

ABERDEEN & NORTHERN EGGS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MAY 2015



ABERDEEN & NORTHERN EGGS LIMITED

COMPANY INFORMATION

Directors	Ethel Chapman Robert Chapman Iain Chapman
Secretary	Ethel Chapman
Company number	SC098093
Registered office	Anderson House 9/15 Frithside Street Fraserburgh Aberdeenshire AB43 5AR
Auditors	Johnston Carmichael LLP Bank House Seaforth Street FRASERBURGH AB43 9BB

ABERDEEN & NORTHERN EGGS LIMITED

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ABERDEEN & NORTHERN EGGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2015

The directors present the strategic report and financial statements for the year ended 31 May 2015.

Review of the business

The principal activities of the company are agriculture with the production and sale of eggs.

Capital investment and significant changes

During the year more arable land was purchased adding to the portfolio held, and this now means the company owns just under 2000 acres. This is aimed at being able to grow more grain to help control the supply and price of bought in feed for the birds.

The planned extension to the existing Grading facility at West Cockmuir has been delayed, but it is still hoped that we will be able to have the first phase of the project complete by Christmas. This will result in additional storage space all under the same roof, and will replace the oldest part of the building. The addition of a further Free Range hen house was completed in the spring and the first birds housed in March 2015, as scheduled.

The new rearing unit at Auchtygills was populated at the end of June 2015, and will hold a total of 36,000 day old birds. Producing as many pullets in house as we can, will continue to eliminate any possible spread of disease that may be transmitted via flocks bought in from south of the border. Bird welfare will be improved as the transport time will also be reduced, as most of our satellite producers are within 2 hours of our main facility at Strichen. The refurbishment of house 2 at Auchtygills is planned for this summer, when a new roof, equipment, and better insulation are to be fitted.

Sales and profit

Turnover was up on last year and gross profit margin was increased by over £800K for the year ended 31st May 2015. The retail market is volatile, with a continuing squeeze by all customers looking for better prices and more promotions. Consumption of eggs however continues to rise, which can only be a good thing for the industry and the company.

Looking to the future we expect to see a continued squeeze, as the retail market evolves. It is hoped however that the strategy of keeping all aspects of rearing and production, along with distribution under the control of the company will assist in keeping the company profitable.

Balance sheet

The balance sheet continues to strengthen. This year it reflects the investment in land referred to above as well as new equipment. All of investment this year has been financed by using retained profits. We expect the future investments planned above to be funded mainly from the company's own resources. During the year dividends of £22,000 were paid to the shareholders with just under 99% of the profit retained for reinvestment.

Principle risks and uncertainties

One of the main risks to the business would be the loss of one of our major customers, and the implications of having to sell the surplus on the wholesale market, at a reduced price which would have serious implications on the profit of the business. To combat this we have continual two way dialogue with our customers. We also maintain the highest production standards as is evidenced by the pride we take when we pass all the Audit visits the suppliers and the industry undertake throughout the years. We are not complacent and strive to get better all the time as is evidenced by the continuing investment in plant and procedures each year.

If we were to lose any of our producers, because they were to stop and/or they were to move to another packer, this would have an effect on the volume of egg available to us. This threat is minimized by us continuing to look after our producers with the high level of service and good returns we pass back to them.

There is also the ever present threat of Avian Influenza, which was evidenced in the Preston outbreak in July 2015. The industry responded very quickly, and the outbreak was contained on the outbreak farm. We do however need to continue with bio-security, and be ever vigilant for signs of the disease.

ABERDEEN & NORTHERN EGGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2015

Environment

Aberdeen & Northern Eggs recognises the importance of their environmental responsibilities, and as a company have already invested heavily in renewable energy as a means of cutting costs. The revenue from the 2 wind turbines continues to be significant, and the Bio-Mass boilers installed to heat the rearing units have also helped to reduce energy costs. Further to this we have now also installed Solar Panels on two sites, one a rearing unit, and the other one of our larger Laying sites. The main site at West Cockmuir now has a bio-mass boiler installed, and provides heat for the packing centre and offices. All of these measures demonstrate the positive steps being made to see an improvement in the environment, and use of sustainable energy. Couple this with the Rural Environment Schemes carried out on the land, hedge row planting, development of ponds and wildlife support, together gives us important green credentials for a sustainable future.

As responsible Farmers we are involved in several Land Management Schemes on several of our farms, with hedge row planting, development of ponds and wildlife support, we farm the land with the environment in mind at all times.

As a company our carbon footprint is very low, and we continue to strive to manage this.

