

WM. Nelstrop & Co. Ltd

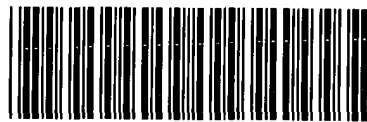
Annual Report and Financial Statements

53 Week Period Ended

3 April 2020

Company Number 00260082

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WM. Nelstrop & Co. Ltd

Company Information

Directors	C J Nelstrop (Non-Executive Chairman) P A Roberts Dr G A Nelstrop C H Syers (Joint Managing Director) S J M Roberts A P F Nelstrop (Joint Managing Director) M B Nelstrop
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Registered number	00260082
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Registered office	Albion Flour Mills Stockport SK4 1TZ
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Independent auditor	BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT
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WM. Nelstrop & Co. Ltd

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WM. Nelstrop & Co. Ltd

Strategic Report For the Period Ended 3 April 2020

The directors present their strategic report together with the audited financial statements for the 53 week period ended 3 April 2020.

Business review

The income statement is set out on page 8 and shows turnover for the 53 week period of £60,786,134 (52 week period ended 29 March 2019 - £54,499,597) and profit before tax for the 53 week period of £743,942 (52 week period ended 29 March 2019 - loss of £779,568).

This year saw growth in turnover of 11.3% as a result of new contracts and a close working relationship with customers leading to additional sales. The 3 mills on site performed well and further investment is planned to continue to improve quality and performance.

A global wheat harvest of 764 million tonnes provided the world with a strong supply base. The UK itself achieved a crop of 16 million tonnes of good quality and consistency, which led to stable raw material prices for the company.

The company strategy taken by the family is to have a long term view of business performance and continue to invest in the quality of flours, capacity and efficiency of the business.

Principal risks and uncertainties

The company is exposed to commodity price as part of its operations. The company hedges its exposure through forward purchasing as appropriate.

The company monitors interest rate risks and, if considered appropriate, uses a mixture of fixed and floating interest rates.

The company's exposure to credit is primarily attributable to its trade debtors. Debtors levels are closely monitored.

The company's exposure to health and safety risks is managed by investments throughout the site, working closely with insurers and regular training.

The company trades with the EU both as a supplier and a customer. Brexit has brought many challenges which we continue to address. The main ones relate to continuity of supply to EU customers, which currently represent around 13% of turnover and continuity of supply of EU and overseas wheat, which may become subject to tariffs in the absence of a trade deal with the EU. The company is working hard to resolve these issues and minimise the effect on trade.

WM. Nelstrop & Co. Ltd

Strategic Report (continued) For the Period Ended 3 April 2020

Going concern

In preparing these financial statements, the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business. The directors have considered the company's ability to meet its liabilities as they fall due for a period of at least twelve months from the signing date of the financial statements.

Based on latest information and government guidance, management have made an assessment of the likely impact of COVID 19 on the company. The assessment has looked at the likely duration of the crisis as well as the sales that could be expected to be made during an extended lockdown.

As a key industry, food manufacturers have been allowed certain exemptions from lockdown restrictions, which has to some extent softened the effects of the COVID 19 compared to other industries. The company has been able to continue operations from its mill with relatively minor adjustments, however a downturn in demand has been experienced since April, particularly from those customers who were affected directly by the COVID 19 restrictions, such as those in the catering and hospitality industries. There has been no significant disruption to operations from employee absence, supply chain or distribution networks and none is anticipated in the foreseeable future.

The company has made limited use of the Government Covid Job Retention Scheme by furloughing a small number of employees for health reasons in the FY21 financial period.

The company is trading in line with forecasts prepared. Stress testing has been conducted and considered, taking into account potential business disruptions and reductions in revenues over the coming months.

The directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial key performance indicators

The directors consider the key performance indicators for the business to be turnover, gross profit margin and operating costs. The statement of comprehensive income shows the figures related to these indicators.

WM. Nelstrop & Co. Ltd

Strategic Report (continued) For the Period Ended 3 April 2020

S172 statement

The directors acknowledge their responsibility to exercise their duty in a way which promotes the success of the company for the benefit of all its stakeholders. We have evaluated the key stakeholders and how engagement with them has occurred during the year.

