

W & H MARRIAGE & SONS LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
23 APRIL 2022

TUESDAY



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W & H MARRIAGE & SONS LIMITED

COMPANY INFORMATION

Directors	G D Marriage S J Marriage J H Marriage H L Marriage
Secretary	K Asling
Company number	00690479
Registered office	Chelmer Mills Chelmsford Essex CM1 1PN
Auditor	RSM UK Audit LLP Third Floor Priory Place New London Road Chelmsford Essex CM2 0PP

W & H MARRIAGE & SONS LIMITED

GROUP STRATEGIC REPORT

FOR THE PERIOD ENDED 23 APRIL 2022

The directors present the strategic report and financial statements for the group for the 52 week period ended 23 April 2022 (2021: 52 week period ending 24 April 2021).

Fair review of the business

The Directors recognise the financial period ended 23 April 2022 has been a challenging year for the UK economy in general.

Group turnover was static in the year at £64.5m (2021 £64.4m). Turnover decreased by £351k at the subsidiary level and increased by £451k for the parent company.

Operating profitability declined significantly from profit of £1.6m in 2021, excluding the insurance settlement income of £690k, to an operating loss of £873k. This is attributed to static turnover and lower gross margins primarily due to rising raw material prices. Production and distribution costs increased significantly to £12m from £10.6m in 2021, this has been attributed to rising distribution costs, a consequence of the ongoing global supply chain issues, and planned production expansion at the subsidiary level resulting in increased production headcount and depreciation charges. Administrative expenses decreased slightly to £5.1m from £5.2m in 2021.

There was an actuarial gain on the defined benefit pension scheme of £890k (2021: £1.4m) and after deducting tax the remaining gain of £668k (2021: £1.1m) has offset the majority of the loss after tax of £707k resulting in comprehensive expense of £40k, down from comprehensive income of £2.8m in 2021.

The defined pension liability has decreased in the year from £1.1 m to £nil following an actuarial gain as equities and financial markets continued to strengthen in the period to 23 April 2022. However, from reviewing a range of valuation methods and consulting with external advisers it was considered that further contributions to the scheme will be necessary and the scheme will remain under review due to significant changes and instability in the financial markets in the later half of 2022.

The group's net assets have remained consistent at £10.8m, the actuarial gains offsetting the adverse profit & loss performance.

Cash flow during the period has come under increasing pressure with a significant decrease in operating profit and continuing rising costs. The company cash position at 23 April 2022 totalled £459k compared to £1.1m at 24 April 2021. The overall group cash position at 23 April 2022 totalled £1.8m compared to £1.9m at 24 April 2021.

The subsidiary concluded it's substantial capital investment program which began in the prior period. This resulted in capital expenditure of c£400k in the period under review.

Progress at the new site in Essex has been limited owing to planning application issues. The board are moving forward with their plan to bring the new site into use although significant progress is not expected until the later half of 2023, falling into the financial period ending 27 April 2024.

Covid-19 restrictions

During the Covid-19 pandemic access restrictions were put in place before the period end on 25 April 2020 and as such the directors were not in a position to allow external auditors on site to observe the counting of physical stock, this being the opening stock position for the prior period ended 24 April 2021. The company's auditors did attend the stock take as at 24 April 2021 and as at 23 April 2022.

The directors were satisfied that the period end stock count was accurate and carried out in accordance with company procedures, which have been subject to audit observations in the past. The auditors were unable to carry out other procedures to obtain sufficient appropriate audit evidence regarding the stock quantities at the prior period end, being the opening stock figure for the period ended 24 April 2021. The auditors have presented a qualified opinion concerning the opening stock balance for the prior period. This is detailed in the audit report.

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GROUP STRATEGIC REPORT

FOR THE PERIOD ENDED 23 APRIL 2022

The directors are disappointed that their actions, which they believe were in accordance with government guidelines and the stay at home and other safety messages at that time, have resulted in this outcome.

Principal risks and uncertainties

There are certain risks and uncertainties in the business that may affect future performance.

Financial risk

The group's principal financial instruments comprise of bank balances, receivables finance facilities, trade debtors and trade creditors. The main purpose of these instruments is to raise funds for the business and to finance the group's operations.

WHM Pet Group Limited is financed by a receivables financing facility. The facility is monitored regularly and sufficient cash is retained to ensure that there are adequate funds for their operations. As a group, facilities with the main bankers have been maintained to provide a safe level of headroom to cover any seasonal fluctuations in trading.

Credit risk

Trade debtors are managed in respect of credit and cash flow risk by policies covering the credit offered to customers and the regular monitoring of amounts outstanding in terms of both time and credit limits. Further protection for the trade debtors across the group is managed by the way of a credit insurance facility.

Liquidity risk

Trade creditor liquidity risk is managed by ensuring sufficient funds are available to meet amounts as they fall due. This is achieved through close monitoring of the working capital requirements of the businesses and having in place sufficient banking facilities.

Currency risk

The directors view currency fluctuations as a key risk in the coming year due to the weakening pound. The parent company has only limited dealings outside of the UK and therefore its exposure to currency fluctuations is minimal. However the subsidiary company is more reliant on imported goods and therefore fluctuations in currency rates could have a significant impact on the financial results. To mitigate this risk the subsidiary company closely monitors their currency requirements and uses forward contract facilities to provide greater certainty and enable a certain level of price stability.

Competitor risk

The group operates in a highly competitive market place. To combat the constant threat from competitor pricing in all sectors, the group aims to focus on producing a high quality product and providing an efficient and customer friendly service.

The group also benefits from a number of close commercial relationships with both customers and suppliers, damage to which could have a negative impact on the business. The group works hard to manage and maintain these relationships in order to minimise any potential risk.

W & H MARRIAGE & SONS LIMITED

GROUP STRATEGIC REPORT

FOR THE PERIOD ENDED 23 APRIL 2022

Commodity risk

A significant proportion of the group's product costs come from agricultural products.

The UK 2021 wheat harvest was poor quality and Canada had a much-reduced spring wheat crop. As a result wheat prices increased significantly having an adverse impact on gross margins across the group in the later half of 2021.

On 24 February 2022 Russia invaded Ukraine, both significant players in the global wheat markets. The price of wheat hit a record high and has since seen spectacular spikes and drops provoked by Russia's actions. This wheat price volatility, the impact on other commodity prices, namely fuel and electricity, and the cost of living crisis is affecting all parts of our business and will continue to do so for the foreseeable future.

The quality, output and price of these agricultural products is also weather dependant. As the weather cannot be predicted accurately more than days ahead this leads to uncertainty for the business. There are limited actions the directors can take to mitigate against this beyond having a diversified supplier network.

Financial key performance indicators

The board monitors the turnover, operating profit/loss and cash flow as detailed in the business review section above. Trade debtors are a particular focus and debtor days have decreased from 38.6 days to 37.54 days. The Board considers this to be an achievement in the current business climate.

