expense for the financial year	-	-	(27)	(27)
At 31 March 2020 and 1 April 2020	-	17	1,998	2,015
Comprehensive expense for the financial year				
Profit for the financial year	-	-	36	36
Effective portion of changes in fair value of cash flow hedges	(62)	-	-	(62)
Other comprehensive expense for the financial year	(62)	-	-	(62)
Total comprehensive expense for the financial year	(62)	-	36	(26)
Contributions by and distributions to owners				
Shares issued	-	(1)	-	(1)
Total transactions with owners	-	(1)	-	(1)
At 31 March 2021	(62)	16	2,034	1,988

The notes on pages 21 to 42 form part of these financial statements.

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Merger reserve £000	Profit and loss account £000	Total shareholders' funds £000
On incorporation	-	-	-
Comprehensive income for the financial period			
Profit for the financial period	-	33	33
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the financial period	-	33	33
Contributions by and distributions to owners			
Fair value of subsidiary	1,632	-	1,632
	<hr/>	<hr/>	<hr/>
Total transactions with owners	1,632	-	1,632
	<hr/>	<hr/>	<hr/>
At 31 March 2021	1,632	33	1,665

The notes on pages 21 to 42 form part of these financial statements.

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £000	2020 £000
Cash flows from operating activities		
Profit/(loss) for the financial year	36	(27)
Adjustments for:		
Amortisation of intangible assets	13	-
Depreciation of tangible assets	30	56
Interest payable and similar expenses	8	77
Interest receivable and similar income	(151)	(1)
Taxation charge	37	32
(Increase)/decrease in stocks	(711)	794
Decrease in debtors	1,258	2,100
Increase/(decrease) in creditors	456	(2,259)
(Decrease)/increase in provisions	(300)	500
Corporation tax paid	(39)	(1)
Net cash generated from operating activities	637	1,271
Cash flows from investing activities		
Purchase of intangible assets	-	(13)
Purchase of tangible assets	(28)	(16)
Purchase of fixed investments	-	(3)
Interest received	151	1
Net cash generated from/(used in) investing activities	123	(31)
Movements on invoice discounting	(614)	(1,640)
Interest paid	(8)	(77)
Net cash used in financing activities	(622)	(1,717)
Net increase/(decrease) in cash and cash equivalents	138	(477)
Cash and cash equivalents at beginning of the financial year	874	1,351
Cash and cash equivalents at the end of the financial year	1,012	874
Cash and cash equivalents at the end of the financial year comprise:		
Cash at bank and in hand	1,012	874

The notes on pages 21 to 42 form part of these financial statements.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

The principal activity of Omsco Group Limited (the "Company") together with its subsidiaries (the "Group") is the processing and selling of organic milk and associated processed dairy products on behalf of its members.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 501 Parkway, Worle, Weston-super-Mare, Somerset, BS22 6WA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

During the period ended 31 March 2021, the Company acquired a 100% interest in Organic Milk Suppliers Co-operative Limited and its subsidiaries by means of a share-for-share exchange. As there was no change in the overall ownership of Omsco Group Limited, business combination accounting rules do not apply to this transaction and merger accounting has been applied instead. The comparatives would be classified as unaudited as the Group was not incorporated until 5 May 2020, however these results have been audited within the financial statements of Organic Milk Suppliers Co-operative Limited.

As such, the consolidated results of Omsco Group Limited are presented as if the Group had always been in existence and therefore the results presented are for the year ended 31 March 2021 with comparative information provided for the year ended 31 March 2020.

The following principal accounting policies have been applied consistently throughout the period:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the merger accounting method as, on the establishment of the Company as the ultimate parent of the Group, no change in ownership occurred and the requirements of business combination accounting therefore did not apply.

2.3 Going concern

The directors have considered the financial position of the Company and have concluded that the Company will continue to meet its liabilities as they fall due for the foreseeable future and hence the financial statements are prepared on a going concern basis.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Operating leases: the Group as lessee

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

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property improvements	- Period of lease
Plant and machinery	- 4 years
Fixtures and fittings	- 7 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Investments

Investments in subsidiaries are measured at fair value with changes recognised in other comprehensive income.

2.15 Trade investments

Trade investments are measured at fair value.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Creditors

Short term creditors are measured at the transaction price.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.21 Financial instruments

The Group has chosen to apply the sections 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

(i) Hedge accounting and consideration of the fair value of derivative financial instruments

The Group uses derivative financial instruments to hedge certain economic exposures in relation to movements in foreign exchange rates as compared with the position that was expected at the date the underlying transaction being hedged was entered into. The Group fair values its derivative financial instruments and records the fair value of those instruments on its Balance Sheet. No market prices are available for these instruments and consequently the fair values are derived using financial models based on counterparty information that is independent of the Group. There is also a judgement on whether an economic hedge relationship exists in order to achieve hedge accounting. Appropriate documentation has been prepared detailing the economic relationship between the hedging instrument and the underlying forecast transactions being hedged.

