

Company Registration No. 00502230 (England and Wales)

ALVIS BROTHERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Profit and loss account	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 29

ALVIS BROTHERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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 continue its focus on improving profitability through ongoing improvements to operating margins and the reduction of overheads where possible. This has been achieved in the year with a 1% improvement in operating profits being delivered. Further specific improvements have been identified which will be implemented over the next 2 years.

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

21 December 2018

ALVIS BROTHERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

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 6.

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
21 December 2018

ALVIS BROTHERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

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.

ALVIS BROTHERS LIMITED

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 2018 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 2018 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.

ALVIS BROTHERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ALVIS BROTHERS LIMITED

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.

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

21 December 2018

**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 2018

		2018	2017
	Notes	£	£
Turnover	3	30,048,790	26,621,545
Cost of sales		(22,460,410)	(19,828,800)
Gross profit		7,588,380	6,792,745
Distribution costs		(458,676)	(317,636)
Administrative expenses		(6,927,963)	(6,462,313)
Other operating income		217,412	200,410
Operating profit	4	419,153	213,206
Interest receivable and similar income	7	223,989	270,561
Interest payable and similar expenses	8	(406,648)	(412,747)
Profit before taxation		236,494	71,020
Tax on profit	9	(49,822)	(36,005)
Profit for the financial year		186,672	35,015

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 2018

	2018	2017
	£	£
Profit for the year	186,672	35,015
Other comprehensive income		
Tax relating to other comprehensive income	60,035	151,377
Total comprehensive income for the year	<u>246,707</u>	<u>186,392</u>

ALVIS BROTHERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	12	22,723,579	22,656,420
Investments	14	1,742,521	1,518,720
		<u>24,466,100</u>	<u>24,175,140</u>
Current assets			
Stocks	16	14,871,470	15,386,731
Debtors	17	4,711,545	4,293,289
Cash at bank and in hand		111,774	1,633
		<u>19,694,789</u>	<u>19,681,653</u>
Creditors: amounts falling due within one year	18	<u>(10,980,008)</u>	<u>(10,781,898)</u>
Net current assets		<u>8,714,781</u>	<u>8,899,755</u>
Total assets less current liabilities		<u>33,180,881</u>	<u>33,074,895</u>
Creditors: amounts falling due after more than one year	19	(10,582,404)	(10,663,823)
Provisions for liabilities	22	(175,996)	(185,298)
Net assets		<u><u>22,422,481</u></u>	<u><u>22,225,774</u></u>
Capital and reserves			
Called up share capital	25	30,000	30,000
Revaluation reserve		14,975,540	14,915,505
Profit and loss reserves		7,416,941	7,280,269
Total equity		<u><u>22,422,481</u></u>	<u><u>22,225,774</u></u>

The financial statements were approved by the board of directors and authorised for issue on 21 December 2018 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 2018

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 April 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
Year ended 31 March 2018:					
Profit for the year		-	-	186,672	186,672
Other comprehensive income:					
Tax relating to other comprehensive income		-	60,035	-	60,035
Total comprehensive income for the year		-	60,035	186,672	246,707
Dividends	10	-	-	(50,000)	(50,000)
Balance at 31 March 2018		30,000	14,975,540	7,416,941	22,422,481

ALVIS BROTHERS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

		2018	2017
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	31	668,133	558,995
Interest paid		(406,648)	(412,747)
Income taxes paid		(10,499)	-
Net cash inflow from operating activities		250,986	146,248
Investing activities			
Purchase of tangible fixed assets		(505,464)	(333,924)
Proceeds on disposal of tangible fixed assets		2,000	-
Proceeds from other investments and loans		(223,801)	(270,561)
Interest received		188	-
Other investment income received		223,801	270,561
Net cash used in investing activities		(503,276)	(333,924)
Financing activities			
Proceeds from borrowings		-	8,500,000
Repayment of bank loans		(205,075)	(2,456,242)
Payment of finance leases obligations		157,734	(33,000)
Dividends paid		(50,000)	(50,000)
Net cash (used in)/generated from financing activities		(97,341)	5,960,758
Net (decrease)/increase in cash and cash equivalents		(349,631)	5,773,082
Cash and cash equivalents at beginning of year		(1,786,556)	(7,559,638)
Cash and cash equivalents at end of year		(2,136,187)	(1,786,556)
Relating to:			
Cash at bank and in hand		111,774	1,633
Bank overdrafts included in creditors payable within one year		(2,247,961)	(1,788,189)

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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 amounts 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.