Other key performance indicators

The directors view adherence to food hygiene standards and Health & safety at work as key non-financial performance indicators.

The directors' aim is to continually improve health and safety standards for the group and its staff. To assist this process the group employs the services of health and safety management specialists.

Future developments

Since the period end, the Board of Directors has taken the difficult decision to cease production of animal feed at Chelmer Mills.

Over the past decade, the animal feed sector has changed dramatically. While there has been growth in our flour and pet food sales, demand has fallen for our commercial farm animal feed. Our customer base has been reduced by the growth of huge agricultural companies, often integrated with feed mills. Following the Covid-19 pandemic many customers also stopped farming livestock.

To meet these challenges, our strategy has been to focus on smallholder, pet and specialist products, particularly for the retail market. However, due to the continued fall in farm feed sales, the Board of Directors carefully considered the future direction for animal and pet food within the group and the final animal feed production will take place in January 2023.

The directors expect the general level of activity across the group in the forthcoming year to be somewhat uncertain due to continued domestic and global economic uncertainty. The group will continue to focus on flour and pet food sales in sectors of the market that value premium products. This strategy is supported by the senior management team working towards improving efficiencies across all parts of the business to ensure that the group is well placed to compete in what the directors believe will be an increasingly difficult marketplace.

The company has secured a financing facility to ease working capital pressures and to provide greater financial flexibility to navigate through the uncertain times ahead. HSBC UK Bank Plc now hold a fixed and floating charge over the assets at Chelmer Mills, New Street, Chelmsford, CM1 1PN.

W & H MARRIAGE & SONS LIMITED

GROUP STRATEGIC REPORT

FOR THE PERIOD ENDED 23 APRIL 2022

Directors' statement of compliance with duty to promote the success of the Company

The board of directors of the company consider that they have fulfilled their individual and collective duty under section 172 (1) of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of shareholders as a whole and in doing so, have had regard to and recognised the importance of considering all stakeholders and other matters, as detailed below:

(a) Long-term sustainability

The company is focused on ensuring our customers have the highest quality products. We are continually looking at new ways to expand our product range and how we can incorporate new processes and innovations widening our service offering and ensuring the long term sustainability of the business for future generations.

(b) Interests of employees

The directors value our employee's expertise and commitment and we consider their health and safety to be fundamental to our success. Employees are kept informed through informal and structured communications covering a wide range of issues affecting the performance of the company.

The company treats all employees fairly, supports diversity and promotes equality ensuring equal pay for males or females for equivalent work.

(c) Interests of other stakeholders (suppliers, customers, other)

Customers

Customer service is a top priority and understanding our customer's needs is at the forefront of our strategy. We provide our customers with quality service and products.

Suppliers

The company has longstanding relationships with many of its key suppliers and these relationships span generations of the same families. We work with like-minded businesses who share our core values and this in turn enables us to maintain the quality in our products and service.

Partners

The company has longstanding relationships with many of its commercial partners.

(d) Impact on community and environment

The company has been and continues to be part of the local agricultural community. It has sold and supported organic products for a number of years.

Organic food production is now becoming generally recognised for its contribution to the environment and we are proud to be part of that movement. The company also supports and sells 'fair to nature' products which are helping to support the UK's wild bird populations.

(e) High standards of business conduct

The company operates to high standards of business behaviour and is committed to acting ethically and with integrity across all business relationships. It is committed to ensuring that there is no modern slavery or human trafficking in its supply chain or any part of the business. The company pays the correct amount of tax in accordance with tax law and practice in the UK and on timely basis.

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GROUP STRATEGIC REPORT

FOR THE PERIOD ENDED 23 APRIL 2022

(f) Act fairly between members of the company

The board aims to understand the views of its shareholders and acts in their best interests. It complies with the Articles of Association and the highest standards of conduct as laid out in company and group policies.

By order of the board



.....
G D Marriage
Director

30/1/2023

W & H MARRIAGE & SONS LIMITED

GROUP DIRECTORS' REPORT

FOR THE PERIOD ENDED 23 APRIL 2022

The directors present their annual report and the group financial statements for the period from 25 April 2021 to 23 April 2022 (2021: from 25 April 2021 to 24 April 2021).

Principal activities

The principal activities of the group are the production and sale of flour and animal feeds, wild bird and pet foods together with trading of goods used principally in the production of animal and pet foods.

The principal activity of the parent company is the production and sale of flour and animal feed.

Directors

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

G D Marriage
S P Marriage (resigned on 1 January 2023)
S J Marriage
J H Marriage
H L Marriage

Results and dividends

The results for the period are set out on page 15.

During the period there were dividend payments totalling £35,520 relating to a dividend declared in the period ended 24 April 2021, this was paid in May 2021. A dividend has not been declared for the period ended 23 April 2022.

Qualifying third party indemnity provisions

The group has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

Going concern

The group's business activities, together with the factors that are likely to affect its future development, performance and position are set out in the Strategic Report.

These financial statements are prepared on a going concern basis. The directors have prepared forecasts and a supporting paper which includes an assessment of the key risks facing the group, the mitigating actions available to the directors and appropriate sensitivity analysis carried out on the forecasts. Whilst COVID-19 is not considered to be a key business risk the directors do acknowledge there is still a level of uncertainty about its long term impact but they do not consider this affects the group's ability to continue as a going concern.

The directors have considered the cash needs of the group for the period to April 2024 using their forecasts and are confident that the business will continue to trade within its available limits for the foreseeable future.

The directors acknowledge that the group's existing financing facilities will need to be renewed but have sufficient alternative funding sources and contingencies in place to manage any changes to the level of available facilities or financing requirements within the forecast period. Related party short term loan advances were made during the period under review and these facilities will be made available to the group in the forecast period, if required.

W & H MARRIAGE & SONS LIMITED

GROUP DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

Matters of strategic importance

Future developments and principal risks and uncertainties are not shown within the Directors' Report as they are instead included within the Strategic Report under S414c(11).

Greenhouse gas emissions, energy consumption and energy efficiency action

A financial boundary has been applied and this report includes all sources of environmental impact from the operations of W & H Marriage & Sons Limited, the parent company. It excludes the operations carried out by its subsidiary, WHM Pet Group Limited.

Scope 1 emissions are those that directly release greenhouse gases ("GHG") including fuel consumed during the manufacturing process, by our warehouses, offices and transport fleet.

Scope 2 emissions are released indirectly from our consumption of energy sources, namely electricity.

The methodology applied to the calculation of GHG emissions is the 'GHG Protocol Corporate Accounting and Reporting Standard'. Carbon factors have been extracted from the 'UK Government GHG Conversion Factors for Company Reporting' and have been used to calculate the GHG emissions where they are not separately provided by the supplier. Emissions are reported as CO₂e.