Our employees are key to the delivery of our products and therefore to the long term success of the business. It is imperative to keep them actively engaged and motivated. Regular staff communication and engagement occurs through team meetings and training, quarterly all colleague calls and a staff newsletter.

The directors recognise that securing new customers and maintaining long term client relationships with existing customers is vital to the success of the business. Our teams have communication with customers to ensure we are meeting their requirements. Larger customers are serviced by a combination of directors and senior managers.

The main suppliers to the business are for wheat, other ingredients, transport and engineering. They are essential to our ability to deliver services to our customers to the expected standard. Relationships with suppliers are developed through daily business activities and regular meetings. The business ensures that suppliers are paid on time. We also ensure that suppliers are aware of the company's policies and are required to be compliant.

It is critical that shareholders and lenders have confidence in the management and operation of the business, and in its long term strategic objectives. Long term success is reliant on its good relationship with lenders and their continued support. Lenders are kept up to date with the company's financial performance via regular financial reports. The main shareholders are represented on the board of directors.

The directors deem that this has been a normal trading year and there have been no major decisions that impact on stakeholders where additional engagement was considered necessary.

This report was approved by the board on 20 November 2020 and signed on its behalf.



C. J. Nelstrop (Non-Executive Chairman)
Director

WM. Nelstrop & Co. Ltd

Directors' Report For the Period Ended 3 April 2020

The directors present their report together with the audited financial statements for the 53 week period ended 3 April 2020.

Principal activity

The principal activity of the company continued to be that of flour milling.

Business review

A review of the business and its principal risks and uncertainties are set out in the strategic report on page 1 - 3 of these financial statements.

Results and dividends

The profit for the 53 week period, after taxation, amounted to £586,571 (2019 - loss £571,498).

The directors do not recommend the payment of a dividend for the 53 week period ended 3 April 2020 (52 week period ended 29 March 2019 - £Nil).

Directors

The directors who served during the 53 week period were:

C J Nelstrop (Non-Executive Chairman)
P A Roberts
Dr G A Nelstrop
C H Syers (Joint Managing Director)
S J M Roberts
A P F Nelstrop (Joint Managing Director)
M B Nelstrop

Corporate responsibility

The company provides support to local projects and charities which are considered to provide significant benefits to the community.

The company is committed to a policy which recognises environmental issues in all aspects of its business.

WM. Nelstrop & Co. Ltd

Directors' Report (continued) For the Period Ended 3 April 2020

Greenhouse gas emissions and energy consumption

The company is required by law to report its energy consumption and greenhouse gas emissions. The figures for the year are as follows:

	Usage in (MWh)	Emissions of CO2 (Tonnes)
Electricity	19,774	13,981
Gas	115	21
Vehicle	32	5
Total	19,921	14,007

Energy consumption is as reported on our supplier invoices of electricity and gas in Kwh. Emissions have been calculated from the consumption in MWh by converting to tonnes of CO2 using the GHG conversion factors.

During the year the company invested in LED lighting within the mill. The company also replaces large quantities of mill equipment that has worn out each year, and gives a high priority to purchasing energy efficient items such as electric motors.

The company mills flour from wheat and therefore the ratio of tonnes of CO2 to tonnes of wheat milled allows the company to relate production to emissions. This year the company milled 226,471 tonnes of wheat and produced 14,006 tonnes of CO2. The ratio being 0.06 tonnes of CO2 to one tonne of wheat milled.

Employee engagement and fostering business relationships

The section 172 statement on page 3 includes a summary of how the company engages with employees and has regards to their interests when making decisions. It also details how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others and the effect this regard has had on any principal decisions made in the year.

Charitable donations

During the 53 week period the company made charitable donations of £925 (52 week period ended 29 March 2019 - £1,150).

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post period end events

There have been no significant events affecting the company since the period end.

WM. Nelstrop & Co. Ltd

Directors' Report (continued) For the Period Ended 3 April 2020

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 November 2020 and signed on its behalf.