(ii) Processed dairy products

The Group has entered into sale and buy back arrangements as part of its ingredients business. Given the nature of these contracts there is significant judgement involved as to what point to recognise revenue based on whether the risks and rewards of ownership have passed to the customer.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

Stock

The Group holds its stock at the lower of cost and net realisable value. The cost of stock is an estimate as the price of the milk used in manufacturing the stock is dependent on the return to the members. Net realisable value is also an estimate given that the obtainable price for processed dairy products is dependent on the market in which they can subsequently be sold.

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****4. Turnover**

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Liquid milk	58,522	57,345
Processed dairy products	25,801	33,011
Other	-	110
	84,323	90,466

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	66,884	72,241
Europe	8,339	7,323
Rest of the World	9,100	10,902
	84,323	90,466

5. Exceptional items

	2021 £000	2020 £000
Project costs	149	229

These project costs relate to the corporate restructure programme which concluded during the current financial year.

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible assets	30	56
Amortisation of intangible assets	13	-

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****7. Auditors' remuneration**

	2021 £000	2020 £000
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	48	23
Fees payable to the Group's auditors in respect of:		
Taxation compliance services - United Kingdom	26	2
Taxation compliance services - Rest of the World	154	53
All other services	14	3
	194	58

8. Employees

Payroll costs, including directors' remuneration, were as follows:

	Group 2021 £000	Group 2020 £000	Company 2021 £000
Wages and salaries	1,657	1,384	499
Social security costs	186	156	55
Other pension costs	215	169	60
	2,058	1,709	614

The average number of Group employees excluding non executive directors during the year was as follows:

	2021 Number	2020 Number
Administrative staff	27	24

The Company had an average of 7 employees during the period.

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****9. Directors' remuneration**

	2021 £000	2020 £000
Directors' remuneration	549	603

The highest paid director received remuneration of £188,000 (2020: £191,000).

2 directors (2020: 2) are accruing retirement benefits in respect of qualifying services.

Pension contributions of £16,000 (2020: £13,000) have been made in respect of these directors.

The above figure includes directors' fees, consultancy fees and administrative services and expenses.

10. Interest receivable and similar income

	2021 £000	2020 £000
On bank deposits	-	1
Foreign exchange gains	151	-
	151	1

11. Interest payable and similar expenses

	2021 £000	2020 £000
Bank interest payable	8	50
Foreign exchange losses	-	27
	8	77

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****12. Tax on profit**

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the financial year	34	39
Total current tax	34	39
Deferred tax		
Origination and reversal of timing differences	3	(8)
Changes to tax rates	-	1
Total deferred tax	3	(7)
Total tax	37	32

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £000	2020 £000
Profit before taxation	73	5
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	14	1
Effects of:		
Expenses not deductible for tax purposes	23	30
Change in tax rate in year	-	1
Total tax charge for the financial year	37	32

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****12. Tax on profit (continued)****Factors that may affect future tax changes**

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the Balance Sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the Balance Sheet date, would not be material to disclose.

13. Intangible assets

Group	Project costs £000	Trademarks £000	Total £000
Cost			
At 1 April 2020	13	12	25
At 31 March 2021	13	12	25
Accumulated amortisation			
At 1 April 2020	-	-	-
Charge for the year	13	-	13
At 31 March 2021	13	-	13
Net book value			
At 31 March 2021	-	12	12
At 31 March 2020	13	12	25

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****14. Tangible assets****Group**

	Leasehold property improvements £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost				
At 1 April 2020	23	216	55	294
Additions	1	25	2	28
Disposals	-	(20)	-	(20)
At 31 March 2021	24	221	57	302
Accumulated depreciation				
At 1 April 2020	11	196	30	237
Charge for the year	4	17	9	30
Disposals	-	(17)	-	(17)
At 31 March 2021	15	196	39	250
Net book value				
At 31 March 2021	9	25	18	52
At 31 March 2020	12	20	25	57

Security

There exists a charge over all assets of the Company including fixed assets in respect of banking facilities.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

14. Tangible assets (continued)

Company

	Plant and machinery £000
Cost	
On incorporation	-
Additions	7
At 31 March 2021	<u>7</u>
Accumulated depreciation	
On incorporation	-
Charge for the period	2
At 31 March 2021	<u>2</u>
Net book value	
At 31 March 2021	<u>5</u>
At 31 March 2020	<u>-</u>

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****15. Investments****Group**

	Trade investments £000
Cost	
At 1 April 2020	61
Foreign exchange movement	(6)
At 31 March 2021	<u>55</u>

Company

	Investments in subsidiary companies £000
Cost	
On incorporation	-
Additions	1,633
At 31 March 2021	<u>1,633</u>

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****15. Investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Omsco Partners Limited	501 Parkway, Worle, Weston-super-Mare, Somerset, BS22 6WA	Dissolved	Ordinary	-
Omsco Cymru Cyfyngedig	Churchill House, Churchill Way, Cardiff, CF10 2HH	Dissolved	Ordinary	-
Organic Milk Suppliers Co-operative Limited	501 Parkway, Worle, Weston-super-Mare, Somerset, BS22 6WA	Processing and selling of organic milk and associated processed dairy products	Ordinary	100%

On 28 April 2020, Omsco Partners Limited successfully applied to strike the Company off the register.