UK Greenhouse Gas Emissions

	Period ended 23 April 2022	Period ended 24 April 2021
	Emissions tCO ₂ e	Emissions tCO ₂ e
Scope 1: Emissions from combustion of gas or consumption of fuel for the purposes of transport and manufacture	1,440	1,611
Scope 2: Emissions from purchased electricity by the Company for its own use	1,026	1,192
Total gross emissions	2,466	2,803
Intensity ratio		
Scope 1: Emissions per tonne of output hauled Diesel used is converted to CO ₂ tonnage divided by the tonnage hauled by our own fleet	0.023	0.023
Scope 2: Emission per tonne of output produced Electricity consumption converted back to primary energy (tonnes of CO ₂) and divided by total production tonnage	0.019	0.020
	Energy (kWh)	Energy (kWh)
Scope1: Energy from combustion of gas or consumption of fuel for purpose of transport	5,567,891	6,258,316
Scope 2: Energy from purchased electricity by the Company for its own use	5,306,305	5,615,086
	10,874,196	11,873,402

W & H MARRIAGE & SONS LIMITED

GROUP DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

The directors are continuing to implement and monitor the following measures to improve the company's energy efficiency:

- Installed motion sensitive lighting
- Installed LED lighting
- Use high efficiency electric motors
- Use power factor correction
- Improved boiler efficiency with new plant
- Changed the company car policy to electric only vehicles

Statement of disclosure to auditor

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

By order of the board



.....
G D Marriage,
Director

30/1/2023

W & H MARRIAGE & SONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 23 APRIL 2022

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

Company law requires the directors to prepare group and company financial statements for each financial period. 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 group and the company and of the profit or loss of the group 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 group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 W & H MARRIAGE & SONS LIMITED

Qualified opinion

We have audited the financial statements of W & H Marriage & Sons Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 23 April 2022 which comprise the Consolidated Statement of Comprehensive Income, Group and Company Statements of Financial Position, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated 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, except for the possible effects of the matters described in the Basis for qualified opinion section of our report, the accompanying financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 23 April 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

With respect to the closing group stock at 25 April 2020 having a carrying amount of £5,102,633 and the closing company stock at 25 April 2020 having a carrying amount of £2,043,632, the audit evidence available to us in the prior period audit was limited because we did not observe the counting of the physical stock as at 25 April 2020. After considering the growing impact of the Covid-19 (Coronavirus) outbreak and the infection risk presented, in common with many other auditors a decision was taken during the audit for the period ended 25 April 2020 not to physically attend the warehouses where physical stock was being held. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities at 25 April 2020 by using other audit procedures. Consequently, we were unable to determine whether any adjustments to stock were necessary as at 25 April 2020 and we were unable to determine whether there was any consequential effect on the cost of sales for the period ended 25 April 2020 and on the cost of sales figure for the period ended 24 April 2021, because the closing stock figure at 25 April 2020 is used in the calculation of the cost of sales figure for the period ended 24 April 2021. Our opinion on the current period's financial statements is modified because of the possible effect of this matter on the corresponding cost of sales figures for the period ended 24 April 2021 and the comparability of the current period's figures for the period ended 23 April 2022 and the corresponding figures. In addition, if any adjustments were required, the strategic report would also need to be amended.

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 group and parent 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W & H MARRIAGE & SONS LIMITED

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

In respect solely of the limitation on our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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

- returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W & H MARRIAGE & SONS LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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 group's and the parent 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 group or the parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W & H MARRIAGE & SONS LIMITED

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities where available and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety (including fire regulations) and food safety. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities including completing searches for any reportable health and safety incidents in the public domain.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kerry Norman

KERRY NORMAN (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Priory Place
New London Road
Chelmsford
CM2 0PP
Date
30/1/2023

W & H MARRIAGE & SONS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 23 APRIL 2022

	Notes	Period ended 23 April 2022 £	Period ended 24 April 2021 £
Turnover	3	64,505,139	64,405,494
Cost of sales		(48,302,866)	(47,097,328)
Gross profit		16,202,273	17,308,166
Production and distribution costs		(11,988,253)	(10,603,510)
Administrative expenses		(5,117,615)	(5,155,249)
Exceptional items	4	-	689,835
Profit on disposal of assets		26,528	19,809
Other operating income		3,966	28,336
Operating (loss)/profit	5	(873,101)	2,287,387
Fair value gains and losses on foreign exchange contracts		61,787	-
Interest receivable and similar income	9	1	798
Interest payable and similar charges	10	(167,819)	(152,151)
(Loss)/profit before taxation		(979,132)	2,136,034
Taxation	11	323,506	(412,941)
(Loss)/profit for the financial period		(655,626)	1,723,093
Other comprehensive income			
Actuarial surplus on defined benefit pension scheme	25	890,000	1,388,000
Tax relating to defined benefit pension scheme	11	(222,500)	(263,720)
Other comprehensive income for the period		667,500	1,124,280
Total comprehensive income for the period		11,874	2,847,373
Profit for the period attributable to:			
Owners of the parent		(638,236)	1,408,373
Non-controlling interest	35	(17,390)	314,720
(Loss)/profit for the period		(655,626)	1,723,093
Total comprehensive income for the period attributable to:			
Owners of the parent		29,264	2,532,653
Non-controlling interest	35	(17,390)	314,720
Total comprehensive income for the period		11,874	2,847,373

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 23 APRIL 2022

	Notes	2022 £	Group 2021 £	2022 £	Company 2021 £
Fixed assets					
Other intangible assets	13	13,945	124,802	13,945	124,802
Tangible assets	14	5,063,134	5,088,258	2,698,994	2,770,690
Investments	15	-	-	775,982	775,982
		<u>5,077,079</u>	<u>5,213,060</u>	<u>3,488,921</u>	<u>3,671,474</u>
Current assets					
Stocks	17	5,458,219	5,347,272	1,929,111	2,105,902
Debtors	18	7,735,283	8,389,389	4,639,194	4,082,072
Cash at bank and in hand		1,765,010	1,881,283	458,905	1,145,911
		<u>14,957,512</u>	<u>15,617,944</u>	<u>7,027,210</u>	<u>7,333,885</u>
Creditors: amounts falling due within one period	19	(8,769,094)	(8,515,613)	(3,093,213)	(2,561,826)
Net current assets		<u>6,188,418</u>	<u>7,102,331</u>	<u>3,933,997</u>	<u>4,772,059</u>
Total assets less current liabilities		<u>11,265,497</u>	<u>12,315,391</u>	<u>7,422,918</u>	<u>8,443,533</u>
Creditors: amounts falling due after more than one period	20	(435,292)	(396,058)	-	(20,625)
Net assets excluding pension liability		<u>10,830,205</u>	<u>11,919,333</u>	<u>-</u>	<u>8,422,908</u>
Defined benefit pension scheme liability	25	-	(1,101,000)	-	(1,101,000)
Net assets		<u>10,830,205</u>	<u>10,818,333</u>	<u>7,422,918</u>	<u>7,321,908</u>
Capital and reserves					
Called up share capital	26	44,400	44,400	44,400	44,400
Share premium account	27	3,986	3,986	3,986	3,986
Capital redemption reserve	27	1,500	1,500	1,500	1,500
Profit and loss reserves	27	9,861,982	9,832,720	7,373,032	7,272,022
Capital and reserves attributable to owners of the parent		<u>9,911,868</u>	<u>9,882,606</u>	<u>7,422,918</u>	<u>7,321,908</u>
Capital and reserves attributable to non-controlling interest	35	918,337	935,727	-	-
Total equity		<u>10,830,205</u>	<u>10,818,333</u>	<u>7,422,918</u>	<u>7,321,908</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the period was £566,490 (2021: profit of £296,663) and the Company's total comprehensive income was £101,010 (2021: £1,420,943).