C J Nelstrop (Non-Executive Chairman)
Director

WM. Nelstrop & Co. Ltd

Directors' Responsibilities Statement For the Period Ended 3 April 2020

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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

WM. Nelstrop & Co. Ltd

Independent Auditor's Report to the Members of WM. Nelstrop & Co. Ltd

Opinion

We have audited the financial statements of WM. Nelstrop & Co. Ltd ("the company") for the period ended 3 April 2020 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cashflows and related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 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 3 April 2020 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 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

We have nothing to report in respect to the following matters in relation to 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.

WM. Nelstrop & Co. Ltd

Independent Auditor's Report to the Members of WM. Nelstrop & Co. Ltd (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and directors' report for the financial period 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 and 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.

WM. Nelstrop & Co. Ltd

Independent Auditor's Report to the Members of WM. Nelstrop & Co. Ltd (continued)

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

Date: 20 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

WM. Nelstrop & Co. Ltd

Income Statement For the Period Ended 3 April 2020

	Note	53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
Turnover	4	60,786,134	54,499,597
Cost of sales		(54,631,547)	(49,838,603)
Gross profit		6,154,587	4,660,994
Distribution costs		(3,336,393)	(3,366,629)
Administrative expenses		(2,249,695)	(2,387,489)
Other operating income	5	162,682	266,263
Operating profit/(loss)	6	731,181	(826,861)
Interest receivable and similar income	9	24,084	49,445
Interest payable and similar charges	10	(155)	(2,152)
Profit/(loss) before tax		755,110	(779,568)
Tax on profit/(loss)	11	(168,539)	208,070
Profit/(loss) for the financial 53 week period		586,571	(571,498)

The notes on pages 18 to 33 form part of these financial statements.

WM. Nelstrop & Co. Ltd

Statement of Comprehensive Income For the Period Ended 3 April 2020

		53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
	Note		
Profit/(loss) for the financial 53 week period		586,571	(571,498)
Other comprehensive income			
Hedge effective portion of change in fair value of designated hedging movements outstanding		(110,830)	76,202
Taxation in respect of other comprehensive income		19,110	3,167
Other comprehensive income for the 53 week period		(91,720)	79,369
Total comprehensive (loss)/income for the 53 week period		494,851	(492,129)

The notes on pages 18 to 33 form part of these financial statements.

WM. Nelstrop & Co. Ltd

Registered number:00260082

Statement of Financial Position

As at 3 April 2020

	Note	As at 3 April 2020 £	As at 3 April 2020 £	As at 29 March 2019 £	As at 29 March 2019 £
Fixed assets					
Tangible assets	12		12,969,884		13,636,231
Current assets					
Stocks	13	2,289,985		2,129,514	
Debtors: amounts falling due after more than one year	14	8,854		22,634	
Debtors: amounts falling due within one year	14	8,364,529		9,825,700	
Current asset investments	15	1,208,604		1,489,850	
Cash at bank and in hand	16	2,869,599		1,858,076	
			<u>14,741,571</u>	<u>15,325,774</u>	
Creditors: amounts falling due within one year	17	(5,599,722)		(7,560,513)	
Net current assets			<u>9,141,849</u>		<u>7,765,261</u>
Total assets less current liabilities			<u>22,111,733</u>		<u>21,401,492</u>
Provisions for liabilities					
Deferred tax	19		(613,800)		(398,410)
Net assets			<u>21,497,933</u>		<u>21,003,082</u>
Capital and reserves					
Called up share capital	20		28,553		28,553
Capital redemption reserve	21		23,389		23,389
Cash flow hedge reserve	21		(12,351)		79,369
Profit and loss account	21		21,458,342		20,871,771
Total equity			<u>21,497,933</u>		<u>21,003,082</u>

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

20 November 2020


C J Nelstrop (Non-Executive Chairman)

Director

The notes on pages 18 to 33 form part of these financial statements.

