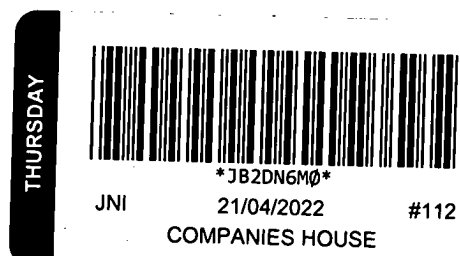


# Independent Fertilisers Limited

## Annual Report and Financial Statements

31 July 2021

Registered No: NI042334



# Independent Fertilisers Limited

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**Directors**

L N Larkin  
W B Barnett

**Auditor**

Ernst & Young LLP  
Bedford House  
16 Bedford Street  
Belfast BT2 7DT

**Bankers**

Bank of Ireland  
Belfast City Branch  
BT1 2BA

**Solicitors**

Tughans  
Marlborough House  
30 Victoria Street  
Belfast  
BT1 3GG

**Registered Office**

35-39 York Road  
Belfast  
BT15 3GW

## Strategic report

The directors present their strategic report and financial statements for the year ended 31 July 2021.

### Principal activities and review of the business

The principal activity of the company is the blending, bagging and sale of fertiliser products.

#### *Key performance indicators*

The directors consider turnover, profit before tax and employment numbers to be key performance indicators in their ability to monitor the company's strategic effectiveness:

	2021	2020
Turnover	£29,714,846	£23,949,735
Profit before tax	£795,176	£603,222
Employment numbers	19	20

The company is constantly striving to maintain and enhance its position through an ongoing focus on customer service and product innovation.

In a challenging environment, the directors consider the performance of the company during the year to be satisfactory.

### Principal risks and uncertainties

The company's principal financial instruments comprise cash, trade debtors and creditors, group indebtedness and certain other debtors and accruals. The main risks associated with these financial assets and liabilities are set out below.

#### **Brexit risk**

The company has adapted to all the relevant new requirements arising from Brexit and the NI Protocol with minimal business impact noted to date. The directors are aware that there are some remaining sensitivities and uncertainties in this area but remain confident that they will continue to plan for and react satisfactorily to any further developments, in order to continue to provide the highest levels of service to our customers.

#### **Foreign currency risk**

The company's main exposure to foreign currency risk, arising from raw material purchases denominated in euro, is managed primarily using forward contracts to fix the future cost.

#### **Credit risk**

Credit risk arises principally on third party derived revenues. Company policy is aimed at minimising such risk, and requires that credit terms are granted only to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant.

#### **Liquidity risk**

The company's liquidity risk is managed by the company directors through daily assessment of required cash levels and resultant utilisation of various available facilities.

#### **Interest rate risk**

The company's external borrowings exist only to the extent of an overdraft. Thus, the directors do not believe that the company has significant exposures arising from interest rate risks.

## Strategic report (continued)

### Principal risks and uncertainties (continued)

#### Market price risk

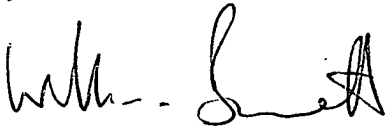
Due to the nature of its principal activity the company is exposed to movements in market prices of local and world markets on a number of agricultural commodities. The company seeks to mitigate this risk through the policy of entering into forward contracts for such raw materials.

#### COVID-19

The business has recognised the risks posed by the current COVID-19 pandemic and has implemented various contingency measures and mitigating actions to address this threat. The company's management team continues to adopt a coordinated business response, taking appropriate actions for the business based on the Government's public health advice. The business has tested its customer and supply chain resilience in the face of COVID-19 and does not believe there is any heightened risk for our business.

The health and wellbeing of the company employees continues to be of paramount concern and all necessary arrangements are being put in place to ensure that the company premises remain a safe environment for staff. The company will keep the situation under regular review and will take all necessary measures to maintain the viability of the business during and after the situation is resolved.

By order of the Board



W B Barnett  
Director

21 September 2021

## **Directors' report**

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

### **Results and dividends**

The profit for the year after taxation amounted to £606,214 (2020 – £475,568). During the year the directors paid a dividend of £475,000 (2020 – £600,000).

### **Future developments**

The company intends to continue operating as a manufacturer and seller of fertiliser products.