The financial statements were approved by the board of directors and authorised for issue on 30 January 2023 and are signed on its behalf by:


G D Marriage, Director

30/1/2023

W & H MARRIAGE & SONS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

AS AT 23 APRIL 2022

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 25 April 2020		44,400	3,986	1,500	7,335,587	7,385,473
Profit for the period		-	-	-	1,408,373	1,408,373
Actuarial gain on defined benefit plans	25	-	-	-	1,388,000	1,388,000
Tax relating to defined benefit pension scheme	11	-	-	-	(263,720)	(263,720)
Total comprehensive income for the period		-	-	-	2,532,653	2,532,653
<i>Transactions with owners:</i>						
Dividends	12	-	-	-	(35,520)	(35,520)
Balance at 24 April 2021		44,400	3,986	1,500	9,832,720	9,882,606
Balance at 25 April 2021		44,400	3,986	1,500	9,832,720	9,882,606
Loss for the period		-	-	-	(638,236)	(638,236)
Actuarial gain on defined benefit plans	25	-	-	-	890,000	890,000
Tax relating to defined benefit pension scheme	11	-	-	-	(222,500)	(222,500)
Total comprehensive income for the period		-	-	-	29,262	29,262
<i>Transactions with owners:</i>						
Dividends	12	-	-	-	-	-
Balance at 23 April 2022		44,400	3,986	1,500	9,861,982	9,911,868

W & H MARRIAGE & SONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 23 APRIL 2022

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 25 April 2020		44,400	3,986	1,500	5,886,599	5,936,485
Profit for the period		-	-	-	296,663	296,663
Actuarial gain on defined benefit plans	25	-	-	-	1,388,000	1,388,000
Tax relating to defined benefit pension scheme	11	-	-	-	(263,720)	(263,720)
Total comprehensive income for the period		-	-	-	1,420,943	1,420,943
<i>Transactions with owners:</i>						
Dividends	12	-	-	-	(35,520)	(35,520)
Balance at 24 April 2021		44,400	3,986	1,500	7,272,022	7,321,908
Balance at 25 April 2021		44,400	3,986	1,500	7,272,022	7,321,908
Loss for the period		-	-	-	(566,490)	(566,490)
Actuarial gain on defined benefit plans	25	-	-	-	890,000	890,000
Tax relating to defined benefit pension scheme	11	-	-	-	(222,500)	(222,500)
Total comprehensive income for the period		-	-	-	101,010	101,010
<i>Transactions with owners:</i>						
Dividends	12	-	-	-	-	-
Balance at 23 April 2022		44,400	3,986	1,500	7,373,032	7,422,918

W & H MARRIAGE & SONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 23 APRIL 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	33	1,000,364	2,349,579
Interest paid	10	(145,819)	(110,151)
Income taxes paid		(166,429)	(18,240)
Net cash from operating activities		<u>688,116</u>	<u>2,221,188</u>
Investing activities			
Purchase of intangible assets	13	(2,925)	(19,020)
Purchase of tangible fixed assets	14	(838,436)	(2,373,280)
Proceeds on disposal of tangible fixed assets		40,612	38,027
Interest received	9	1	798
Net cash used in investing activities		<u>(800,748)</u>	<u>(2,353,475)</u>
Financing activities			
Loan finance		-	287,939
Repayment of loan finance		-	(28,212)
Advance repaid by/(paid to) a related party		19,685	(19,685)
Payment of obligations under finance leases		(141,458)	(84,006)
Dividends paid	12	(35,520)	(35,520)
Net cash (used in)/from financing activities		<u>(157,293)</u>	<u>120,516</u>
Net decrease in cash and cash equivalents		<u>(269,925)</u>	<u>(11,771)</u>
Cash and cash equivalents at beginning of period		34,921	46,692
Cash and cash equivalents at end of period		<u>(235,004)</u>	<u>34,921</u>
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		1,765,010	1,881,283
Invoice discounting facility included in "creditors: amounts falling due within one period"	22	(2,000,014)	(1,846,362)
		<u>(235,004)</u>	<u>34,921</u>

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

1 Accounting policies

Company information

W & H Marriage & Sons Limited ("the company") is a private company limited by shares domiciled and incorporated in England and Wales. The registered office is Chelmer Mills, Chelmsford, Essex, CM1 1PN.

The group consists of W & H Marriage & Sons Limited and all of its subsidiaries.

The company's and the group's principal activities are disclosed in the Directors' report. The nature of the company's operations and the group's operations are that of flour and animal food production and retail.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value.

The consolidated financial statements are presented in sterling which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest whole £.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements as a qualifying entity;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the Company are included in these consolidated financial statements of W & H Marriage & Sons Limited.

Basis of consolidation

The consolidated financial statements incorporate those of W & H Marriage & Sons Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the period are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 23 April 2022 (2021: 24 April 2021).

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

1 Accounting policies (*continued*)

Basis of consolidation (*continued*)

Change in interest where control is not obtained or lost

Where an interest in a subsidiary is increased or reduced, but control is not obtained or lost, the difference between the fair value of any consideration paid or received and the change to the non-controlling interest is recognised directly in equity and attributed to owners of the parent.

Going concern

The directors have prepared forecasts and a supporting paper which includes an assessment of the key risks facing the Group, the mitigating actions available to the directors and appropriate sensitivity analysis carried out on the forecasts. Whilst COVID-19 is not considered to be a key business risk the directors do acknowledge there is still a level of uncertainty about its long term impact but they do not consider this affects the Group's ability to continue as a going concern.

These financial statements are prepared on a going concern basis. The directors consider this appropriate on the basis that they have considered the operational budgets and cash flow forecasts for the group for the period through to April 2024 and are confident that the business will continue to trade within its available facilities for the forecast period.

