

DUFFIELDS (SOUTH WEST) LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 SEPTEMBER 2018



DUFFIELDS (SOUTH WEST) LIMITED

COMPANY INFORMATION

Directors	A W Duffield P Chase D E Hills (resigned 31 December 2017) M W Raper
Company secretary	P M Chase
Registered number	02691453
Registered office	Babylon View Pen Mill Trading Estate Yeovil Somerset BA21 5HR
Independent auditors	Larking Gowen LLP Chartered Accountants & Statutory Auditors King Street House 15 Upper King Street Norwich NR3 1RB

DUFFIELDS (SOUTH WEST) LIMITED

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DUFFIELDS (SOUTH WEST) LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 29 SEPTEMBER 2018

The directors present their strategic report for the period ending 29 September 2018.

Principal activities

The company's principal activity is that of provender milling and straights' trading, and trading in nutritional feedstuffs.

Business review and results

The directors are pleased with the company's performance for the period ended 29 September 2018.

Turnover for the period ended 29 September 2018 was £28,201,000 (2017: £25,085,000). The profit on ordinary activities before taxation was £1,076,000 (2017: £505,000) and the profit after taxation for the financial period amounted to £865,000 (2017: £422,000). Turnover has increased due to a combination of volume increases and commodity price movements. The company's costs have also increased during the period but this is considered to be appropriate for the increase in trade during the period.

Net assets at the period end amounted to £3,442,000 (2017: £2,983,000).

The financial year of 2017-2018 saw several major events happening in one year.

The first was the "Beast from the East" with cold weather and snow not seen since the early 1980s. This caused a spike in demand and put huge pressure on all of our feed mills around the country. The Directors are pleased to report that during this period the groups fantastic staff worked many extra hours to keep the company's great quality and service levels up against the very tough operating conditions. The next challenge for our customers was the very dry summer, the driest since 1976, again this spiked feed sales particularly for the group's ruminant customers. The lack of grass and any sort of forage increased feed sales, traditionally not seen in the summer months.

Cost management and raw material control remains a top priority in these volatile times with heavy involvement from Directors in these areas.

The large capital investment continues to keep up with the growth of business in all mills.

Despite Brexit uncertainty, the company is well-placed for future growth, backed by the spread of sectors we operate in, geographic coverage, and strong balance sheet.

The Directors are very proud of our dedicated, professional and talented employees, and would like to thank them all for their continued hard work and commitment. Their skill and experience help to ensure that Duffield's remains one of the leading suppliers of agricultural products and advice to the agricultural industry.

Key performance indicators

The group monitors its performance on a monthly basis through a number of key performance indicators. The directors are satisfied that the performance under these is very much in line with expectations.

DUFFIELDS (SOUTH WEST) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 29 SEPTEMBER 2018

Principal risks and uncertainties

It is the aim of the Board to minimise the exposure to risk in all areas of the business but as is common with most businesses in our industry we are subject to various risks. The board consider the most important of these risks to be price, credit and health and safety.

Health and Safety

It is the Group's policy to ensure, so far as is reasonably practical, the health and safety and welfare of all its employees, customers and other visitors to its premises and to comply with relevant health and safety legislation. The Group has a comprehensive health and safety policy, which is reviewed and updated regularly. Risk assessments are undertaken to assess hazards and whom they affect. A formal structure of audit and management reporting exists with a monitoring process, which is regularly reviewed.

Financial Risk Management Objectives and Policies

In common with other businesses, the company aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business. Trade debtors are closely monitored to keep the risk of bad debts to a minimum level. Levels of stock are also regularly scrutinised to reduce the risk of slow moving stocks being held.

Price Risk

The directors consider the principal risk of the business to be centred on commodity prices which have been subject to significant volatility in recent years. This volatility can affect all areas of the business but the directors believe its continued focus and ability to respond quickly to this volatility protects us from significant short term risk.