WM. Nelstrop & Co. Ltd

Statement of Changes in Equity For the Period Ended 3 April 2020

	Called up share capital	Capital redemption reserve	Cash flow hedge reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 29 March 2019	28,553	23,389	79,369	20,871,771	21,003,082
Comprehensive income for the period					
Profit for the 53 week period	-	-	-	586,571	586,571
Amount reclassified to P&L because the hedged item affected P&L	-	-	(110,830)	-	(110,830)
Taxation in respect of other comprehensive income	-	-	19,110	-	19,110
Other comprehensive income for the period	-	-	(91,720)	-	(91,720)
Total comprehensive income for the period	-	-	(91,720)	586,571	494,851
At 3 April 2020	28,553	23,389	(12,351)	21,458,342	21,497,933

The notes on pages 18 to 33 form part of these financial statements.

WM. Nelstrop & Co. Ltd

Statement of Changes in Equity For the Period Ended 29 March 2019

	Called up share capital	Capital redemption reserve	Cash flow hedge reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2018 - (as previously reported)	28,553	23,389	96,303	21,669,784	21,818,029
Prior year adjustment	-	-	-	(226,515)	(226,515)
At 1 April 2018 (as restated)	28,553	23,389	96,303	21,443,269	21,591,514
Comprehensive loss for the period					
Loss for the period	-	-	-	(571,498)	(571,498)
Amount reclassified to P&L because the hedged item affected P&L	-	-	(96,303)	-	(96,303)
Hedge effective portion of change in fair value of designated hedging instruments	-	-	76,202	-	76,202
Taxation in respect of other comprehensive income	-	-	3,167	-	3,167
Other comprehensive loss for the period	-	-	(16,934)	-	(16,934)
Total comprehensive loss for the period	-	-	(16,934)	(571,498)	(588,432)
At 29 March 2019	28,553	23,389	79,369	20,871,771	21,003,082

The notes on pages 18 to 33 form part of these financial statements.

WM. Nelstrop & Co. Ltd

Statement of Cash Flows For the Period Ended 3 April 2020

	53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
Cash flows from operating activities		
Profit/(loss) for the financial period	586,571	(571,498)
Adjustments for:		
Depreciation of tangible assets	923,306	741,121
Interest paid	155	2,152
Interest received	(24,084)	(49,445)
Taxation charge	168,539	(208,070)
(Increase)/decrease in stocks	(160,471)	169,902
Decrease/(increase) in debtors	1,474,519	(1,375,851)
Increase/(decrease) in creditors	1,210,033	(108,633)
Net fair value (gains) recognised in P&L	(37,959)	(142,593)
Corporation tax received	249	400
Net cash generated from operating activities	4,140,858	(1,542,515)
Cash flows from investing activities		
Purchase of tangible fixed assets	(256,959)	(730,046)
Sale of unlisted and other investments	-	501,986
Sale of short term listed investments	319,205	-
Interest received	24,084	49,445
Net cash from investing activities	86,330	(178,615)

WM. Nelstrop & Co. Ltd

Statement of Cash Flows (continued) For the Period Ended 3 April 2020

	53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
Cash flows from financing activities		
Interest paid	(155)	(2,152)
Net cash used in financing activities	<u>(155)</u>	<u>(2,152)</u>
Net increase/(decrease) in cash and cash equivalents	4,227,033	(1,723,282)
Cash and cash equivalents at the beginning of the period	(1,357,434)	365,848
Cash and cash equivalents as at 3 April 2020	<u>2,869,599</u>	<u>(1,357,434)</u>
Cash and cash equivalents at 3 April 2020 comprise:		
Cash at bank and in hand	2,869,599	1,858,076
Bank overdrafts	-	(3,215,510)
	<u>2,869,599</u>	<u>(1,357,434)</u>

The notes on pages 18 to 33 form part of these financial statements.

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

1. General information

WM. Nelstrop & Co. Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

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 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 presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

Going concern

In preparing these financial statements, the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business. The directors have considered the company's ability to meet its liabilities as they fall due for a period of at least twelve months from the signing date of the financial statements.

Based on latest information and government guidance, management have made an assessment of the likely impact of COVID 19 on the company. The assessment has looked at the likely duration of the crisis as well as the sales that could be expected to be made during an extended lockdown.