The directors acknowledge that the group's existing financing facilities will need to be renewed but have sufficient alternative funding sources and contingencies in place to manage any changes to the level of available facilities or financing requirements within the forecast period. Related party short term loan advances were made during the period under review and these facilities will be made available to the group in the forecast period, if required.

Turnover

Turnover represents the invoiced value, net of discounts and excluding value added tax, of goods sold to customers. Goods are invoiced, and revenue recognised, upon dispatch from the premises.

Intangible fixed assets other than goodwill

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software 33% on cost

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

1 Accounting policies (*continued*)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold buildings	By equal instalments over a period of between 10 and 50 periods
Leasehold improvements	10 – 33.3% on cost
Motor Vehicles	25% on cost
Plant, machinery and equipment	20 % on cost
Fixtures and fittings	25 – 33.3% on cost

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.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Other fixed asset unlisted investments are stated at cost less provisions for impairment.

Impairments of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible fixed 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 group 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.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

1 Accounting policies (*continued*)

Impairments of fixed assets (*continued*)

Recognised impairment losses, excluding those relating to goodwill, 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) prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion or disposal. Provision is made for obsolete and slow-moving items.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank overdrafts and amounts relating to invoice discounting facilities. Bank overdrafts and invoice discounting facilities are shown within borrowings in current liabilities.

Financial instruments

The group 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 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.

Financial assets are classified into specific categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include trade and other receivables, 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.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Other financial assets

Other financial assets 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.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

1 Accounting policies (continued)

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.

Impairment of financial assets

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.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially measured at transaction price and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

1 Accounting policies (*continued*)

Equity instruments

Equity instruments issued by the group 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 group.

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

1 Accounting policies (*continued*)

Retirement benefits

For defined contribution schemes the amount charged to the income statement in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the period is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

The defined net benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

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 statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

1 Accounting policies (*continued*)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate prevailing at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Exceptional items

Items which are material either because of their size or their nature, or which are non-recurring, are presented separately on the face of the income statement.

Provisions for liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it's probable that an outflow of resources will be required to settle the obligation; and the amount can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

2 Critical accounting estimates and judgements

In the application of the group'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.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Useful lives of property, plant and equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives of the group's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

2 Critical accounting estimates and judgements (*continued*)

Impairment of investments

The company makes an estimate of the value of an investment based on financial information available. Where the company believes that the value is lower than the historic cost, a provision for impairment will be made.

Deferred tax

In accordance with FRS 102, deferred tax arising from short term timing differences between depreciation and capital allowances and the fair value gains and losses on foreign currency forward contracts and defined benefit pension schemes has been recognised in the statement of comprehensive income for the period ended 23 April 2022. Management have given consideration to the expected timing and reversal of deferred tax balances in arriving at the rate utilised to measure the deferred tax arising.

Deferred tax assets are recognised only to the extent that the directors consider that they can be reliably measured and it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Stock

Stocks are stated at the lower of cost and net realisable value. Net realisable value is determined by management based on historical experience with similar items as well as anticipation of future changes which may affect the value, such as changes in the economic environment. Additionally, management make regular assessments of provisions for obsolete and slow-moving items to determine their reasonableness and make adjustments as necessary.

Impairment of debtors

The company makes an estimate of the amount recoverable on trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience.

Defined benefit pension scheme

The valuation of the defined benefit pension scheme is based on a number of assumptions. Further details can be found in note 25.

3 Turnover

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

	2022 £	2021 £
Class of business		
Sale of goods	64,505,139	64,405,494
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
	2022 £	2021 £
United Kingdom	63,905,015	63,853,078
European Union	553,827	493,822
Rest of the world	46,297	58,594
	<u>64,505,139</u>	<u>64,405,494</u>

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

	2022	2021
	£	£
4 Exceptional items		
Fire damage - Building and contents insurance settlement	-	689,835
	<u> </u>	<u> </u>
In September 2017 a subsidiary suffered a fire at its production site in Lincolnshire.		
5 Operating (loss)/profit	2022	2021
	£	£
<i>Operating (loss)/ profit is stated after charging/(crediting):</i>		
Exchange gains	(170,846)	(183,029)
Depreciation of tangible fixed assets	853,476	669,528
Profit on disposal of tangible fixed assets	(26,528)	(19,809)
Amortisation of intangible assets (excluding goodwill)	113,782	198,066
Intangible asset impairment	-	44,909
Cost of stocks recognised as an expense	47,193,850	45,983,584
Operating lease charges	74,800	63,314
	<u> </u>	<u> </u>
6 Auditor's remuneration	2022	2021
	£	£
Fees payable to the company's auditor and its associates		
For audit services:		
Audit of the group's and company's financial statements	50,000	42,000
Audit of the company's subsidiaries	45,000	37,500
	<u>95,000</u>	<u>79,500</u>
For other services:		
Taxation compliance services	11,750	12,910
All other non-audit services	56,607	57,306
	<u>68,357</u>	<u>70,216</u>

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

7 Employees

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

	Group		Company	
	2022 No	2021 No	2022 No	2021 No
Administration	31	28	15	15
Production	133	114	62	64
Sales and distribution	44	49	32	36
	<u>208</u>	<u>191</u>	<u>109</u>	<u>115</u>

Their aggregate remuneration comprised:

	2022 £	2021 £	2022 £	2021 £
Wages and salaries	6,785,398	6,246,454	3,836,564	3,995,737
Social security costs	713,898	651,912	415,062	413,574
Pension costs	197,994	215,617	147,762	173,089
	<u>7,697,290</u>	<u>7,113,983</u>	<u>4,399,388</u>	<u>4,582,400</u>

8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	477,400	480,003
Company contributions to defined contribution pension schemes	9,061	8,861
	<u>486,461</u>	<u>488,864</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021- 3).

Remuneration disclosed above include the following amounts paid to the highest paid director

	2022 £	2021 £
Remuneration for qualifying services	<u>130,961</u>	<u>135,446</u>

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

9	Interest receivable and similar income	2022	2021
		£	£
	Interest income		
	Interest on bank deposits	1	96
	Other interest income	-	702
	Total income	<u>1</u>	<u>798</u>
		2022	2021
		£	£
10	Interest payable and similar charges		
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts including receivable finance facility	127,716	91,662
	Interest paid on related party loans	953	3,425
	Interest on finance leases and hire purchase contracts	17,150	15,064
		<u>145,819</u>	<u>110,151</u>
	Interest on other financial liabilities:		
	Net interest on the net defined benefit liability	22,000	42,000
	Total finance costs	<u>167,819</u>	<u>152,151</u>
		2022	2021
		£	£
11	Taxation		
	Current tax		
	UK corporation tax on profits for the current period	-	169,177
	Adjustments in respect of prior periods	(21,341)	(175)
	Total current tax (credit)/charge	<u>(21,341)</u>	<u>169,002</u>
	Deferred tax		
	Origination and reversal of timing differences	(198,789)	255,790
	Adjustment in respect of prior periods	-	(11,851)
	Effects of change in tax rate on opening balances	(103,376)	-
	Total deferred tax (credit)/charge	<u>(302,165)</u>	<u>243,939</u>
	Total tax (credit)/charge	<u>(323,506)</u>	<u>412,941</u>