Basic Payment Scheme Entitlement	Fully amortised
----------------------------------	-----------------

1.4 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	4% - 20% straight line or reducing balance
Motor vehicles	15% or 20% reducing balance

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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.

1.5 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.

1.6 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.

1.7 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.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.8 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.

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.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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 through 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.

1.9 Equity instruments

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

1.10 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.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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.

1.11 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.

1.12 Retirement benefits

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

1.13 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.

1.14 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.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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:

	2018 £	2017 £
Turnover analysed by class of business		
Cheese and dairy products	23,872,197	21,244,387
Milk	3,300,251	2,496,658
Livestock and crops	729,178	856,168
Other	2,147,164	2,024,332
	<u>30,048,790</u>	<u>26,621,545</u>
	2018 £	2017 £
Other significant revenue		
Interest income	188	-
	<u>188</u>	<u>-</u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	23,322,065	20,571,782
Other	6,726,725	6,049,763
	<u>30,048,790</u>	<u>26,621,545</u>

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging:		
Exchange (gains)/losses	-	2,227
Fees payable to the company's auditor for the audit of the company's financial statements	14,000	13,000
Depreciation of owned tangible fixed assets	430,440	420,565
Depreciation of tangible fixed assets held under finance leases	4,722	24,424
Loss on disposal of tangible fixed assets	1,143	-
Amortisation of intangible assets	-	12,393
Cost of stocks recognised as an expense	20,685,642	18,088,582
Operating lease charges	65,929	71,319
	<u> </u>	<u> </u>

5 Employees

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

	2018	2017
	Number	Number
Cheese production	71	70
Farming	20	20
Retail	19	20
Sales and administration	18	19
	<u> </u>	<u> </u>
	128	129
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	4,029,956	3,766,425
Social security costs	317,159	320,750
Pension costs	19,986	18,362
	<u> </u>	<u> </u>
	4,367,101	4,105,537
	<u> </u>	<u> </u>

6 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	104,720	107,302
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017 - 2).

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	188	-
Income from fixed asset investments		
Income from participating interests - associates	223,801	270,561
Total income	223,989	270,561
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	188	-

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	395,277	403,191
Interest on finance leases and hire purchase contracts	3,776	1,954
	399,053	405,145
Other finance costs:		
Other interest	7,595	7,602
	406,648	412,747

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	4,991	16,401
Adjustments in respect of prior periods	(5,902)	-
Total current tax	(911)	16,401
Deferred tax		
Origination and reversal of timing differences	50,733	26,972
Changes in tax rates	-	(7,368)
Total deferred tax	50,733	19,604
Total tax charge	49,822	36,005

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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

	2018 £	2017 £
Profit before taxation	236,494	71,020
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	44,934	14,204
Tax effect of expenses that are not deductible in determining taxable profit	3,742	15,640
Tax effect of income not taxable in determining taxable profit	(998)	(18,113)
Tax effect of utilisation of tax losses not previously recognised	(37,582)	(1,786)
Capital allowances in excess of depreciation	(1,943)	-
Depreciation on assets not qualifying for tax allowances	-	2,081
Under/(over) provided in prior years	(5,902)	-
Deferred tax adjustments	50,733	19,604
Income from investment	(3,162)	4,375
Taxation charge for the year	49,822	36,005

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

	2018 £	2017 £
Deferred tax arising on:		
Revaluation of property	(60,035)	(151,377)