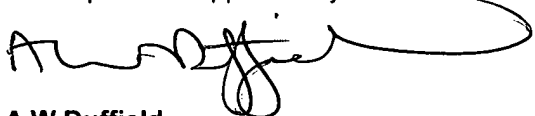
Credit Risk

All customers are credit checked before any trade takes place. In addition to these checks, credit limits are also put in place. Significant time is also invested by a number of key employees in the business. All of these controls are considered to minimise our exposure to significant bad debts.

Future Developments

The company's focus is on providing our customers with excellent service levels supported by continued, significant investment in the business. Whilst continued organic growth and consolidation is the priority, the Board also monitor acquisition opportunities to grow the business.

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



A W Duffield
Director

Date: 28 February 2019

DUFFIELDS (SOUTH WEST) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 SEPTEMBER 2018

The directors present their report and the financial statements for the period ended 29 September 2018.

The financial statements are presented for the financial year which comprise the period to either the Saturday immediately preceding, on, or after 30 September each year. As such these financial statements represent the performance and positions of the company as at 29 September 2018, representing 52 weeks of trading (2017 - 53 weeks).

Dividends

The results for the year are presented on page 8.

A dividend was declared on the 28 September 2018 for £406,000 (2017: £Nil)..

Directors

The directors who served during the period were:

A W Duffield
P Chase
D E Hills (resigned 31 December 2017)
M W Raper

Employee involvement

The company endeavours to communicate with staff and keep them informed of any relevant matters that may impact upon them. The company is committed to equal opportunities in employment and opposes all forms of unlawful or unfair discrimination.

Auditors

The auditors, Larking Gowen LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Matters covered in the strategic report

The following matters are covered in the Group strategic report:

- Principal activities
- Business review and results
- Key Performance Indicators
- Principal risks and uncertainties
- Future developments

DUFFIELDS (SOUTH WEST) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 29 SEPTEMBER 2018

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to 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'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's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

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



A W Duffield
Director

Date: 28 February 2019

DUFFIELDS (SOUTH WEST) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF DUFFIELDS (SOUTH WEST) LIMITED

Opinion

We have audited the financial statements of Duffields (South West) Limited (the 'Company') for the period ended 29 September 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 September 2018 and of its profit for the period 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

DUFFIELDS (SOUTH WEST) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF DUFFIELDS (SOUTH WEST) LIMITED (CONTINUED)

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

We have nothing to report in this regard.

Opinion 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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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 on page 4, 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.

DUFFIELDS (SOUTH WEST) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF DUFFIELDS (SOUTH WEST) LIMITED (CONTINUED)

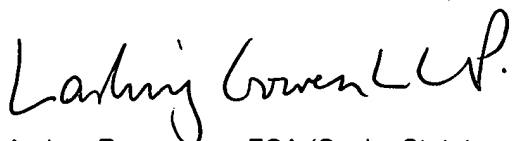
Auditors' responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's member 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 member those matters we are required to state to them in an Auditors' 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 member for our audit work, for this report, or for the opinions we have formed.



Anders Rasmussen FCA (Senior Statutory Auditor)

for and on behalf of
Larking Gowen LLP

Chartered Accountants
Statutory Auditors

King Street House
15 Upper King Street
Norwich
NR3 1RB

28 February 2019

DUFFIELDS (SOUTH WEST) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 29 SEPTEMBER 2018

	Note	2018 £000	2017 £000
Turnover	4	28,201	25,085
Cost of sales		(23,857)	(21,491)
Gross profit		4,344	3,594
Distribution costs		(1,860)	(1,692)
Administrative expenses		(1,393)	(1,390)
Operating profit		1,091	512
Income from fixed assets investments		-	2,182
Amounts written off investments		-	(2,182)
Interest payable and expenses	9	(15)	(7)
Profit before tax		1,076	505
Tax on profit	10	(211)	(83)
Profit for the financial period		865	422

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 13 to 29 form part of these financial statements.