Employees

Wage costs are back only very slightly, and staff numbers remain about the same, with less office staff, but more drivers including a transport co-ordinator. Better organisation of the packing operation, has resulted in less overtime with a cost saving overall which is positive given all employees received a pay increase during the annual review in October 2014. The company will introduce the Auto Enrolment pension scheme by the end of 2015, and it is hoped that most employees will participate.

Staff personnel remain very loyal, and there is very little turn-around of staff, with about 1/3 of the total being foreign workers, most of whom have been employed with us for several years now.

On behalf of the board



Ethel Chapman

Director

25/01/2016

ABERDEEN & NORTHERN EGGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2015

The directors present their report and financial statements for the year ended 31 May 2015.

Results and dividends

The results for the year are set out on page 6.

The company paid £22,000 of dividends in the year.

Directors

The following directors have held office since 1 June 2014:

Ethel Chapman
Robert Chapman
Iain Chapman

Statement of directors' responsibilities

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

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

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Ethel Chapman

Director

25/01/2016

ABERDEEN & NORTHERN EGGS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ABERDEEN & NORTHERN EGGS LIMITED

We have audited the financial statements of Aberdeen & Northern Eggs Limited for the year ended 31 May 2015 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ABERDEEN & NORTHERN EGGS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ABERDEEN & NORTHERN EGGS LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



David McBain (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

3/2/16

Chartered Accountants
Statutory Auditor

Bank House
Seaforth Street
FRASERBURGH
AB43 9BB

ABERDEEN & NORTHERN EGGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2015

	Notes	2015 £	2014 £
Turnover	2	16,120,614	15,866,982
Cost of sales		(12,241,367)	(12,819,205)
Gross profit		3,879,247	3,047,777
Administrative expenses		(1,621,650)	(1,521,193)
Other operating income		214,908	164,523
Operating profit	3	2,472,505	1,691,107
Investment income	6	107,004	(19,122)
Other interest receivable and similar income	6	684	598
Interest payable and similar charges	4	(149,377)	(157,807)
Profit on ordinary activities before taxation		2,430,816	1,514,776
Tax on profit on ordinary activities	5	(497,851)	(365,724)
Profit for the year	19	1,932,965	1,149,052

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ABERDEEN & NORTHERN EGGS LIMITED

BALANCE SHEET

AS AT 31 MAY 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Intangible assets	8	-		22,486	
Tangible assets	9	13,321,224		12,737,557	
Investments	10	358,037		356,033	
		<u>13,679,261</u>		<u>13,116,076</u>	
Current assets					
Stocks	11	1,028,714		1,343,993	
Debtors	12	3,676,320		2,769,537	
Cash at bank and in hand		328,281		324,311	
		<u>5,033,315</u>		<u>4,437,841</u>	
Creditors: amounts falling due within one year	13	<u>(2,206,436)</u>		<u>(2,443,296)</u>	
Net current assets		<u>2,826,879</u>		<u>1,994,545</u>	
Total assets less current liabilities		<u>16,506,140</u>		<u>15,110,621</u>	
Creditors: amounts falling due after more than one year	14	(3,836,324)		(4,315,088)	
Provisions for liabilities	15	(358,994)		(295,160)	
Accruals and deferred income	16	(906,317)		(1,006,833)	
		<u>11,404,505</u>		<u>9,493,540</u>	
Capital and reserves					
Called up share capital	18	50,000		50,000	
Profit and loss account	19	11,354,505		9,443,540	
Shareholders' funds	20	<u>11,404,505</u>		<u>9,493,540</u>	

Approved by the Board and authorised for issue on 25/01/2016



Robert Chapman
Director

Company Registration No. SC098093

ABERDEEN & NORTHERN EGGS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2015

	2015	2014
£	£	£
Net cash inflow from operating activities	2,433,628	1,998,882
Returns on investments and servicing of finance		
Interest received	684	598
Interest paid	(149,377)	(157,807)
Net cash outflow for returns on investments and servicing of finance	(148,693)	(157,209)
Taxation	(374,997)	(608,454)
Capital expenditure and financial investment		
Payments to acquire intangible assets	(5,079)	(25,698)
Payments to acquire tangible assets	(1,322,822)	(3,007,348)
Payments to acquire investments	-	(90,000)
Receipts from sales of tangible assets	34,450	367,500
Drawings from investments	105,000	205,000
Net cash outflow for capital expenditure	(1,188,451)	(2,550,546)
Equity dividends paid	(22,000)	(28,500)
Net cash inflow/(outflow) before management of liquid resources and financing	699,487	(1,345,827)
Financing		
New long term bank loan	-	1,200,000
Other new long term loans	-	780,000
Repayment of long term bank loan	(111,114)	(74,561)
Repayment of other long term loans	(167,966)	(167,401)
Capital element of hire purchase contracts	(416,437)	(436,877)
Net cash (outflow)/inflow from financing	(695,517)	1,301,161
Increase/(decrease) in cash in the year	3,970	(44,666)