10 Dividends

	2018 £	2017 £
Interim paid	50,000	50,000

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

11 Intangible fixed assets

	Goodwill	Basic Payment Scheme Entitlement	Total
	£	£	£
Cost			
At 1 April 2017 and 31 March 2018	148,724	5,645	154,369
Amortisation and impairment			
At 1 April 2017 and 31 March 2018	148,724	5,645	154,369
Carrying amount			
At 31 March 2018	-	-	-
At 31 March 2017	-	-	-

12 Tangible fixed assets

	Land and buildings freehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 April 2017	23,171,799	9,608,547	746,545	33,526,891
Additions	9,972	493,592	1,900	505,464
Disposals	-	-	(35,877)	(35,877)
Transfers	-	(9,500)	9,500	-
At 31 March 2018	23,181,771	10,092,639	722,068	33,996,478
Depreciation and impairment				
At 1 April 2017	2,601,242	7,645,397	623,832	10,870,471
Depreciation charged in the year	163,305	246,432	25,425	435,162
Transfers	-	(1,425)	(31,309)	(32,734)
At 31 March 2018	2,764,547	7,890,404	617,948	11,272,899
Carrying amount				
At 31 March 2018	20,417,224	2,202,235	104,120	22,723,579
At 31 March 2017	20,570,557	1,963,150	122,713	22,656,420

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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.

	2018 £	2017 £
Plant and machinery	252,023	31,481
Motor vehicles	-	75,473
	<u>252,023</u>	<u>106,954</u>
Depreciation charge for the year in respect of leased assets	<u>4,722</u>	<u>24,424</u>

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 performed 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:

	2018 £	2017 £
Cost	3,529,996	3,529,996
Accumulated depreciation	(402,958)	(395,664)
Carrying value	<u>3,127,038</u>	<u>3,134,332</u>

Freehold land and buildings with a carrying amount of £13,713,005 (2017 - £13,759,522) 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.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

13 Biological assets

	Dairy herd £	Youngstock £	Arable £	Total £
Cost and carrying value				
At 1 April 2017	616,760	750,976	142,695	1,510,431
Additions - purchases, procreation or planting	-	243,686	232,559	476,245
Additions - purchases	-	-	-	-
Additions - business combinations	-	-	-	-
Reclassification	242,375	(242,375)	-	-
Disposals	-	-	-	-
Revaluation	(115,064)	143,532	-	28,468
Deaths, sales and harvest	(82,607)	(135,571)	(229,325)	(447,503)
Exchange adjustments	-	-	-	-
Other changes	-	-	-	-
At 31 March 2018	661,464	760,248	145,929	1,567,641

Biological assets are included within stock.

14 Fixed asset investments

	2018 £	2017 £
Unlisted investments	1,742,521	1,518,720

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 2017	1,518,720
Additions	223,801
At 31 March 2018	1,742,521
Carrying amount	
At 31 March 2018	1,742,521
At 31 March 2017	1,518,720

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

15 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,343,778	3,908,162
Carrying amount of financial liabilities		
Measured at amortised cost	21,467,207	21,350,983

16 Stocks

	2018 £	2017 £
Raw materials and consumables	1,949,095	1,895,836
Finished goods and goods for resale	12,922,375	13,490,895
	14,871,470	15,386,731

17 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	4,071,264	3,670,975
Other debtors	458,243	436,989
Prepayments and accrued income	182,038	185,325
	4,711,545	4,293,289

18 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	20	5,951,878	5,498,977
Obligations under finance leases	21	77,176	36,227
Trade creditors		1,877,546	2,235,354
Corporation tax		4,150	15,560
Other taxation and social security		91,055	79,178
Other creditors		2,846,117	2,751,553
Accruals and deferred income		132,086	165,049
		10,980,008	10,781,898

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

19 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	20	10,453,255	10,651,459
Obligations under finance leases	21	129,149	12,364
		<u>10,582,404</u>	<u>10,663,823</u>

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

Payable by instalments	3,584,701	3,759,123
Payable other than by instalments	6,000,000	6,000,000
	<u>9,584,701</u>	<u>9,759,123</u>

20 Loans and overdrafts

	2018 £	2017 £
Bank loans	14,157,172	14,362,247
Bank overdrafts	2,247,961	1,788,189
	<u>16,405,133</u>	<u>16,150,436</u>
Payable within one year	5,951,878	5,498,977
Payable after one year	10,453,255	10,651,459

The HSBC bank loans and overdrafts are secured by a first legal charge dated 6 July 2015 over freehold properties. 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 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 freehold properties.