DUFFIELDS (SOUTH WEST) LIMITED
REGISTERED NUMBER: 02691453

STATEMENT OF FINANCIAL POSITION
AS AT 29 SEPTEMBER 2018

	Note	29 September 2018 £000	30 September 2017 £000
Fixed assets			
Intangible assets	12	785	895
Tangible assets	13	1,845	2,175
Investments	14	10	10
		<u>2,640</u>	<u>3,080</u>
Current assets			
Stocks	15	513	428
Debtors: amounts falling due within one year	16	3,965	3,145
Cash at bank and in hand	17	694	1
		<u>5,172</u>	<u>3,574</u>
Creditors: amounts falling due within one year	18	(4,310)	(3,445)
Net current assets		<u>862</u>	<u>129</u>
Total assets less current liabilities		<u>3,502</u>	<u>3,209</u>
Creditors: amounts falling due after more than one year	19	-	(150)
Provisions for liabilities			
Deferred tax	20	(60)	(76)
		<u>(60)</u>	<u>(76)</u>
Net assets		<u><u>3,442</u></u>	<u><u>2,983</u></u>

DUFFIELDS (SOUTH WEST) LIMITED
REGISTERED NUMBER: 02691453

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 29 SEPTEMBER 2018

		29 September	<i>30 September</i>
		2018	<i>2017</i>
	Note	£000	<i>£000</i>
Capital and reserves			
Called up share capital	21	1	1
Share premium account	22	60	60
Profit and loss account	22	3,381	2,922
		<u>3,442</u>	<u>2,983</u>

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



A W Duffield
Director

Date: 28 February 2019

The notes on pages 13 to 29 form part of these financial statements.

DUFFIELDS (SOUTH WEST) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 SEPTEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 October 2017	1	60	2,922	2,983
Comprehensive income for the period				
Profit for the period	-	-	865	865
Dividends: Equity capital	-	-	(406)	(406)
At 29 September 2018	1	60	3,381	3,442

The notes on pages 13 to 29 form part of these financial statements.

DUFFIELDS (SOUTH WEST) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 27 September 2016	1	60	2,500	2,561
Profit for the period	-	-	422	422
At 30 September 2017	1	60	2,922	2,983

The notes on pages 13 to 29 form part of these financial statements.

DUFFIELDS (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 SEPTEMBER 2018

1. General information

Duffields (South West) Limited is a private limited company incorporated in England and Wales. The registered office address is Babylon View, Pen Mill Trading Estate, Yeovil, Somerset, BA21 5HR,

The principal activity of the company in the period under review was that of the manufacture and sale of animal feedstuffs.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 Company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

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

The financial statements are presented in Sterling (£) and are rounded to the nearest £1,000.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Duffields Mills Limited as at 29 September 2018 and these financial statements may be obtained from Companies House.

2.3 Group financial statements

The company is itself a wholly owned subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

DUFFIELDS (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 SEPTEMBER 2018

2. Accounting policies (continued)

2.4 Going concern

The group of which this company is a member has considerable financial resources and continues to trade profitably in the current financial period. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company 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 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other 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.

The estimated useful lives range as follows:

Customer relationships	-	10	years
Goodwill	-	10	years

DUFFIELDS (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 SEPTEMBER 2018

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed 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:

Freehold land and property	- Freehold buildings depreciated over 30 years. Land not depreciated.
Plant and machinery (including office equipment)	- 3 to 25 years
Motor vehicles	- 2 to 10 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 the Statement of Comprehensive Income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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 first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 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.

DUFFIELDS (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 SEPTEMBER 2018

2. Accounting policies (continued)

2.12 Financial instruments

The Company 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, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

DUFFIELDS (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 SEPTEMBER 2018

2. Accounting policies (continued)

2.18 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 Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

2.19 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

DUFFIELDS (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 SEPTEMBER 2018

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

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outline below:

Amortisation and depreciation of intangible and tangible fixed assets which have been calculated in accordance with the accounting policies.