The UK main corporation tax rate is increasing from 19% to 25%, this was substantively enacted on 3 March 2021 and which will be effective from 1 April 2023, the relevant deferred tax balances have been measured at 25% as this was the substantively enacted rate at the period end.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

11 Taxation (continued)

The charge for the period can be reconciled to the profit per the statement of comprehensive income as follows:

	2022 £	2021 £
(Loss)/profit before taxation	(979,132)	2,136,034
Expected tax charge based on a corporation tax rate of 19.00% (2021: 19%)	(186,035)	405,846
Non deductible expenses	926	5,592
Adjustments in respect of prior periods	(21,341)	(11,799)
Income not taxable	-	(1,347)
Fixed asset differences	11,267	14,874
Other tax adjustments, reliefs and transfers	1,857	2,499
Remeasurement of deferred tax for changes in rates	(97,686)	-
Losses carried back	21,296	-
Additional deduction for land remediation	(570)	-
Movements in deferred tax not recognised	180	(2,724)
Amounts relating to other comprehensive income or otherwise transferred	169,100	263,720
Deferred tax relating to other comprehensive income	(222,500)	(263,720)
Tax expense for the period	(323,506)	412,941

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

	2022 £	2021 £
Deferred tax arising on: Actuarial differences recognised as other comprehensive expense	222,500	263,720

12	Dividends	2022 £	2021 £
	Ordinary: Final dividend declared (80p per share)	-	35,520

A dividend of 80p per share was declared for the period ended 24 April 2021 totalling £35,520. This was paid on 21 May 2021.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 APRIL 2022

13 Intangible assets

Group and Company

	Purchased Computer Software £
Cost	
25 April 2021	762,410
Additions	2,925
	-
23 April 2022	765,335
Amortisation	
25 April 2021	637,608
Amortisation charged in the period	113,782
23 April 2022	751,390
Carrying amount	
23 April 2022	13,945
24 April 2021	124,802

The charge in respect of amortisation of intangible assets is included within administrative expenses.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

14 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold improvements £	Motor Vehicles £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost						
25 April 2021	3,806,168	8,159	2,526,502	13,885,987	309,110	20,535,926
Additions	42,569	-	77,470	718,397	-	838,436
Disposals	-	-	(173,775)	-	-	(173,775)
23 April 2022	<u>3,848,737</u>	<u>8,159</u>	<u>2,430,197</u>	<u>14,604,384</u>	<u>309,110</u>	<u>21,200,587</u>
Depreciation						
25 April 2021	1,700,550	3,400	2,130,084	11,318,563	295,071	15,447,668
Charged in the period	85,083	2,719	245,187	510,386	10,101	853,476
Eliminated in respect of disposals	-	-	(163,691)	-	-	(163,691)
23 April 2022	<u>1,785,633</u>	<u>6,119</u>	<u>2,211,580</u>	<u>11,828,949</u>	<u>305,172</u>	<u>16,137,453</u>
Carrying amount						
23 April 2022	<u>2,063,104</u>	<u>2,040</u>	<u>218,617</u>	<u>2,775,435</u>	<u>3,938</u>	<u>5,063,134</u>
24 April 2021	<u>2,105,618</u>	<u>4,759</u>	<u>396,418</u>	<u>2,567,424</u>	<u>14,039</u>	<u>5,088,258</u>

Leased plant and machinery

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £97,750 (2021 - £69,881) for the period.

	2022 £	2021 £
Plant, machinery and equipment	<u>35,143</u>	<u>132,893</u>

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

14 Tangible fixed assets (continued)

Company	Freehold land and buildings £	Motor Vehicles £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost					
25 April 2021	3,806,168	2,502,289	9,897,998	309,110	16,515,565
Additions	42,569	77,468	275,020	-	395,057
Disposals	-	(173,775)	-	-	(173,775)
23 April 2022	3,848,737	2,405,982	10,173,018	309,110	16,736,847
Depreciation					
25 April 2021	1,700,550	2,125,037	9,624,217	295,071	13,744,875
Depreciation charged in the period	85,083	239,134	122,351	10,101	456,669
Eliminated in respect of disposals	-	(163,691)	-	-	(163,691)
23 April 2022	1,785,633	2,200,480	9,746,568	305,172	14,037,853
Carrying amount					
23 April 2022	2,063,104	205,502	426,450	3,938	2,698,994
24 April 2021	2,105,618	377,252	273,781	14,039	2,770,690

Leased plant and machinery

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £71,418 (2021 - £35,710) for the period.

	2022 £	2021 £
Plant, machinery and equipment	-	71,418

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

15 Fixed asset investments

Group

Movements in fixed asset investments

		Other unlisted investments £
Cost or valuation		
At 24 April 2021 and 23 April 2022		105
Impairment		
At 24 April 2021 and 23 April 2022		105
Carrying amount		
At 24 April 2021		-
At 23 April 2022		-
	2022 £	2021 £

Company

Investments in subsidiaries (note 16)

775,982 775,982

Movements in fixed asset investments

	Investments in subsidiaries £	Other unlisted investments £
Cost		
At 25 April 2021 and at 23 April 2022	2,775,982	105
Impairment		
At 25 April 2021	2,000,000	105
Provision for impairment	-	-
At 23 April 2022	2,000,000	105
Carrying amount		
At 23 April 2022	775,982	-
At 24 April 2021	775,982	-

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

16 Subsidiary undertakings

Details of the company's subsidiaries at 23 April 2022 are as follows:

Name of undertaking	Class of shareholding	Proportion of nominal value held directly	Nature of business
WHM Pet Group Limited	Ordinary	78.18%	Trading of goods principally used in the production of animal and pet food
Marriages Specialist Foods Limited	Ordinary	78.18%	Dormant company
Berry Ingredients Limited	Ordinary	78.18%	Dormant Company

All of the above companies are incorporated in the United Kingdom and their registered offices are at Chelmer Mills, New Street, Chelmsford, CM1 1PN. All of these companies are included in the consolidation.