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2015

1	Reconciliation of operating profit to net cash inflow from operating activities	2015	2014
		£	£
	Operating profit	2,472,505	1,691,107
	Depreciation of tangible assets	802,212	825,145
	Amortisation of intangible assets	27,565	3,212
	(Profit)/loss on disposal of tangible assets	(1,507)	5,263
	Decrease/(increase) in stocks	315,279	(184,212)
	(Increase)/decrease in debtors	(906,783)	174,301
	Decrease in creditors within one year	(175,128)	(501,512)
	Movement on grant provision	(100,515)	(14,422)
	Net cash inflow from operating activities	2,433,628	1,998,882

2	Analysis of net debt	1 June 2014	Cash flow	Other non-cash changes	31 May 2015
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	324,311	3,970	-	328,281
	Debt:				
	Finance leases	(724,533)	416,437	(96,000)	(404,096)
	Debts falling due within one year	(294,393)	279,080	(286,852)	(302,165)
	Debts falling due after one year	(3,984,919)	-	286,852	(3,698,067)
		(5,003,845)	695,517	(96,000)	(4,404,328)
	Net debt	(4,679,534)	699,487	(96,000)	(4,076,047)

3	Reconciliation of net cash flow to movement in net debt	2015	2014
		£	£
	Increase/(decrease) in cash in the year	3,970	(44,666)
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	695,517	(1,301,161)
	Change in net debt resulting from cash flows	699,487	(1,345,827)
	New finance lease	(96,000)	(368,718)
	Movement in net debt in the year	603,487	(1,714,545)
	Opening net debt	(4,679,534)	(2,964,989)
	Closing net debt	(4,076,047)	(4,679,534)

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised as the point of dispatch.

1.3 Single farm payment

The single farm payment is stated at cost and is written off in equal annual instalments over its estimated useful economic life of 2 years.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	- 4% straight line
Plant and machinery	- 5% straight line and 10% and 20% reducing balance
Fixtures, fittings and equipment	- 20% reducing balance
Motor vehicles	- 20% reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Shares in participating interests are accounted for under the equity method of accounting at cost plus share of partnership profit not remitted, less drawings.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

Bird stock is valued at cost and depreciated over its expected useful life.

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2015

1 Accounting policies

(Continued)

1.9 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

1.10 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2015 £	2014 £
Operating profit is stated after charging:		
Amortisation of intangible assets	27,565	3,212
Depreciation of tangible assets	802,212	825,145
Loss on disposal of tangible assets	-	5,263
Auditors' remuneration (including expenses and benefits in kind)	14,500	12,350
and after crediting:		
Government grants	(100,515)	(14,422)
Profit on disposal of tangible assets	(1,507)	-
	<u> </u>	<u> </u>

4 Interest payable

	2015 £	2014 £
On bank loans and overdrafts	124,268	115,404
Hire purchase interest	19,556	34,994
On overdue tax	4,652	7,409
Other interest	901	-
	<u> </u>	<u> </u>
	149,377	157,807
	<u> </u>	<u> </u>

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2015

5	Taxation	2015 £	2014 £
	Domestic current year tax		
	U.K. corporation tax	431,270	372,249
	Adjustment for prior years	2,747	12,783
	Total current tax	<u>434,017</u>	<u>385,032</u>
	Deferred tax		
	Deferred tax charge	84,292	24,785
	Adj. to defd tax resulting from changes in tax rate	-	(40,556)
	Deferred tax adjust re previous year	(20,458)	(3,537)
		<u>63,834</u>	<u>(19,308)</u>
		<u>497,851</u>	<u>365,724</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>2,430,816</u>	<u>1,514,776</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.83% (2014 - 22.67%)	<u>506,339</u>	<u>343,400</u>
	Effects of:		
	Non deductible expenses	878	1,867
	Depreciation in excess of capital allowances	(72,465)	11,382
	Dividends and distributions received	(3,542)	15,670
	Prior year adjustment	2,747	12,783
	Other tax adjustments	60	(70)
		<u>(72,322)</u>	<u>41,632</u>
	Current tax charge for the year	<u>434,017</u>	<u>385,032</u>
6	Investment income	2015 £	2014 £
	Share of partnership loss	107,004	(19,122)
	Bank interest	684	598
		<u>107,688</u>	<u>(18,524)</u>