### **Events subsequent to the reporting date**

There have been no events since the balance sheet date which materially affect the position of the company.

### **Going concern**

Whilst there is evidence of wider economic stress across the local and global economy, the local animal feed and related markets have remained resilient throughout the COVID-19 pandemic, with relatively low impact on business levels experienced. Working capital requirements have remained relatively steady and whilst there has been some additional volatility of raw materials prices, the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. The company's financial forecasts and projections to 30 September 2022 show that the company continues to be cash generative and is confident that it will continue to operate within its facilities and meet its obligations as they fall due within the period to 30 September 2022. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Directors**

The directors who served the company during the year are listed on page 1

### **Disabled employees**

The company maintains a policy of offering equal opportunities to disabled persons in recruitment, training and career development, having due regard to their aptitudes and abilities in relation to the jobs available.

### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Matters included in the strategic report**

Under section 414 of Companies Act 2006 all matters not disclosed in the Directors' Report have been included in the Strategic Report.

**Directors' report (continued)**

**Auditor**

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'W B Barnett', with a stylized flourish at the end.

W B Barnett  
Director

21 September 2021

## Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditor's report**

**to the members of Independent Fertilisers Limited**

## **Opinion**

We have audited the financial statements of Independent Fertilisers Limited for the year ended 31 July 2021 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, and the related notes 1 to 17, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

## **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 September 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.



# **Independent auditor's report**

**to the members of Independent Fertilisers Limited**

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# Independent auditor's report

to the members of Independent Fertilisers Limited

## **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.

## ***Explanation as to what extent 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 irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting frame work (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety legislation.
- We understood how the company is complying with those frameworks by making enquiries of senior management, those charged with governance and those responsible for legal and compliance procedures. We corroborated our enquiries through a review of the following documentation and performance of the following procedures;
  - Obtaining an understanding of entity-level controls and considering the influence of the control environment;
  - Obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with these policies is monitored and enforced.
  - Obtaining an understanding of management's processes for identifying and responding to fraud risks, including programs and controls established to address such risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those controls;
  - Review of board meeting minutes in the year and to the signing date.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by discussion within the audit team which included;
  - Understanding the company's entity-level controls and business and consideration of the influence of the control environment;
  - Considering the nature of the account and our assessment of inherent risk for relevant assertions of significant accounts.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journal entries with a focus on manual journals, large or unusual transactions, or journals meeting our defined risk criteria based on our understanding of the business; reviewing accounting estimates for evidence of management bias; enquiring of members of senior management and those charged with governance.

# Independent auditor's report

to the members of Independent Fertilisers Limited

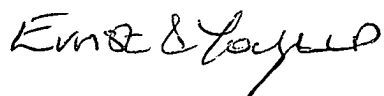
## Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## 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.



Michael Kidd (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor

Belfast

Date 27 September 2021

## Profit and loss account

for the year ended 31 July 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	2	29,714,846	23,949,735
Cost of sales		<u>(27,906,545)</u>	<u>(22,261,239)</u>
<b>Gross profit</b>		1,808,301	1,688,496
Administrative expenses		<u>(982,691)</u>	<u>(960,498)</u>
<b>Operating profit</b>	3	825,610	727,998
Interest payable and similar charges	6	<u>(30,434)</u>	<u>(124,776)</u>
<b>Profit before taxation</b>		795,176	603,222
Tax charge	7	<u>(188,962)</u>	<u>(127,654)</u>
<b>Profit for the financial year</b>		<u>606,214</u>	<u>475,568</u>

All amounts relate to continuing activities.

## Statement of Comprehensive Income

for the year ended 31 July 2021

There is no comprehensive income other than the profit attributable to the shareholders of the company of £606,214 in the year ended 31 July 2021 (2020 – £475,568).

## Statement of Changes in Equity

for the year ended 31 July 2021

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£
At 1 August 2019	2	1,126,172	1,126,174
Profit for the year	–	475,568	475,568
Dividends paid	–	(600,000)	(600,000)
At 1 August 2020	2	1,001,740	1,001,742
Profit for the year	–	606,214	606,214
Dividends paid	–	(475,000)	(475,000)
At 31 July 2021	2	1,132,954	1,132,956

The nature and purpose of each reserve is explained below:

### *Share capital*

Share capital represents the nominal value of shares that have been issued.