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.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

21 Finance lease obligations

	2018	2017
	£	£
Future minimum lease payments due under finance leases:		
Within one year	77,176	36,227
In two to five years	129,149	12,364
	<u>206,325</u>	<u>48,591</u>

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	2018	2017
		£	£
Deferred tax liabilities	23	<u>175,996</u>	<u>185,298</u>

23 Deferred taxation

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

	Liabilities 2018	Liabilities 2017
	£	£
Balances:		
Accelerated capital allowances	283,954	270,803
Tax losses	(107,958)	(145,540)
Revaluations	-	60,035
	<u>175,996</u>	<u>185,298</u>
Movements in the year:		2018
		£
Liability at 1 April 2017		185,298
Charge to profit or loss		50,733
Credit to other comprehensive income		(60,035)
Liability at 31 March 2018		<u>175,996</u>

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

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

24 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	19,986	18,362

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

	2018 £	2017 £
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 £191,808 (2017: £170,873).

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:

	2018 £	2017 £
Within one year	69,422	69,422
Between two and five years	44,000	113,422
	113,422	182,844

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £	2017 £
Acquisition of tangible fixed assets	63,889	-

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	452,364	435,040

Transactions with related parties

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

	Sales		Purchases	
	2018 £	2017 £	2018 £	2017 £
Company under common control	1,756,711	1,482,416	12,191,012	10,723,606
Joint venture	74,012	96,566	1,302,795	1,376,152

	Management charges received		Rents (paid)/received	
	2018 £	2017 £	2018 £	2017 £
Company under common control	18,000	18,000	(42,492)	(42,492)
Joint venture	-	-	12,000	12,000

The following amounts were outstanding at the reporting end date:

	2018 £	2017 £
Amounts due to related parties		
Company under common control	2,688,981	2,463,962
Joint venture	481,423	558,208
Other related parties	146,408	199,330

The balance owed to other related parties includes an interest free loan from a close family member of the directors and an interest bearing loan a close family member of the directors on which interest of £7,595 (2017: £7,602) 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 £13,044 (2017: £13,040) to the Alvis Brothers Pension Scheme.

No guarantees have been given or received.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

29 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2018 £	2017 £
Amounts due from related parties		
Joint venture	47,372	10,417

30 Directors' transactions

Dividends totalling £32,500 (2017 - £32,565) were paid in the year in respect of shares held by the company's directors.

Rental payments of £53,000 (2017: £29,000) have been paid to a director and their spouse for the use of land.

Description	% Rate	Opening balance £	Amounts repaid £	Closing balance £
Directors loan	-	1,454	(1,031)	423
Directors loan	-	4,434	(4,148)	286
Directors loan	-	32,134	(28,751)	3,383
Directors loan	-	2,995	(2,536)	459
		41,017	(36,466)	4,551

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

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

31 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	186,672	35,015
Adjustments for:		
Taxation charged	49,822	36,005
Finance costs	406,648	412,747
Investment income	(223,989)	(270,561)
Loss on disposal of tangible fixed assets	1,143	-
Amortisation and impairment of intangible assets	-	12,393
Depreciation and impairment of tangible fixed assets	435,162	444,989
Movements in working capital:		
Decrease in stocks	515,261	698,683
(Increase) in debtors	(418,256)	(327,733)
(Decrease) in creditors	(284,330)	(482,543)
Cash generated from operations	668,133	558,995

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.