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2015

7	Dividends	2015	2014
		£	£
	Ordinary interim paid	22,000	28,500
		<u>22,000</u>	<u>28,500</u>
8	Intangible fixed assets		Single farm payment £
	Cost		
	At 1 June 2014		80,698
	Additions		5,079
			<u>85,777</u>
	At 31 May 2015		<u>85,777</u>
	Amortisation		
	At 1 June 2014		58,212
	Charge for the year		27,565
			<u>85,777</u>
	At 31 May 2015		<u>85,777</u>
	Net book value		
	At 31 May 2015		-
			<u>-</u>
	At 31 May 2014		22,486
			<u>22,486</u>

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2015

9 Tangible fixed assets

	Freehold buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 June 2014	9,258,384	6,877,442	35,629	488,620	16,660,075
Additions	688,156	713,416	-	17,250	1,418,822
Disposals	-	(103,500)	-	(9,500)	(113,000)
At 31 May 2015	9,946,540	7,487,358	35,629	496,370	17,965,897
Depreciation					
At 1 June 2014	580,256	3,078,529	28,068	235,665	3,922,518
On disposals	-	(76,202)	-	(3,855)	(80,057)
Charge for the year	113,973	633,852	1,509	52,878	802,212
At 31 May 2015	694,229	3,636,179	29,577	284,688	4,644,673
Net book value					
At 31 May 2015	9,252,311	3,851,179	6,052	211,682	13,321,224
At 31 May 2014	8,678,128	3,798,913	7,561	252,955	12,737,557

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
Net book values			
At 31 May 2015	884,136	48,034	932,170
At 31 May 2014	1,324,348	60,043	1,384,391
Depreciation charge for the year			
At 31 May 2015	205,617	12,009	217,626
At 31 May 2014	280,358	9,237	289,595

The book value of land not depreciated is £6,833,838 (2014 - £6,492,138).

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2015

10 Fixed asset investments

	Unlisted investments	Shares in partnership interests	Total
	£	£	£
Cost			
At 1 June 2014	155	355,878	356,033
Revaluation	-	107,004	107,004
Drawings	-	(105,000)	(105,000)
At 31 May 2015	155	357,882	358,037
Net book value			
At 31 May 2015	155	357,882	358,037
At 31 May 2014	155	355,878	356,033

Holdings of more than 20%

The company holds investments in the following undertakings:

Limited Liability Partnership	Country of registration or incorporation	Class	Shares held	%
Participating interests				
R & R Renewables LLP	Scotland	LLP		50.00

11 Stocks

	2015	2014
	£	£
Raw materials and consumables	896,510	1,197,527
Finished goods and goods for resale	132,204	146,466
	1,028,714	1,343,993

12 Debtors

	2015	2014
	£	£
Trade debtors	2,712,256	2,112,554
Other debtors	958,319	651,412
Prepayments and accrued income	5,745	5,571
	3,676,320	2,769,537

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2015

13	Creditors: amounts falling due within one year	2015 £	2014 £
	Bank loans and overdrafts	113,541	110,419
	Net obligations under hire purchase contracts	265,839	394,364
	Trade creditors	1,068,507	1,205,880
	Corporation tax	431,270	372,249
	Other taxes and social security costs	14,324	15,932
	Directors' current accounts	30,000	30,000
	Other creditors	188,624	204,185
	Accruals and deferred income	94,331	110,267
		<u>2,206,436</u>	<u>2,443,296</u>
	Debt due in one year or less	<u>302,165</u>	<u>294,393</u>

The bank loans and overdraft are secured by standard securities over the land and freehold properties and floating charges over the assets.

The net obligations under hire purchase contracts are secured over the related assets.

The other loan is secured over land and freehold properties belonging to the directors.

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2015

14 Creditors: amounts falling due after more than one year	2015 £	2014 £
Bank loans	1,914,874	2,029,110
Other loans	1,783,193	1,955,809
Net obligations under hire purchase contracts	138,257	330,169
	<u>3,836,324</u>	<u>4,315,088</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Bank Loans	2,028,415	2,139,529
Other Loan	1,921,450	2,063,978
Wholly repayable within five years	50,367	75,805
	<u>4,000,232</u>	<u>4,279,312</u>
Included in current liabilities	(302,165)	(294,393)
	<u>3,698,067</u>	<u>3,984,919</u>
Instalments not due within five years	<u>2,685,130</u>	<u>2,796,661</u>
Loan maturity analysis		
In more than two years but not more than five years	1,111,664	1,188,258
In more than five years	2,586,402	2,796,661
	<u>1,111,664</u>	<u>2,796,661</u>

The bank loans and overdraft are secured by standard securities over the land and freehold properties and floating charges over the assets.