As a key industry, food manufacturers have been allowed certain exemptions from lockdown restrictions, which has to some extent softened the effects of the COVID 19 compared to other industries. The company has been able to continue operations from its mill with relatively minor adjustments, however a downturn in demand has been experienced since April, particularly from those customers who were affected directly by the COVID 19 restrictions, such as those in the catering and hospitality industries. There has been no significant disruption to operations from employee absence, supply chain or distribution networks and none is anticipated in the foreseeable future.

The company has made limited use of the Government Covid Job Retention Scheme by furloughing a small number of employees for health reasons in the FY21 financial period.

The company is trading in line with forecasts prepared. Stress testing has been conducted and considered, taking into account potential business disruptions and reductions in revenues over the coming months.

The directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The following principal accounting policies have been applied:

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

2. Accounting policies (continued)

2.2 Turnover

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

Sale of goods

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

- the 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 turnover 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.

2.3 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the following methods.

Depreciation is provided on the following basis:

Freehold land and buildings	- 2% per annum straight line
Plant and machinery	- 10-20 years straight line
Motor vehicles	- 25% per annum on written down value

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

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

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

2. Accounting policies (continued)

2.4 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.

2.5 Investments

Investments in listed company bonds, which have been classified as current asset investments, are remeasured to market value at each statement of financial position date. Gains or losses on remeasurement are recognised in the income statement for the period within other income.

2.6 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.

2.7 Cash and cash equivalents

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

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and invoice discounting advances as these both form an integral part of the company's cash management.

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

2. Accounting policies (continued)

2.8 Financial instruments

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

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

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

The company has entered into forward foreign exchange contracts to manage its exposure to exchange rate cash flow risk on its sales denominated in currency other than Sterling. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

2.9 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.

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

2. Accounting policies (continued)

2.10 Foreign currency translation

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income'.

2.11 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 profit or loss 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.

2.12 Interest income

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

2.13 Finance costs

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

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

2. Accounting policies (continued)

2.14 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year are as stated below:

Useful lives of property, plant and equipment

Estimated useful economic lives of property, plant and equipment are based on management's judgement and experience. When management identifies that actual lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively.

Provision for doubtful debts

At each statement of financial position date the company evaluates the collectability of trade receivables and records provisions for doubtful debts based on experience including comparisons of the relative age of accounts and consideration of actual write off history.

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

3. Judgements in applying accounting policies (continued)

Allowance for inventories written down

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

Hedge accounting

The directors monitor the anticipated effectiveness of any open cash flow hedging relationships for forecast sales at regular intervals. Where forecast future sales shown within the cash flow hedge reserve are deemed no longer highly probable the corresponding value of the hedging instrument is reclassified to profit and loss immediately. The fair value of open foreign forward exchange contracts throughout the year is calculated with reference to the underlying exchange rate movements against the agreed settlement rate on the instrument. External valuation are periodically obtained to ensure the accuracy of the directors' estimates.

4. Turnover

Analysis of turnover by country of destination:

	53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
United Kingdom	53,215,750	43,274,597
Rest of Europe	7,570,384	11,225,000
	<u>60,786,134</u>	<u>54,499,597</u>

Turnover is wholly attributable to the principal activity of the company.

5. Other operating income

	53 week period ended 3 April 2020 £	52 week period ended 31 March 2019 £
Gain on fair value adjustment of short term investments	37,959	142,593
Property rent	63,449	63,150
Weighbridge income	61,274	60,520
	<u>162,682</u>	<u>266,263</u>

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

6. Operating profit/(loss)

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

	53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
Depreciation of tangible fixed assets	923,306	741,122
Fees payable to the company's auditors and its associates for other services:		
- The audit pursuant to legislation	21,053	20,640
- Tax services	6,120	6,000
Foreign exchange loss	114,491	136,053
Inventory recognised as an expense	49,028,359	44,459,325
Cost of defined contribution scheme	149,375	52,363
Gain on fair value adjustment in short term investments	(37,959)	(142,593)
	<u> </u>	<u> </u>

7. Employees

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

	53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
Wages and salaries	2,056,183	2,015,150
Social security costs	225,640	222,844
Cost of defined contribution scheme	149,375	52,363
	<u> </u>	<u> </u>
	<u>2,431,198</u>	<u>2,290,357</u>

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

7. Employees (continued)

The average monthly number of employees, including the management, during the 53 week period was as follows:

	53 week period ended 3 April 2020 No.	52 week period ended 29 March 2019 No.
Management	8	7
Office	2	2
Production	26	28
Sales	4	4
Part time	5	5
	<u>45</u>	<u>46</u>

8. Directors' remuneration

	53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
Directors' emoluments	384,973	416,126
Company contributions to defined contribution pension schemes	82,000	-

The highest paid director received remuneration of £120,474 (52 week period ended 29 March 2019 - £120,400).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (52 week period ended 29 March 2019 - £Nil).