### *Profit and loss account*

Profit and loss account includes all current year and prior period retained profits and losses, less dividends paid.

# Balance Sheet

at 31 July 2021

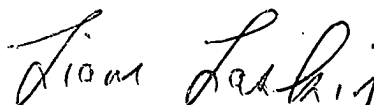
	Note	2021 £	2020 £
<b>Fixed Assets</b>			
Tangible assets	9	421,798	396,772
<b>Current Assets</b>			
Stocks	10	2,901,335	3,116,946
Debtors	11	6,140,475	3,932,553
Cash at Bank & On Hand		-	588,818
		9,041,810	7,638,317
<b>Creditors: amounts falling due within one year</b>	12	(8,173,701)	(6,912,389)
<b>Net Current Assets</b>		868,109	725,928
<b>Total Assets less Current Liabilities</b>		1,289,907	1,122,700
<b>Provisions for Liabilities and Charges</b>			
Deferred tax	7(c)	(156,951)	(120,958)
<b>Net Assets</b>		1,132,956	1,001,742
<b>Capital and Reserves</b>			
Called up share capital	13	2	2
Profit and loss account		1,132,954	1,001,740
<b>Shareholders' Funds</b>		1,132,956	1,001,742

The financial statements were approved and authorised by the board of directors and were signed on its behalf by:



W B Barnett  
Director

21.9.21



L N Larkin  
Director

Registered Number: NI042334

## Notes to the financial statements

at 31 July 2021

### 1. Accounting policies

#### *Statement of compliance*

Independent Fertilisers Limited is a private company limited by shares and incorporated in Northern Ireland. The Registered Office is 35-39 York Road, Belfast, BT15 3GW, Northern Ireland.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 July 2021.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are presented in Pounds Sterling which is the functional currency of the company and all values are rounded to the nearest Pound, except where otherwise indicated.

#### *Going concern*

Whilst there is evidence of wider economic stress across the local and global economy, the local animal feed and related markets have remained resilient throughout the COVID-19 pandemic, with relatively low impact on business levels experienced. Working capital requirements have remained relatively steady and whilst there has been some additional volatility of raw materials prices, the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. The company's financial forecasts and projections to 30 September 2022 show that the company continues to be cash generative and is confident that it will continue to operate within its facilities and meet its obligations as they fall due within the period to 30 September 2022. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Reduced disclosure framework*

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 4 *Statement of Financial Position* paragraph 4.12(a)(iv).
- (b) The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d).
- (c) The requirements of Section 11 *Basic Financial Instruments* paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26.
- (d) Section 33 *Related Party Disclosures* paragraph 33.7.

The company's ultimate parent undertaking is W&R Barnett Holdings Limited. The parent undertaking of the largest group of undertakings to consolidate these financial statements is W&R Barnett Holdings Limited, a company incorporated and registered in Northern Ireland. The immediate parent of the smallest group of undertakings to consolidate these financial statements is BHH Limited. BHH Limited's financial statements are available from 35-39 York Road, Belfast, BT15 3GW, Northern Ireland.

The ultimate controlling party are the shareholders of W&R Barnett Holdings Limited.

#### *Significant accounting judgements, estimates and assumptions*

The preparation of the financial information in accordance with FRS 102 requires estimates and assumptions to be made that affect the value at which certain assets and liabilities are held at the balance sheet date and also the amounts of revenue and expenditure recorded in the period. The directors believe the accounting policies chosen are appropriate to the circumstances and that the estimates, judgements and assumptions involved in its financial reporting are reasonable.

## Notes to the financial statements

at 31 July 2021

### 1. Accounting policies (continued)

#### *Significant accounting judgements, estimates and assumptions (continued)*

Accounting estimates made by management are based on information available to management at the time each estimate is made. Accordingly, actual outcomes may differ materially from current expectations under different assumptions and conditions. The estimates and assumptions for which there is a significant risk of a material adjustment to the financial information within the next financial year are set out below.

#### *Critical judgements in applying the company's accounting policies*

##### *Provisions for liabilities*

Provisions are made where an event has taken place that gives the company 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 the profit and loss account in the year that the company 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.

##### *Revenue*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised.

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

##### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of individual items over their estimated useful lives from the month of purchase, as follows:

Plant and machinery – 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### *Stocks*

Stocks are valued on a first in first out (FIFO) basis, at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items. Cost comprises invoice price plus freight and carriage costs.