17 Stocks

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Raw materials and consumables	3,202,630	3,007,384	949,037	932,240
Work in progress	52,220	36,182	-	-
Finished goods and goods for resale	2,203,369	2,303,706	980,074	1,173,662
	<u>5,458,219</u>	<u>5,347,272</u>	<u>1,929,111</u>	<u>2,105,902</u>

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

18	Debtors	Group		Company	
		2022 £	2021 £	2022 £	2021 £
	Amounts falling due within one period:				
	Trade debtors	6,633,622	6,809,773	2,976,774	2,558,449
	Amounts due from group undertakings	-	-	374,052	407,609
	Derivative financial instruments (see note 21)	36,162	-	-	-
	Corporation tax	21,388	-	-	-
	Other debtors	298,948	704,969	261,070	279,618
	Prepayments and accrued income	337,140	547,289	245,395	249,956
		<u>7,327,260</u>	<u>8,062,031</u>	<u>3,857,291</u>	<u>3,495,632</u>
	Deferred tax asset (see note 24)	407,023	327,358	781,903	586,440
	Total debtors	<u>7,734,283</u>	<u>8,389,389</u>	<u>4,639,194</u>	<u>4,082,072</u>

During the period, an impairment loss of £92,219 (2021: £65,107) was recognised by the group and company in respect of trade receivables due from customers who are known to be in financial difficulty and from whom payment was overdue by more than three months. As at 23 April 2022 the provision for bad and doubtful debts totalled £231,397 (2021: £160,244).

Trade debtors of the group to the value of £3,656,848 (2021: £4,251,324) act as security for the receivables finance facility.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

19 Creditors: Amounts falling due within one period

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Obligations under finance leases (see note 23)	68,206	74,238	-	38,242
Corporation tax payable	-	166,379	-	-
Other taxation and social security	142,212	186,579	130,115	105,280
Derivative financial instruments (see note 21)	-	-	-	-
Receivables finance facility (note 22)	2,000,014	1,846,362	-	-
Trade creditors	4,974,397	4,399,194	1,994,522	1,786,283
Amounts due to group undertakings	-	-	24,440	50,131
Other creditors	311,733	886,241	172,537	201,420
Accruals and deferred income	1,272,532	956,620	771,599	380,470
	<u>8,769,094</u>	<u>8,515,613</u>	<u>3,093,213</u>	<u>2,561,826</u>

20 Creditors: Amounts falling due after more than one period

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Obligations under finance leases (see note 23)	187,168	62,866	-	20,625
Other creditors	248,124	333,192	-	-
	<u>435,292</u>	<u>396,058</u>	<u>-</u>	<u>20,625</u>

21 Financial instruments

	Group	
	2022	2021
	£	£
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	36,162	-
Carrying amount of financial liabilities		
Measured at fair value through profit or loss	-	-

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

21 Financial instruments (continued)

Derivative financial instruments

The group's policy is to eliminate the majority of its currency exposure by the use of facilities which have contractually fixed rates and time periods in which the currency must be purchased. Individual contracts are for 30 day periods and provide cover for the period from 24 April to 31 October 2022

At the end of the period the total carrying amount of outstanding foreign exchange forward contracts that the group has committed to are as follows:

	Group	
	2022 £	2021 £
Euros	419,639	1,203,099
US dollars	1,776,709	1,830,793
	<u>2,196,348</u>	<u>3,033,892</u>

The contracts are valued based on available market data. The company does not adopt hedge accounting for forward exchange contracts, consequently fair value gains and losses are recognised in profit or loss.

	Group	
	2022 £	2021 £
22 Borrowings		
Receivables finance facility – payable within one period	<u>2,000,014</u>	<u>1,846,362</u>

Included within creditors of the Group is a receivables finance facility amounting to £2,000,014 (2021: £1,846,362) which is secured against the eligible book debts of the subsidiary undertakings and by cross guarantee as disclosed in note 18.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

23 Finance lease commitments

Future minimum lease payments due under finance leases:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Less than one period	68,206	74,238	-	38,242
Between one and five periods	187,168	62,866	-	20,625
Total	<u>255,374</u>	<u>137,104</u>	<u>-</u>	<u>58,867</u>

Obligations under finance leases are secured on the assets to which they relate.

24 Deferred taxation

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Deferred tax assets	<u>407,023</u>	<u>327,358</u>	<u>781,903</u>	<u>586,440</u>

The major deferred tax assets recognised are:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Deferred tax assets:				
Decelerated capital allowances	(169,773)	(47,515)	208,592	216,101
Defined benefit pension scheme	22,743	212,859	22,743	212,859
Other timing differences	554,053	162,014	550,568	157,480
Total	<u>407,023</u>	<u>327,358</u>	<u>781,903</u>	<u>586,440</u>

	Group	Company
	£	£
Movements in the period:		
Asset at 24 April 2021	327,358	586,440
Credit to profit or loss	302,165	417,963
Credit to other comprehensive income	(222,500)	(222,500)
Asset at 23 April 2022	<u>407,023</u>	<u>781,903</u>

£58,293 (2021: £24,030) of the deferred tax asset set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to be utilised within the same period. £nil (2021: £nil) of the deferred tax asset set out above is expected to reverse within 12 months and relates to the fair value movements on foreign currency forward contracts. £nil (2021: £nil) of the deferred tax asset set out above is expected to reverse within 12 months and relates to other timing differences. £nil (2021: £nil) of the deferred tax asset set out above is expected to reverse within 12 months and relates to the defined benefit pension scheme.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

25 Retirement benefits schemes

Defined contribution schemes

The group operates the W & H Marriage & Sons Limited Group Personal Pension Scheme, a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the group in an independently administered fund. The contributions payable by the group charged to profit or loss amounted to £197,994 (2021: £215,617). The group also operates the W & H Marriage & Sons Retirement Benefit Scheme, which is also a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the group in an independently administered fund. The contributions payable by the group charged to profit or loss amounted to £nil (2021: £Nil).

Defined benefit schemes

The group sponsors the W & H Marriage & Sons Limited Retirement and Death Benefits Scheme, a funded defined benefit arrangement which closed to future accrual on 16 December 2004. All active members at that date became deferred pensioners.

The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 15 December 2015.

The group expects to contribute £250,000 in the next accounting period.

Key assumptions

	2022 %	2021 %
Discount rate	2.70	2.20
Expected rate of increase of pensions in payment	3.80	3.30
Inflation rate	3.80	3.50
Allowance for revaluation of deferred pensions of CPI	3.70	2.75

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

25 Retirement benefits schemes (continued)

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2022 Years	2021 Years
Retiring today		
Male	21.9	21.8
Female	23.8	23.7
Retiring in 20 periods		
Male	23.2	23.1
Female	25.3	25.3

Amounts recognised in profit or loss in respect of the defined benefit schemes are as follows:

	2022 £	2021 £
Expense	17,000	17,000
Net interest on defined benefit liability	22,000	42,000
	39,000	59,000

Amounts taken to other comprehensive income:

	2022 £	2021 £
Actual return on scheme assets	508,000	1,035,000
Less: calculated interest element	(181,000)	(114,000)
Return on scheme assets excluding interest income	327,000	921,000
Actuarial changes related to obligations	702,000	467,000
Changes in asset ceiling	(139,000)	-
Total surplus recognised in other comprehensive income	890,000	1,388,000