Directors who are in a defined contribution pension scheme for the 53 week period ended 3 April 2020 was 3 (52 week period ended 29 March 2019 - 3).

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

9. Interest receivable and similar income

	53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
Interest and fair value movements from short term investments and deposits	24,084	49,445

10. Interest payable and similar charges

	53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
Bank interest payable	155	2,152

11. Taxation

	53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
Corporation tax		
Current tax on (loss)/profit for the period	(65,961)	-
Adjustments in respect of prior periods	-	(81,596)
Total current tax	(65,961)	(81,596)
Deferred tax		
Origination and reversal of timing differences	151,743	(123,736)
Adjustments in respect of prior periods	32,108	(2,738)
Effect of tax rate change on opening balance	50,649	-
Total deferred tax	234,500	(126,474)
Taxation on (loss)/profit on ordinary activities	168,539	(208,070)

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the 53 week period is higher than (52 week period ended 29 March 2019 - lower than) the standard rate of corporation tax in the UK of 19% (52 week period ended 29 March 2019 - 19 %). The differences are explained below:

	53 week period ended 3 April 2020 £	52 week period ended 29 March 2019 £
Profit/(loss) on ordinary activities before tax	755,110	(779,568)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (52 week period ended 29 March 2019 - 19%)	143,471	(148,118)
Effects of:		
Fixed asset differences	8,157	8,157
Expenses not deductible for tax purposes	2,063	1,668
Adjustments to tax charge in respect of prior periods	(33,853)	(84,334)
Deferred tax charged directly to equity	19,110	3,167
Adjust deferred tax to average rate of 19%	48,701	14,557
Deferred tax not recognised	(19,110)	(3,167)
Total tax charge for the 53 week period	168,539	(208,070)

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

12. Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 30 March 2019	2,117,945	15,681,054	86,427	17,885,426
Additions	500	256,459	-	256,959
At 3 April 2020	<u>2,118,445</u>	<u>15,937,513</u>	<u>86,427</u>	<u>18,142,385</u>
Depreciation				
At 30 March 2019	856,329	3,318,331	74,535	4,249,195
Charge for the period	42,930	874,784	5,592	923,306
At 3 April 2020	<u>899,259</u>	<u>4,193,115</u>	<u>80,127</u>	<u>5,172,501</u>
Net book value				
At 3 April 2020	<u>1,219,186</u>	<u>11,744,398</u>	<u>6,300</u>	<u>12,969,884</u>
At 29 March 2019	<u>1,261,616</u>	<u>12,362,723</u>	<u>11,892</u>	<u>13,636,231</u>

13. Stocks

	3 April 2020 £	29 March 2019 £
Raw materials and consumables	1,986,259	1,656,254
Finished goods and goods for resale	303,726	473,260
	<u>2,289,985</u>	<u>2,129,514</u>

In the opinion of the directors, the replacement cost of stock is not materially different from the above carrying value.

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

14. Debtors

	3 April 2020 £	29 March 2019 £
Due after more than one year		
Other debtors	8,854	22,634
	<u>8,854</u>	<u>22,634</u>
	3 April 2020 £	29 March 2019 £
Due within one year		
Trade debtors	7,771,119	9,336,206
Other debtors	79,301	111,092
Prepayments and accrued income	263,240	194,835
Corporation tax asset	65,961	64,219
Taxation and social security	184,908	43,146
Forward contracts	-	76,202
	<u>8,364,529</u>	<u>9,825,700</u>

The impairment loss recognised in the company income statement for the 53 week period in respect of bad and doubtful trade debtors was £11,844 (52 week period ended 29 March 2019 - £124,186).

