Company Registration No. 00502230 (England and Wales)

ALVIS BROTHERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

ALVIS BROTHERS LIMITED

COMPANY INFORMATION

Directors	Mr J Alvis (Senior) Mr M Alvis Mr J Alvis (Junior) Mr P Alvis
Secretary	Mrs P Alvis
Company number	00502230
Registered office	Lye Cross Farm Redhill Wrington Bristol BS40 5RH
Auditor	Lentells Limited Ash House Cook Way Bindon Road Taunton Somerset TA2 6BJ
Business address	Lye Cross Farm Redhill Wrington Bristol BS40 5RH
Bankers	HSBC Bank plc 30 High Street Weston-Super-Mare North Somerset BS23 1JE
Solicitors	Bennetts High Street Wrington Bristol BS18 7QB

ALVIS BROTHERS LIMITED

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ALVIS BROTHERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report and financial statements for the year ended 31 March 2017.

Introduction

The company's principle activity continues to be cheese making, alongside the production of food and feed grade by-products

Fair review of the business

As set out in the previous year's strategic report, the company's primary focus was to ensure a return to profitable trading which was achieved through improved margins and a reduction in overheads whilst maintaining sales volumes. This remains the focus for the forthcoming year.

Principal risks and uncertainties
Principle risks facing the company

As an established maker of cheese, the principal risks and uncertainties that the business face are related to those inherent in a commodity market.

Supply chain stability, product demand and competition in our marketplace are all a function of milk price which in turn is a function of how well the supply and demand of milk and milk-based products are matched in a global market.

Beyond monitoring global market prices and predictions it is difficult to set KPI's that appropriately monitor these risks and uncertainties. On that basis none have been included in this strategic report.

On behalf of the board

Mr P Alvis
Director
19 December 2017

ALVIS BROTHERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities
The principal activity of the company continued to be that of cheese making. Food grade protein is also extracted from the whey. The remaining permeate is fed to animals and the excess water recycled. Nothing is wasted.

Milk is produced, some of which is sold if not required for cheese. The company also generates income from its other assets, especially land and buildings. The company has a 50% interest in Alvis Contracting, a limited Liability Partnership, specialising in agricultural contracting.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J Alvis (Senior)
Mr M Alvis
Mr J Alvis (Junior)
Mr P Alvis

Results and dividends
The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £50,000. The directors do not recommend payment of a final dividend.

Auditor
In accordance with the company's articles, a resolution proposing that Lentells Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 auditor is aware of that information.

On behalf of the board

Mr P Alvis
Director
19 December 2017

ALVIS BROTHERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- • select suitable accounting policies and then apply them consistently;
- • make 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALVIS BROTHERS LIMITED

Opinion

We have audited the financial statements of Alvis Brothers Limited (the 'company') for the year ended 31 March 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- • give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- • have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- • have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 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 our audit:

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

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.

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 on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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.

P A Stallard FCA (Senior Statutory Auditor)
for and on behalf of Lentells Limited

19 December 2017

Chartered Certified Accountants
Statutory Auditors

Ash House
Cook Way
Bindon Road
Taunton
Somerset
TA2 6BJ

ALVIS BROTHERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Turnover	3	26,621,545	25,936,037
Cost of sales		(19,828,800)	(19,564,823)
Gross profit		6,792,745	6,371,214
Distribution costs		(317,636)	(305,190)
Administrative expenses		(6,462,313)	(6,628,895)
Other operating income		200,410	202,895
Operating profit/(loss)	4	213,206	(359,976)
Interest receivable and similar income	7	270,561	54,845
Interest payable and similar expenses	8	(412,747)	(375,224)
Profit/(loss) before taxation		71,020	(680,355)
Tax on profit/(loss)	9	(36,005)	54,510
Profit/(loss) for the financial year		35,015	(625,845)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

ALVIS BROTHERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
Profit/(loss) for the year	35,015	(625,845)
Other comprehensive income		
Tax relating to other comprehensive income	151,377	-
Total comprehensive income for the year	186,392	(625,845)