The net obligations under hire purchase contracts are secured over the related assets.

The other loan is secured over land and freehold properties belonging to the directors.

Net obligations under hire purchase contracts

Repayable within one year	265,839	394,364
Repayable between one and five years	138,257	330,169
	<u>404,096</u>	<u>724,533</u>
Included in liabilities falling due within one year	(265,839)	(394,364)
	<u>138,257</u>	<u>330,169</u>

Five loans are repayable by monthly instalments of £18,480 and mature in the period from February 2017 to November 2028.

Three loans are repayable by quarterly instalments of £41,769 and mature in the period from October 2022 to November 2034.

A further loan matures in January 2025 with amounts repayable depending upon LIBOR.

All interest rates are charged between 2.25% and 6.67%.

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2015

15 Provisions for liabilities

	Deferred tax liability £
Balance at 1 June 2014	295,160
Profit and loss account	63,834
Balance at 31 May 2015	<u>358,994</u>

The deferred tax liability is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	<u>358,994</u>	<u>295,160</u>

16 Accruals and deferred income

	Government grants £
Balance at 1 June 2014	1,006,832
Amortisation in the year	(100,515)
Balance at 31 May 2015	<u>906,317</u>

While there are certain conditions under which these grants would need to be repaid by the company, these conditions have not occurred.

17 Retirement Benefits

Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2015 £	2014 £
Contributions payable by the company for the year	<u>6,503</u>	<u>6,251</u>

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2015

18	Share capital	2015	2014
		£	£
	Allotted, called up and fully paid		
	50,000 Ordinary shares of £1 each	50,000	50,000
19	Statement of movements on profit and loss account		Profit and loss account
			£
	Balance at 1 June 2014		9,443,540
	Profit for the year		1,932,965
	Dividends paid		(22,000)
	Balance at 31 May 2015		11,354,505
20	Reconciliation of movements in Shareholders' funds	2015	2014
		£	£
	Profit for the financial year	1,932,965	1,149,052
	Dividends	(22,000)	(28,500)
	Net addition to shareholders' funds	1,910,965	1,120,552
	Opening Shareholders' funds	9,493,540	8,372,988
	Closing Shareholders' funds	11,404,505	9,493,540
21	Capital commitments	2015	2014
		£	£
	At 31 May 2015 the company had capital commitments as follows:		
	Contracted for but not provided in the financial statements	-	330,000
22	Directors' remuneration	2015	2014
		£	£
	Remuneration for qualifying services	18,000	18,000

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2015

23 Employees

Number of employees

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

	2015 Number	2014 Number
Directors and management	4	4
Office staff	5	6
Drivers	6	4
Labourers	23	21
	<u>38</u>	<u>35</u>

Employment costs

	2015 £	2014 £
Wages and salaries	809,884	818,421
Social security costs	60,742	65,220
Other pension costs	6,503	6,251
	<u>877,129</u>	<u>889,892</u>

24 Related party relationships and transactions

Dividends to Directors

The following directors were paid dividends during the year as outlined in the table below:

	2015 £	2014 £
Robert Chapman	10,500	14,250
Ethel Chapman	10,500	14,250
Iain Chapman	1,000	-
	<u>22,000</u>	<u>28,500</u>

ABERDEEN & NORTHERN EGGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2015

24 Related party relationships and transactions

(Continued)

Other transactions

During the year the company traded with R & E Chapman, a partnership in which all the directors are partners. During the year purchases of £730,155 (2014 - £1,123,766) were made from R & E Chapman, £440,328 of sales were made to R&E Chapman (2014 - £541,981), rent was received of £12,000 (2014 - £12,000), a management charge of £40,000 (2014 - £40,000) was levied on the partnership and a combine was purchased for £nil (2014 - £138,000).

At the year end the balance due to Aberdeen & Northern Eggs from R & E Chapman was £868,189 (2014 - £555,616).

The AMC loans totalling £1,971,817 (2014 - £2,139,783) are secured by land which belongs to the directors, personally.

During the year £13,560 (2014 - £13,560) was paid to Iain Chapman, director for the rental of houses.

The directors operate a current account with the company. At the year end there is a balance due to the directors, Robert and Ethel Chapman of £30,000 (2014 - £30,000). There is no interest charged on this loan and no set terms of repayment.

Robert Chapman, director, is also a director in Central Egg Agency Limited. During the year, Aberdeen and Northern Eggs received income for the sale of eggs of £254,782 (2014 - £278,681), paid for the purchase of eggs £nil (2014 - £41,630), membership of £nil (2014 - £186) and also paid levies of £5,520 (2014 - £6,020) to Central Egg Agency Limited.