15. Current asset investments

	3 April 2020 £	29 March 2019 £
Listed investments	1,208,604	1,489,850
	<u>1,208,604</u>	<u>1,489,850</u>

16. Cash and cash equivalents

	3 April 2020 £	29 March 2019 £
Cash at bank and in hand	2,869,599	1,858,076
Less: bank overdrafts	-	(3,215,510)
	<u>2,869,599</u>	<u>(1,357,434)</u>

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

17. Creditors: amounts falling due within one year

	3 April 2020 £	29 March 2019 £
Invoice discounting advances (secured)	-	3,215,510
Trade creditors	2,361,985	1,097,584
Corporation tax	249	-
Other taxation and social security	110,915	110,816
Accruals and deferred income	3,082,136	3,136,603
Forward contracts	44,437	-
	<u>5,599,722</u>	<u>7,560,513</u>

18. Financial instruments

	3 April 2020 £	29 March 2019 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,246,847	1,566,052
Financial assets that are debt instruments measured at amortised cost	10,718,999	11,328,008
	<u>11,965,846</u>	<u>12,894,060</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(5,559,450)</u>	<u>(7,449,697)</u>

These contracts have a fair value liability of £44,437 (52 week period ended 29 March 2019 fair value asset - £76,602). The cumulative value of the change in fair value of the hedging instruments credited to other comprehensive income in the 53 week period was £110,830 (52 week period ended 29 March 2019 - £76,602). The total value reclassified from the cash flow hedge reserve to profit and loss for the 53 week period was £Nil (52 week period ended 29 March 2019 - £96,303).

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and overdrafts.

Financial assets and liabilities measured at fair value through profit or loss comprise of short term investment balances and forward foreign exchange contracts used in the hedging of currency risk.

During the 53 week period the group has taken out forward foreign exchange contracts to hedge foreign exchange cash flow risk on overseas sales. These contracts are to sell euros on a specified date for a fixed rate. The total amount contracted to sell at the period end date was €1,280,000 (52 week period ended 31 March 2019 - €2,660,000) which expires between 1 and 15 months from the period end.

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

19. Deferred taxation

	3 April 2020 £
At beginning of period	398,410
Credited to profit or loss	234,500
Charged to other comprehensive income	(19,110)
At end of period	613,800

The provision for deferred taxation is made up as follows:

	3 April 2020 £	29 March 2019 £
Fixed asset timing differences	1,057,983	880,620
Short term timing differences	11,500	32,652
Losses and other deductions	(455,683)	(514,862)
	613,800	398,410

20. Share capital

	3 April 2020 £	29 March 2019 £
Allotted, called up and fully paid		
28,553 ordinary shares of £1 each	28,553	28,553

WM. Nelstrop & Co. Ltd

Notes to the Financial Statements For the Period Ended 3 April 2020

21. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Cash flow hedge reserve

The cash flow hedge reserve includes the fair value movements on hedging instruments to the extent that they are considered to be effective.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments

22. Capital commitments

There were contracted capital commitments at the statement of financial position date of £Nil (52 week period ended 29 March 2019 - £Nil) relating to capital expenditure.

At the period end the company was committed to purchasing stock of £14,751,160 (52 week period ended 29 March 2019 - £19,476,064).

23. Pension commitments

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 and amounted to £149,375 (52 week period ended 29 March 2019 - £52,363). Contributions totalling £13,256 (52 week period ended 29 March 2019 - £9,990 payable) were receivable to the fund at the reporting date and are included in creditors.

24. Related party transactions

During the 53 week period the company sold goods to the value of £Nil (52 week period ended 29 March 2019 - £86,423) to Freshpack Limited, a company in which P.A. Roberts and S.J.M. Roberts are shareholders. The transactions were on normal commercial terms. The period end balance with Freshpack was £Nil (52 week period ended 29 March 2019 - £Nil).

Key management personnel are considered to be the statutory directors as listed on page 2. Details of their remuneration can be found in note 8.

25. Controlling party

The controlling party is considered to be the directors on account of their combined shareholding.