ALVIS BROTHERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Goodwill	**11**		-		12,393
Tangible assets	**12**		22,656,420		22,767,485
Investments	**14**		1,518,720		1,248,159
			24,175,140		24,028,037
Current assets					
Stocks	**16**	15,386,731		16,085,414	
Debtors	**17**	4,293,289		3,966,397	
Cash at bank and in hand		1,633		864	
		19,681,653		20,052,675	
Creditors: amounts falling due within one year	**18**	(10,781,898)		(13,593,250)	
Net current assets			8,899,755		6,459,425
Total assets less current liabilities			33,074,895		30,487,462
Creditors: amounts falling due after more than one year	**19**		(10,663,823)		(8,081,009)
Provisions for liabilities	**22**		(185,298)		(317,071)
Net assets			22,225,774		22,089,382
Capital and reserves					
Called up share capital	**25**		30,000		30,000
Revaluation reserve			14,915,505		14,764,128
Profit and loss reserves			7,280,269		7,295,254
Total equity			22,225,774		22,089,382

The financial statements were approved by the board of directors and authorised for issue on 19 December 2017 and are signed on its behalf by:

Mr P Alvis
Director

Company Registration No. 00502230

ALVIS BROTHERS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2015		30,000	14,796,647	7,888,580	22,715,227
Year ended 31 March 2016:					
Loss and total comprehensive income for the year		-	-	(625,845)	(625,845)
Transfers		-	(32,519)	32,519	-
Balance at 31 March 2016		30,000	14,764,128	7,295,254	22,089,382
Year ended 31 March 2017:					
Profit for the year		-	-	35,015	35,015
Other comprehensive income:					
Tax relating to other comprehensive income		-	151,377	-	151,377
Total comprehensive income for the year		-	151,377	35,015	186,392
Dividends	10	-	-	(50,000)	(50,000)
Balance at 31 March 2017		30,000	14,915,505	7,280,269	22,225,774

ALVIS BROTHERS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	**30**		558,995		(1,577,276)
Interest paid			(412,747)		(375,224)
Income taxes (paid)/refunded			-		23,744
Net cash inflow/(outflow) from operating activities			146,248		(1,928,756)
Investing activities					
Purchase of tangible fixed assets		(333,924)		(174,233)	
Proceeds on disposal of tangible fixed assets		-		64,000	
Proceeds on disposal of fixed asset investments		-		1,193,314	
Proceeds from other investments and loans		(270,561)		(1,248,159)	
Other investment income received		270,561		54,845	
Net cash used in investing activities			(333,924)		(110,233)
Financing activities					
Proceeds of new bank loans		8,500,000		-	
Repayment of bank loans		(2,456,242)		(277,499)	
Payment of finance leases obligations		(33,000)		45,444	
Dividends paid		(50,000)		-	
Net cash generated from/(used in) financing activities			5,960,758		(232,055)
Net increase/(decrease) in cash and cash equivalents			5,773,082		(2,271,044)
Cash and cash equivalents at beginning of year			(7,559,638)		(5,288,594)
Cash and cash equivalents at end of year			(1,786,556)		(7,559,638)
Relating to:					
Cash at bank and in hand			1,633		864
Bank overdrafts included in creditors payable within one year			(1,788,189)		(7,560,502)

1 Accounting policies

Company information

Alvis Brothers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Lye Cross Farm, Redhill, Wrington, Bristol, BS40 5RH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 3 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Basic Payment Scheme Entitlement	Fully amortised

1 Accounting policies **(Continued)**

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Land and buildings freehold	25 or 30 years straight line on buildings only
Plant and machinery	5% - 20% straight line or reducing balance
Motor vehicles	20% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Cheese stock, livestock, deadstock and growing crops are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration (e.g. packaging materials) are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1 Accounting policies **(Continued)**

1.8 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Accounting policies **(Continued)**

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Judgements 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 about the carrying amount of assets and liabilities that are not readily apparent from other sources. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
Turnover analysed by class of business		
Cheese	20,475,714	19,836,557
Milk	2,496,658	2,399,590
Cattle	372,724	345,442
Other	3,276,449	3,354,448
	26,621,545	25,936,037