Net realisable value comprises the actual or estimated selling price (net of trade discounts) less all further costs to completion to be incurred in marketing, selling and distribution.

##### *Leasing commitments*

Rentals paid under operating leases are charged to revenue on a straight-line basis over the term of the lease.

##### *Income recognition*

Turnover is recognised on shipment of the relevant product.



## Notes to the financial statements

at 31 July 2021

### 1. Accounting policies (continued)

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

The financial statements are expressed in pounds sterling (£).

Normal trading activities denominated in foreign currencies are recorded in the local currency at actual exchange rate as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the yearend are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### *Financial instruments*

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

##### *(i) Financial assets*

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

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

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

If there is 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 the statement of comprehensive income.

Derivatives, including 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 finance income as appropriate, unless they are included in a hedging arrangement.

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

##### *(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables 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.

## Notes to the financial statements

at 31 July 2021

### 1. Accounting policies (continued)

#### (ii) Financial liabilities (continued)

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

Trade payables are obligations to pay for goods or services that have been received in the ordinary course of business from suppliers. Trade payables are classified into amounts falling due within one year if payment is due within one year or less. If not, they are presented as amounts falling due after one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### Dividends payable

Dividends payable are recognised when the dividend is declared and payable.

### 2. Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of trade discounts and value-added-tax. Turnover is attributable to the blending, bagging and sale of fertiliser. Substantially all turnover is earned in Northern Ireland.

### 3. Operating profit

This is stated after charging:

	2021 £	2020 £
Depreciation	69,345	53,248
Operating lease rentals - land	215,000	215,224
- motor vehicles, plant & machinery	28,436	29,981
Auditor's remuneration	20,000	20,500
Auditor's remuneration for non-audit work	2,500	2,000
	<hr/>	<hr/>

### 4. Directors' remuneration

There were no directors' remuneration during the year. Directors' remuneration was paid to the directors by other group undertakings, however the portion of those emoluments that relate to their services as directors of the company are considered negligible.

### 5. Staff costs

	2021 £	2020 £
Wages and salaries	751,468	834,653
Social security costs	68,758	85,317
Other pension costs	31,848	17,908
	<hr/>	<hr/>
	852,074	937,878

## Notes to the financial statements

at 31 July 2021

### 5. Staff costs (continued)

The monthly average number of employees, including directors, during the year was as follows:

	2021 No.	2020 No.
Selling, administration and production	19	20

The company operates a defined contribution pension plan. The cost of the defined contribution arrangement was £31,848 (2020 – £17,908).

The outstanding contributions included in creditors at year end amount to £1,406 (2020 – £1,458).

### 6. Interest payable and similar charges

	2021 £	2020 £
Interest payable on bank loans, overdrafts and other bank balances repayable within 5 years	30,434	124,776
	<u>30,434</u>	<u>124,776</u>

### 7. Tax on profit

(a) Analysis of charge in period:

	2021 £	2020 £
<b>Corporation tax:</b>		
UK corporation tax on the profit for the period	152,969	110,430
Adjustments in respect of previous periods	-	153
Total current tax	<u>152,969</u>	<u>110,583</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(2,204)	4,849
Impact of rate change on opening balance	38,197	12,222
Total deferred tax (note 7(c))	<u>35,993</u>	<u>17,071</u>
Tax charge on profit (note 7(b))	<u>188,962</u>	<u>127,654</u>

## Notes to the financial statements

at 31 July 2021

### 7. Tax on profit (continued):

#### (b) Factors affecting tax charge for the year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	795,176	603,222
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	151,083	114,612
<i>Effects of:</i>		
Disallowable expenses and non-taxable income	211	666
Adjustments to tax charge in respect of previous periods	-	154
Difference in CT and DT rate	(529)	-
Impact of rate change on opening balance	38,197	12,222
Total tax charge for the year	188,962	127,654

#### (c) Deferred tax

	£
At 1 August 2020	120,958
Origination and reversal of timing differences for the period	(2,204)
Rate Change Impact	38,197
At 31 July 2021	156,951

On 24 May 2021 HM Treasury substantively enacted a resolution to increase the corporation tax rate for large companies to 25% from 1 April 2023 and as such deferred tax as at 31 July 2021 has been calculated at this rate.