4. Turnover

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

	2018 £000	2017 £000
Provender milling and straights trading	28,201	25,085
	<u>28,201</u>	<u>25,085</u>

All turnover arose within the United Kingdom.

5. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8	8

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

DUFFIELDS (SOUTH WEST) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 SEPTEMBER 2018**

6. Employees

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	1,668	1,488
Social security costs	172	154
Cost of defined contribution scheme	55	46
	1,895	1,688

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

	2018	2017
	No.	No.
Management	3	3
Administration	9	9
Production	19	16
Sales and delivery	22	20
	53	48

7. Directors' remuneration

Directors' remuneration includes amounts paid for by the ultimate parent company, Duffields Mills Limited, and recharged from that company by way of a management charge.

	29	30
	September	September
	2018	2017
	£000	£000
Directors' emoluments	104	159
Company contributions to defined contribution pension schemes	6	9
	110	168

During the period retirement benefits were accruing to 3 (2017- 3) in respect of defined contribution pension schemes.

DUFFIELDS (SOUTH WEST) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 SEPTEMBER 2018**

8. Income from investments

	2018 £000	2017 £000
Dividends received from Subsidiary Companies	-	2,182
	<u>-</u>	<u>2,182</u>

9. Interest payable

	2018 £000	2017 £000
Bank interest payable	14	7
Finance leases and hire purchase contracts	1	-
	<u>15</u>	<u>7</u>

10. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	227	89
	<u>227</u>	<u>89</u>
Total current tax	<u>227</u>	<u>89</u>
Deferred tax		
Origination and reversal of timing differences	(16)	(6)
Total deferred tax	<u>(16)</u>	<u>(6)</u>
Taxation on profit on ordinary activities	<u>211</u>	<u>83</u>

DUFFIELDS (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 SEPTEMBER 2018

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	1,076	505
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	204	99
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	2	24
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	1
Changes in deferred tax rates	5	(6)
Other differences leading to an increase (decrease) in the tax charge	-	(35)
Total tax charge for the period	211	83

Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax to 17% by 1 April 2020 was included in the Finance Act 2016 and has since become substantively enacted. Deferred tax has been provided for at 17% in these financial statements.

11. Dividends

	2018 £000	2017 £000
Dividends paid	406	-
	406	-

DUFFIELDS (SOUTH WEST) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 SEPTEMBER 2018**

12. Intangible assets

	Customer Relationships £000	Goodwill £000	Total £000
Cost			
At 1 October 2017	250	855	1,105
At 29 September 2018	250	855	1,105
Amortisation			
At 1 October 2017	48	162	210
Charge for the year	25	85	110
At 29 September 2018	73	247	320
Net book value			
At 29 September 2018	177	608	785
At 30 September 2017	202	693	895

DUFFIELDS (SOUTH WEST) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 SEPTEMBER 2018**

13. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000	Total £000
Cost or valuation					
At 1 October 2017	649	3,218	1,138	111	5,116
Additions	-	221	164	8	393
Transfers intra group	(649)	-	-	-	(649)
Disposals	-	(89)	(95)	-	(184)
At 29 September 2018	-	3,350	1,207	119	4,676
Depreciation					
At 1 October 2017	233	2,066	552	90	2,941
Charge for the period on owned assets	10	189	114	4	317
Transfers intra group	(243)	-	-	-	(243)
Disposals	-	-	(184)	-	(184)
At 29 September 2018	-	2,255	482	94	2,831
Net book value					
At 29 September 2018	-	1,095	725	25	1,845
At 30 September 2017	416	1,152	586	21	2,175

Of the net book value of freehold land and buildings at 29 September 2018 totaling £Nil (2017- £416,000), £Nil (2017- £166,000) is subject to depreciation and land of £Nil (2017- £250,000) is not depreciated.