	2017	2016
	£	£
Turnover analysed by geographical market		
United Kingdom	20,571,782	20,994,155
Other	6,049,763	4,941,882
	26,621,545	25,936,037

4 Operating profit/(loss)

	2017	2016
Operating profit/(loss) for the year is stated after charging/(crediting):	£	£
Exchange losses	2,227	68,644
Fees payable to the company's auditor for the audit of the company's financial statements	13,000	12,000
Depreciation of owned tangible fixed assets	420,565	427,294
Depreciation of tangible fixed assets held under finance leases	24,424	9,591
Profit on disposal of tangible fixed assets	-	(11,663)
Amortisation of intangible assets	12,393	49,575
Cost of stocks recognised as an expense	18,088,582	17,816,298
Operating lease charges	71,319	81,457

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Cheese production	70	78
Farming	20	21
Retail	20	22
Sales and administration	19	21
	129	142

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	3,766,425	3,709,421
Social security costs	320,750	337,212
Pension costs	18,362	18,608
	4,105,537	4,065,241

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	107,302	107,562

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

7 Interest receivable and similar income

	2017 £	2016 £
Income from fixed asset investments		
Income from participating interests - associates	270,561	54,845

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	403,191	365,520
Interest on finance leases and hire purchase contracts	1,954	2,110
	405,145	367,630
Other finance costs:		
Other interest	7,602	7,594
	412,747	375,224

9 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	16,401	-
Deferred tax		
Origination and reversal of timing differences	26,972	(54,510)
Changes in tax rates	(7,368)	-
Total deferred tax	19,604	(54,510)
Total tax charge/(credit)	36,005	(54,510)

9 Taxation (Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit/(loss) before taxation	71,020	(680,355)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	14,204	(136,071)
Tax effect of expenses that are not deductible in determining taxable profit	15,640	-
Tax effect of income not taxable in determining taxable profit	(18,113)	-
Tax effect of utilisation of tax losses not previously recognised	(1,786)	-
Unutilised tax losses carried forward	-	136,071
Permanent capital allowances in excess of depreciation	-	(54,510)
Depreciation on assets not qualifying for tax allowances	2,081	-
Other non-reversing timing differences	19,604	-
Income from investment	4,375	-
Taxation charge/(credit) for the year	36,005	(54,510)

In addition to the amount charged/(credited) to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2017	2016
	£	£
Deferred tax arising on:		
Revaluation of property	(151,377)	-

10 Dividends

	2017	2016
	£	£
Interim paid	50,000	-

11 Intangible fixed assets

	Goodwill	Basic Payment Scheme Entitlement	Total
	£	£	£
Cost			
At 1 April 2016 and 31 March 2017	148,724	5,645	154,369
Amortisation and impairment			
At 1 April 2016	136,331	5,645	141,976
Amortisation charged for the year	12,393	-	12,393
At 31 March 2017	148,724	5,645	154,369
Carrying amount			
At 31 March 2017	-	-	-
At 31 March 2016	12,393	-	12,393

12 Tangible fixed assets

	Land and buildings freehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 April 2016	23,148,815	9,297,607	746,545	33,192,967
Additions	22,984	310,940	-	333,924
At 31 March 2017	23,171,799	9,608,547	746,545	33,526,891
Depreciation and impairment				
At 1 April 2016	2,438,353	7,393,975	593,154	10,425,482
Depreciation charged in the year	162,889	251,422	30,678	444,989
At 31 March 2017	2,601,242	7,645,397	623,832	10,870,471
Carrying amount				
At 31 March 2017	20,570,557	1,963,150	122,713	22,656,420
At 31 March 2016	20,710,462	1,903,632	153,391	22,767,485

12 Tangible fixed assets **(Continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017	2016
	£	£
Plant and machinery	31,481	37,037
Motor vehicles	75,473	94,341
	106,954	131,378
Depreciation charge for the year in respect of leased assets	24,424	9,591

Land and buildings with a carrying amount of £3,069,324 were revalued upon transition to FRS 102 to a value of £18,077,381 at the transition date, 1 April 2014. The valuations were perfomed by independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

A revaluation policy has not been adopted.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2017	2016
	£	£
Cost	3,529,996	3,529,996
Accumulated depreciation	(395,664)	(388,370)
Carrying value	3,134,332	3,141,626