The amounts included in the statement of financial position arising from the group's obligations in respect of defined benefit plans are as follows:

	2022 £	2021 £
Present value of defined benefit obligation	8,734,000	9,296,000
Fair value of plan assets	(8,873,000)	(8,195,000)
Effect of asset ceiling	139,000	-
	-	1,101,000

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

25 Retirement benefits schemes (continued)

	2022 £
Movements in the present value of the defined benefit obligation:	
Defined benefit obligation at 25 April 2021	9,296,000
Interest cost	203,000
Actuarial gains	(702,000)
Benefits paid	(63,000)
Loss due to benefit changes	-
Defined benefit obligation at 23 April 2022	<u>8,734,000</u>

	2022 £
Changes in the fair value of plan assets:	
Plan assets at 25 April 2021	8,195,000
Interest income	181,000
Administrative expense	(17,000)
Return on plan assets (excluding net interest on the net defined benefit liability)	327,000
Contributions by employer	250,000
Benefits paid	(63,000)
Plan assets at 23 April 2022	<u>8,873,000</u>

The defined benefit obligations arise from plans which are wholly or partly funded.

The analysis of the scheme assets at the reporting date were as follows:

	Fair value of assets	
	2022 £	2021 £
Equity instruments	5,741,000	5,435,000
Debt instruments	1,923,000	1,822,000
Property	305,000	270,000
Other assets	904,000	668,000
	<u>8,873,000</u>	<u>8,195,000</u>

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

26 Share capital

44,400 ordinary
shares of £1
each
£

Allotted, issued and fully paid:
At 24 April 2021 and 23 April 2022

44,400

Ordinary share rights

The company has one class of ordinary shares which carry full voting rights.

27 Reserves

Share premium account

The share premium account represents consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserve

The profit and loss account reserve represents cumulative profit and loss net of distributions to owners.

28 Operating lease commitments

Lessee:

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

	2022 £	2021 £
Within one period	105,298	134,800
Between one and five periods	403,259	425,996
After five periods	114,792	209,792
	<u>623,349</u>	<u>770,588</u>

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

29 Capital commitments

At 23 April 2022 the group had capital commitments as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Contracted for but not provided in the financial statements:	18,440	-	18,440	-

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, some of whom are also directors of the parent company, is as follows:

	2022	2021
	£	£
Aggregate compensation	807,026	782,136
Purchases	26,872	34,553

Loans totalling £60,000 (2020: £60,000) from directors are included within other creditors. No interest has been accrued on these loans.

In the prior period the other creditors balance includes an advance paid to a director totalling £19,685 this was repaid to the group in the period to 23 April 2022.

Transactions with related parties

During the period, group companies entered into the following transactions with related parties who are not members of the group. These entities are related through common directors and close family members of the directors:

	2022	2021
	£	£
Sales	5,434	400
Purchases	877,820	985,946
Rent and administration charge	62,246	43,988

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

30 Related party transactions (continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2022 £	2021 £
Trading balances due to other related parties	70,623	21,967
	Amounts owed by related parties	
	2022 £	2021 £
Loans due from related parties	8,321	105,716
Trading balances due from other related parties	3,306	-

During the prior period ended 24 April 2021 the Company made loans available to related parties totalling £105,716. In the period to 23 April 2022 repayments totalling £97,395 were made leaving a remaining balance of £8,321 at the period end. The loans are interest free and repayable on demand. These are related parties of the group due to common shareholders.

During the year rent was paid of £20,000 (2021: £20,000) to Marriages Discretionary Trust who owns the subsidiary company office. Marriages Discretionary Trust is a related party through trustees who are also directors of the company. There are amounts outstanding at the period end totalling £3,333 (2021: £nil). The balances is included within trade creditors.

31 Directors' transactions

During the period there were dividend payments totalling £35,520 relating to a dividend declared for the prior period ended 24 April 2021, this was paid in May 2021. A dividend has not been declared for the period ended 23 April 2022.

Loans totalling £60,000 (2021: £60,000) from directors are included within other creditors. No interest has been accrued on these loans.

Sales of £539 (2021: £nil) were made to directors. There is a debtors balance of £669 (2021:£nil) outstanding at the period end.

In the prior period the other creditors balance includes an advance paid to a director totalling £19,685 this was repaid to the group in the period to 23 April 2022.

32 Controlling party

In the opinion of the directors there is no ultimate controlling party.

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

33 Cash generated from operations

	2022 £	Group 2021 £
(Loss)/profit for the period	(655,626)	1,723,093
Adjustments for:		
Income tax charge recognised in profit or loss	(323,506)	412,941
Finance costs recognised in profit or loss	167,819	152,151
Investment income recognised in profit or loss	(1)	(798)
Profit on disposal of tangible fixed assets	(30,528)	(19,809)
Defined benefit pension scheme expense	17,000	17,000
Impairment of intangible asset	-	44,909
Amortisation of intangible assets	113,782	198,066
Depreciation of tangible fixed assets	853,476	669,528
Defined benefit pension scheme contributions	(250,000)	(300,000)
	(107,584)	2,897,081
Operating cash flows before movements in working capital		
Increase in stock	(110,947)	(244,639)
Increase in trade and other debtors	756,160	(687,455)
Increase/(decrease) in trade and other creditors	547,803	51,400
Increase in creditors due after more than one year	(85,068)	333,192
Cash generated from operations	<u>1,000,364</u>	<u>2,349,579</u>

34 Consolidated analysis of changes in net debt

	At 25 April 2021 £	Cash Flows £	Other non cash movements £	New Finance Leases £	At 23 April 2022 £
Cash and cash equivalents	1,881,283	(116,273)	-	-	1,765,010
Receivables financing facility	(1,846,362)	(153,652)	-	-	(2,000,014)
Obligations under finance leases	(137,104)	158,609	(276,879)	-	(255,374)
	<u>(102,183)</u>	<u>(111,316)</u>	<u>(276,879)</u>	<u>-</u>	<u>(490,378)</u>

W & H MARRIAGE & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 APRIL 2022

35 Non-controlling interest

	2022 £	Group 2021 £
Non-controlling interest share of profit for the period	(17,390)	314,720
Addition of non-controlling interest	-	-
Net addition of non-controlling interest	(17,390)	314,720
Opening non-controlling interest	935,727	621,007
Closing non-controlling interest	918,337	935,727

36 Post balance sheet events

The Board of Directors have announced the company will cease production of animal feed at Chelmer Mills with the final day of production in January 2023. This has been treated as a non-adjusting post balance sheet event for the period ended 23 April 2022.

The company has secured a financing facility to ease working capital pressures. HSBC UK Bank Plc now hold a fixed and floating charge over the assets at Chelmer Mills, New Street, Chelmsford, CM1 1PN.