## Notes to the financial statements

at 31 July 2021

### 8. Dividends paid

Declared and paid during the year	2021	2020
	£	£
<i>Ordinary shares of £1 each</i>		
Interim dividend paid	475,000	600,000

### 9. Tangible fixed assets

	<i>Plant and machinery</i>
	£
<b>Cost:</b>	
At 1 August 2020	1,814,348
Additions	94,371
Disposals	(249,203)
At 31 July 2021	1,659,516
<b>Depreciation:</b>	
At 1 August 2020	1,417,576
Charge for year	69,345
Disposals	(249,203)
At 31 July 2021	1,237,718
<b>Net book value:</b>	
At 31 July 2021	421,798
At 31 July 2020	396,772

### 10. Stocks

	2021	2020
	£	£
Raw materials and consumables	1,974,487	2,249,316
Finished goods	926,848	867,630
	2,901,335	3,116,946

### 11. Debtors

	2021	2020
	£	£
Trade debtors	4,852,787	3,752,780
Prepayments and accrued income	54,952	49,863
Amounts owed by group undertakings	1,037,986	57,000
Amounts owed by related parties (note 15)	194,750	57,000
Corporation Tax	-	15,910
	6,140,475	3,932,553

## Notes to the financial statements

at 31 July 2021

### 12. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	4,112,007	4,793,306
Accruals and deferred income	916,062	736,011
Amounts owed to group undertakings	88,629	8,639
Amounts owed to related parties (note 15)	3,489	3,980
Bank overdraft	2,058,335	-
Corporation tax	406,559	-
VAT	567,628	1,333,718
Derivative Financial liability	20,992	36,735
	<u>8,173,701</u>	<u>6,912,389</u>

### 13. Issued share capital

	2021	2020
	£	£
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 14. Other financial commitments

At 31 July 2021 the company had total commitments under non-cancellable operating leases as set out below:

	2021	2020
	£	£
<i>Amounts payable:</i>		
Within one year	224,621	228,582
In two to five years	886,123	885,744
Later than five years	-	225,000
	<u>1,110,744</u>	<u>1,339,326</u>

## Notes to the financial statements

at 31 July 2021

### 15. Related party transactions

As the parent company publishes consolidated group financial statements, the company has taken advantage of the exemption not to report transactions with other group members, as permitted under FRS102.33.1A. The company entered into transactions during the year and had yearend balances with the following related parties, and group undertakings of W&R Barnett Holdings Limited:

	Amounts owed by related party £	Amounts owed to related party £	Sales to related party £	Purchases from related party £
W & R Barnett, Limited*				
2021	194,750	-	-	-
2020	57,000	-	-	-
Origin Fertilisers UK Limited				
2021	194,750	-	-	185,381
2020	57,000	-	-	153,854
Origin NI Limited				
2021	-	-	2,549	53
2020	-	-	3,425	1,281
Goulding Chemicals Limited				
2021	-	-	115,917	823,507
2020	-	-	114,460	784,985
Origin Enterprises plc				
2021	-	3,489	-	83,070
2020	-	3,980	-	92,434
Total				
2021	389,500	3,489	118,466	1,092,011
2020	114,000	3,980	117,855	1,032,554

\*Amounts owed by related party have been included as amounts owed by group undertakings in Note 11 as the parties are related by common ownership of W&R Barnett Holdings Limited.

The above transactions all relate to goods and services supplied by the related parties. All transactions were in the normal course of business. All parties are related by common ownership.

### 16. Ultimate parent undertaking & controlling party

The parent undertaking of the largest group of undertakings to consolidate these financial statements is W&R Barnett Holdings Limited, a company incorporated and registered in Northern Ireland. The immediate parent of the smallest group of undertakings to consolidate these financial statements is BHH Limited. BHH Limited's financial statements are available from 35-39 York Road, Belfast, BT15 3GW, Northern Ireland.

The ultimate controlling party are the shareholders of W&R Barnett Holdings Limited

### 17. Security held by bank

The company has given Bank of Ireland fixed and floating charges over all its assets. Additionally, Richlea Eggs Limited, Clarendon Feeds Limited, Precision Analysis Limited, John Thompson & Sons Limited and BHH Limited have provided cross guarantees to the bank.