Freehold land and buildings with a carrying amount of £13,759,522 (2016 - £13,896,274) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

13 Biological assets

	Dairy herd	Youngstock	Arable	Total
	£	£	£	£
Cost and carrying value				
At 1 April 2016	757,068	653,295	122,799	1,533,162
Additions - purchases, procreation or planting	-	372,072	258,700	630,772
Additions - purchases	-	-	-	-
Additions - business combinations	-	-	-	-
Reclassification	201,250	(201,250)	-	-
Disposals	-	-	-	-
Revaluation	(108,683)	155,626	-	46,943
Deaths, sales and harvest	(232,875)	(228,767)	(238,804)	(700,446)
Exchange adjustments	-	-	-	-
Other changes	-	-	-	-
At 31 March 2017	616,760	750,976	142,695	1,510,431

Biological assets are includec within stock.

14 Fixed asset investments

	2017	2016
	£	£
Unlisted investments	1,518,720	1,248,159

The company holds a 50% interest in a joint venture that is a Limited Liability Partnership called Alvis Contracting. Registered Office: Lye Cross Farm, Redhill, Bristol, BS40 5RH.

The company's share of profit is shown in the profit and loss account.

The carrying value of the investment as shown above represents the company's capital account balance in that partnership.

Movements in fixed asset investments

	Investments other than loans
	£
Cost or valuation	
At 1 April 2016	1,248,159
Additions	270,561
At 31 March 2017	1,518,720
Carrying amount	
At 31 March 2017	1,518,720
At 31 March 2016	1,248,159

15 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,908,162	3,587,927
Carrying amount of financial liabilities		
Measured at amortised cost	21,350,983	21,603,359

16 Stocks

	2017	2016
	£	£
Raw materials and consumables	15,121,985	15,628,507
Finished goods and goods for resale	264,746	456,907
	15,386,731	16,085,414

17 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	3,670,975	3,435,988
Corporation tax recoverable	-	841
Other debtors	436,989	258,427
Prepayments and accrued income	185,325	271,141
	4,293,289	3,966,397

18 Creditors: amounts falling due within one year

		2017	2016
	Notes	£	£
Bank loans and overdrafts	**20**	5,498,977	7,845,215
Obligations under finance leases	**21**	36,227	34,358
Trade creditors		2,235,354	2,570,324
Other taxation and social security		94,738	70,900
Other creditors		2,751,553	2,658,018
Accruals and deferred income		165,049	414,435
		10,781,898	13,593,250

19 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	20	10,651,459	8,033,776
Obligations under finance leases	21	12,364	47,233
		10,663,823	8,081,009

Amounts included above which fall due after five years are as follows:

	2017	2016
Payable by instalments	(3,759,123)	(818,998)
Payable other than by instalments	(6,000,000)	(6,000,000)
	(9,759,123)	(6,818,998)

20 Loans and overdrafts

	2017 £	2016 £
Bank loans	14,362,247	8,318,489
Bank overdrafts	1,788,189	7,560,502
	16,150,436	15,878,991
Payable within one year	5,498,977	7,845,215
Payable after one year	10,651,459	8,033,776

The HSBC bank loans and overdrafts are secured by a first legal charge dated 6 July 2015 over the freehold properties known as Havyatt Farm, land at Meeting House and the land at Aldwick. A debenture including a fixed charge over all present freehold and leasehold property and a first floating charge over all assets and undertakings both present and future is also held.

Further security is provided by a fixed charge over book and other debts, goodwill, uncalled capital and intellectual property. As well as a contract monies charge dated 9 June 2014.

The long term HSBC loan is subject to interest of 2% over the bank bank base rate, and is for a term of 20 years. The short term loan and overdraft are both subject to the same interest rate.

The AMC loans are secured by a legal charge over Havyatt Farm, Stepstones Farm, Chancellors Farms and Regilbury Park Farm together with land at Stock Farm, Regilbury Court Farm, Legges Farm, Kingdown and Aldwick.