On 12 May 2020, Omsco Cymru Cyfyngedig successfully applied to strike the Company off the register.

On 3 November 2020, Organic Milk Suppliers Co-operative Limited was wholly acquired by Omsco Group Limited.

16. Stocks

	Group	Group
	2021	2020
	£000	£000
Finished goods	4,878	4,167

17. Debtors

	Group	Group	Company
	2021	2020	2021
	£000	£000	£000
Trade debtors	8,036	9,085	-
Amounts owed by group undertakings	-	-	10,932
VAT recoverable	393	209	324
Prepayments and accrued income	283	676	160
	8,712	9,970	11,416

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****18. Cash at bank and in hand**

	Group	Group	Company
	2021	2020	2021
	£000	£000	£000
Cash at bank and in hand	1,012	874	850

19. Creditors: amounts falling due within one year

	Group	Group	Company
	2021	2020	2021
	£000	£000	£000
Asset based lending facility	1,637	2,251	-
Trade creditors	9,282	8,812	7,713
Amounts owed to group undertakings	-	-	4,042
Corporation tax	35	40	-
Accruals and deferred income	1,453	1,469	484
Derivatives	62	-	-
	12,469	12,572	12,239

The asset based lending facility is secured on the trade debtors and stocks of Organic Milk Suppliers Co-operative Limited.

20. Creditors: amounts falling due after more than one year

	Group	Group
	2021	2020
	£000	£000
Other creditors	55	61

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****21. Financial instruments**

	Group	Group	Company
	2021	2020	2021
	£000	£000	£000
Financial assets			
Financial assets that are debt instruments measured at amortised cost	8,036	9,085	10,932
Financial liabilities			
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(62)	-	-
Financial liabilities measured at amortised cost	(12,427)	(12,593)	(12,239)
	(12,489)	(12,593)	(12,239)

Financial assets measured at amortised cost comprise trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise asset based lending facility, trade creditors, amounts owed to group undertakings, other creditors and accruals.

Hedge accounting

The Group has exposure to foreign exchange risk from future foreign currency sales. A combination of forward exchange contracts and time options are used to mitigate the risk of fluctuating exchange rates and therefore protect member returns. The fair value of these instruments at 31 March 2021 is £62,000 unfavourable (2020: £Nil).

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****22. Deferred taxation****Group**

	2021 £000
At beginning of year	6
Charged to profit or loss	3
At end of year	9

The provision for deferred taxation is made up as follows:

	Group 2021 £000	Group 2020 £000
Difference between accumulated depreciation and capital allowances	8	9
Short term timing differences	1	(3)
	9	6

23. Other provisions**Group**

	Other provisions £000
At 1 April 2020	500
Charged to profit or loss	(300)
At 31 March 2021	200

The provision relates to potential duty liabilities derived from historic imports to the United States.

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

24. Reserves

Merger reserve

The merger reserve originated on application of merger accounting for the business combination.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Profit and loss account

The Profit and Loss Account represents the accumulated profits, losses and distributions of the Group and Company.

OMSCO GROUP LIMITED**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****25. Business combinations**

Following a company restructure, on the 3rd November 2020 both the shareholders and directors of Organic Milk Suppliers Co-operative Limited transferred to Omsco Group Limited.

Acquisition of Organic Milk Suppliers Co-operative Limited.**Recognised amounts of identifiable assets acquired and liabilities assumed**

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed Assets			
Tangible	134	-	134
	<u>134</u>	<u>-</u>	<u>134</u>
Current Assets			
Stocks	2,813	-	2,813
Debtors	9,456	-	9,456
Cash at bank and in hand	1,772	-	1,772
	<u>14,175</u>	<u>-</u>	<u>14,175</u>
Total Assets	14,175	-	14,175
Creditors			
Due within one year	(12,542)	-	(12,542)
	<u>(12,542)</u>	<u>-</u>	<u>(12,542)</u>
Total Identifiable net assets	1,633	-	1,633
Goodwill			-
Total purchase consideration			1,633

26. Pension commitments

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £215,000 (2020: £169,000).

OMSCO GROUP LIMITED

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

27. Commitments under operating leases

At 31 March the Group and Company had future minimum lease payments due under non-cancellable operating leases as follows:

Group	2021 £000	2020 £000
Not later than 1 year	45	42
Later than 1 year and not later than 5 years	86	108
	<u>131</u>	<u>150</u>

28. Related party transactions

During the year the Group made purchases of milk from the directors and their related businesses as supplying members to the value of £7,949,000 (2020: £6,139,000).

N Saphir is a director of the Company Bodin and Nielsen Limited. During the year, Bodin and Nielsen Limited supplied consultancy services to the Group. The total value of services sold in the year was £7,000 (2020: £82,000).

N A Kennedy is a director of the Company Chartridan Limited. During the year, N A Kennedy Limited sold consultancy services to the Group. The total value of services sold in the year was £3,000 (2020: £30,000).

Amounts owing to directors at year end was £689,000 (2020: £587,000).

The Company is exempt from disclosing its related party transactions during the period ended 31 March 2021 as they are with a wholly owned subsidiary or with members of the same group.

29. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.