DUFFIELDS (SOUTH WEST) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 SEPTEMBER 2018**

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 October 2017	10
At 29 September 2018	<u>10</u>
Net book value	
At 29 September 2018	<u>10</u>
At 30 September 2017	<u>10</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Riverside Feeds Limited	Ordinary	100 %	Dormant

The registered office address of Riverside Feeds Limited is the same as this company.

DUFFIELDS (SOUTH WEST) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 SEPTEMBER 2018**

15. Stocks

	29 September 2018 £000	30 September 2017 £000
Raw materials and consumables	441	351
Finished goods and goods for resale	72	77
	513	428

16. Debtors

	29 September 2018 £000	30 September 2017 £000
Trade debtors	3,750	2,944
Other debtors	196	164
Prepayments and accrued income	19	37
	3,965	3,145

17. Cash and cash equivalents

	29 September 2018 £000	30 September 2017 £000
Cash at bank and in hand	694	1
Less: bank overdrafts	-	(582)
	694	(581)

DUFFIELDS (SOUTH WEST) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 SEPTEMBER 2018**

18. Creditors: Amounts falling due within one year

	29 September 2018 £000	30 September 2017 £000
Bank overdrafts	-	582
Trade creditors	1,666	1,607
Amounts owed to group undertakings	1,696	712
Corporation tax	83	89
Other taxation and social security	51	44
Other creditors	150	150
Accruals and deferred income	664	261
	4,310	3,445

The bank overdraft is secured by of a fixed and floating charge over the assets of the company.

19. Creditors: Amounts falling due after more than one year

	29 September 2018 £000	30 September 2017 £000
Other creditors	-	150
	-	150

DUFFIELDS (SOUTH WEST) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 SEPTEMBER 2018**

20. Deferred taxation

	29 September 2018 £000	30 September 2017 £000
At beginning of year	(76)	(82)
Charged to profit or loss	16	6
At end of year	(60)	(76)

The provision for deferred taxation is made up as follows:

	29 September 2018 £000	30 September 2017 £000
Accelerated capital allowances	(60)	(76)
	(60)	(76)

The amount of the net reversal of deferred tax, expected to occur next year is £158,000 (2017: £137,000), relating to the reversal of existing timing differences on tangible fixed assets.

21. Share capital

	29 September 2018 £000	30 September 2017 £000
Allotted, called up and fully paid		
1,000 (2017 - 1,000) Ordinary Shares of £1.00 each	1	1
4 (2017 - 4) Ordinary A, B, C and D Shares of £1.00 each	-	-
	1	1

The Ordinary A,B,C and D shares of £1 each have no voting rights attached but rank pari passu with the Ordinary Shares in all other respects.

DUFFIELDS (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 SEPTEMBER 2018

22. Reserves

Share premium account

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

23. Contingent liabilities

There is a joint and several liability under a group VAT registration. At the period end there was an outstanding debtor of £257,000 (2017- £286,000) due from HMRC in respect of the VAT group.

24. Pension commitment

The assets of the pension scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund. Pension contributions charged to the statement of comprehensive income in the period amounted to £55,000 (2017 - £46,000). At 29 September 2018, the company had outstanding obligations amounting to £10,000 (2017 - £10,000).

25. Commitments under operating leases

At 29 September 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	29 September 2018 £000	30 September 2017 £000
Not later than 1 year	142	54
Later than 1 year and not later than 5 years	272	117
	414	171

26. Related party transaction

The company has taken advantage of the exemptions available under Section 33 of FRS 102, whereby wholly owned subsidiary undertakings do not have to disclose transactions with other wholly owned members of that group.

DUFFIELDS (SOUTH WEST) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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27. Controlling party

The parent undertaking of Duffields (South West) Limited is Duffields Mills Limited which is a company registered in England and Wales. Duffields Mills Limited prepares consolidated financial statements in which the results of Duffields (South West) Limited are included. These consolidated financial statements are available from Companies House, Cardiff, CF14 3UZ.

Duffields Mills Limited is controlled by A W Duffield by virtue of his controlling interest in the voting shares of that company.