The AMC loans are interest only. Interest is fixed at 4.41% on a loan of £3 million until 2032. The other £3 million of loans is subject to interest at 1.65% above the bank base rate and are repayable in 2034.

21 Finance lease obligations

Future minimum lease payments due under finance leases:	2017 £	2016 £
Within one year	36,227	34,358
In two to five years	12,364	47,233
	48,591	81,591

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	23	185,298	317,071

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances:	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	185,298	317,071

Movements in the year:	2017 £
Liability at 1 April 2016	317,071
Charge to profit or loss	19,604
Credit to other comprehensive income	(151,377)
Liability at 31 March 2017	185,298

The deferred tax liability set out above includes accelerated capital allowances that are expected to reverse in future years.

24 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	18,362	18,608

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

25 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
30,000 Ordinary shares of £1 each	30,000	30,000
	30,000	30,000

The ordinary share capital of the company holds full voting rights and entitles the holder to capital and dividend distribution.

26 Financial commitments, guarantees and contingent liabilities

There is a contingent liability in respect of an unlimited composite cross guarantee given to secure all bank borrowings of Alvis Brothers (Lye Cross) Limited amounting to £170,873 (2016: £129,917).

27 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	69,422	69,422
Between two and five years	113,422	132,000
	182,844	201,422

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017	2016
	£	£
Aggregate compensation	435,040	347,334

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2017	2016	2017	2016
	£	£	£	£
Company under common control	1,482,416	1,960,394	10,723,606	10,567,178
Joint venture	96,566	148,026	1,376,152	1,341,162

	Management charges received		Rents (paid)/received	
	2017	2016	2017	2016
	£	£	£	£
Company under common control	18,000	24,000	(42,492)	(42,492)
Joint venture	-	-	12,000	12,000

In addition to the amounts disclosed above a further £nil (2016: £303,011) was owed to the joint venture at 31 March 2017 for late invoices charged. These are included in accruals and deferred income within creditors due within one year.

The following amounts were outstanding at the reporting end date:

	2017	2016
Amounts owed to related parties	£	£
Company under common control	2,463,962	2,389,833
Joint venture	558,208	516,481
Other related parties	199,330	233,811

28 Related party transactions (Continued)

The balance owed to other related parties includes an interest free loan from a close family member of the directors and and an interest bearing loan a close family member of the directors on which interest of £7,602 (2016: £7,594) has been charged.

The audit and accountancy charges included in these financial statements includes the related audit costs of the company under common control.

The company also paid rent of £13,040 (2016: £13,040) to the Alvis Brothers Pension Scheme.

No guarantees have been given or received.

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	**2017 Balance £**
Joint venture	10,417

Amounts owed in previous period	**2016 Balance £**
Joint venture	11,611
Other related parties	241

29 Directors' transactions

Dividends totalling £32,565 (2016 - £0) were paid in the year in respect of shares held by the company's directors.

Rental payments of £29,000 (2016: £29,000) have been paid to a director and their spouse for the use of land.

Description	**% Rate**	**Opening balance £**	**Amounts advanced £**	**Amounts repaid £**	**Closing balance £**
Directors loan account	-	225	24,307	(20,098)	4,434
Directors loan account	-	22,987	91,225	(82,078)	32,134
Directors loan account	-	1,923	75,535	(74,463)	2,995
Directors loan account	-	3,763	23,985	(26,294)	1,454
		28,898	215,052	(202,933)	41,017

The loans to from the directors are interest free and are repayable on demand.

30 Cash generated from operations

	2017	2016
	£	£
Profit/(loss) for the year after tax	35,015	(625,845)
Adjustments for:		
Taxation charged/(credited)	36,005	(54,510)
Finance costs	412,747	375,224
Investment income	(270,561)	(54,845)
Gain on disposal of tangible fixed assets	-	(11,663)
Amortisation and impairment of intangible assets	12,393	49,575
Depreciation and impairment of tangible fixed assets	444,989	436,885
Movements in working capital:		
Decrease/(increase) in stocks	698,683	(1,405,683)
(Increase) in debtors	(327,733)	(419,688)
(Decrease)/increase in creditors	(482,543)	133,274
Cash generated from/(absorbed by) operations	558,995	(1,577,276)

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