

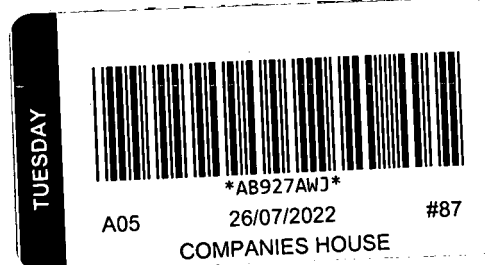
GT.

Registered number: 00777937

P D HOOK (HATCHERIES) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2021



P D HOOK (HATCHERIES) LIMITED

COMPANY INFORMATION

Directors	Mrs C J Beavis Mr N L Boyle Mrs F A Hook Mr J W Hook Mr P M Hook Mr A Rushby Mr M R Wannell
Company secretary	Mr N L Boyle
Registered number	00777937
Registered office	P D Hook (Hatcheries) Ltd Cote Bampton Oxfordshire OX18 2EG
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Glass Wharf Bristol BS2 0EL
Bankers	HSBC Bank PLC 24 Market Square Witney Oxon OX28 6BG
Solicitors	Knights Plc Midland House West Way Botley Oxford Ox2 0PH

P D HOOK (HATCHERIES) LIMITED

CONTENTS

	Page
Strategic Report	1 - 9
Directors' Report	10 - 12
Independent Auditor's Report	13 - 17
Statement of Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	20
Notes to the Financial Statements	21 - 35

P D HOOK (HATCHERIES) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2021

Principle activity

The principal activity of the Company is the production and hatching of eggs for sale as day old chicks. There have been no significant changes to the Company's principal activities during the year under review, with our core market being the UK.

Business review and future developments

The Company remains focused on its strategic aim of being a major provider of agricultural products and services to the UK poultry industry and retail sector. P D Hook (Hatcheries) Limited has a varied and growing customer base across UK agriculture and has performed well. This has remained unchanged during the last twelve months.

This has been another challenging year for the business dominated by the continuing unprecedented Covid-19 situation and the effect this has had on the UK economy and the poultry supply chain in particular. As the UK has moved through the various phases of lockdown we have been subject to dramatic levels of fluctuation in demand for chicken and turkey causing high levels of volatility and turbulence across our production base.

Coupled with this there has been a short term impact on the labour pool due to isolation resulting in higher levels of short term absenteeism which has again put pressure on the supply chain and production levels.

The business has worked hard throughout the year to balance supply and demand but it has been inevitable that there have been periods when this has not been possible either due to the closure of markets or production facilities. As such we have incurred additional exceptional costs in adapting to the market conditions and requirements.

Our key focus throughout this prolonged pandemic period has been to keep the operations going to support the poultry supply chain in feeding the nation while protecting the welfare of our livestock and ensuring we minimise any risk to our staff. At the outset of the pandemic in March 2020 we took immediate steps to safeguard the health and wellbeing of our employees in line with government guidelines. We have implemented and varied a number of initiatives throughout the prolonged period of Covid to respond to the changing environment and conditions and continued to maintain a high level of communication with our employees and supply chain partners.

We have previously reported our concerns regarding the effect that Brexit would have on the recruitment and retention of staff and coupled with the Covid-19 situation this has proven to be a significant challenge in the year as the pool of available labour fell and a number of migrant workers chose to return to their native homes.

This has been pronounced within the processing factories of our key customer causing periodic constraints on the weekly production and high levels of volatility across the farming base. We have worked collaboratively during the year to rebase production so as to meet the capability of the factories and ensure that any costly mismatch between supply and demand is minimised.

Against the backdrop of the tightening labour market we have deliberately restructured the hatchery work patterns to day time shifts over five days. In addition, we have invigorated a number of incentive and bonus schemes to encourage staff recruitment and retention and market tested our benefits package to ensure they are competitive as well as focusing on our communication and training processes. This has been extremely important during 2021 as the UK economy experienced a dramatic reduction in the availability of HGV drivers, a critical area for the business.

P D HOOK (HATCHERIES) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

Business review and future developments (continued)

Despite the impacts experienced with Covid 19 during the year and the effect on the political, economic and retail environment the business remained healthy and has still performed well during a challenging year. This has been achieved through the continued focus on its core business activities of producing quality British chickens and turkeys ensuring particular attention to farm production standards, costs and efficiencies to drive good technical results.

The market place for chicken remains good despite some severe price pressure during the year at a time when costs have been rising. The general trend in demand has been strong reflecting the ongoing trend for British chicken as a traditional healthy and versatile low cost protein.

During the later stages of both 2020 and 2021 we have experienced an escalating surge in Avian Influenza cases across UK poultry producers with a significant number of cases in both backyard and commercial flocks. The measures implemented by the UK Government to control these outbreaks is understood and supported but have resulted in additional costs across the Company.

It has been another year in which significant progress has been made on improving farm performance and in reducing the costs associated with running this operation but we now face an inflationary environment that will need to be addressed to ensure chicken and turkey can be produced on an ongoing basis to the high standards we have set.

Financial performance

The business has continued to focus on improving technical performance on our farms, through managing breeds, improving hatchability, reducing mortality rates and increasing feed effectiveness. Improvements in genetic potential and feed quality have enabled us and the wider industry to improve production performance and efficiency. The business has responded well to these trends and despite periods of significant change and turbulence has achieved a steady performance.

The business has leveraged its position as vertically integrated agricultural supply chain to provide our customers with assurance over the integrity and traceability of our high quality chicks and poults from UK farm assured facilities.

We have worked closely and positively with our joint venture company, Hook2Sisters Ltd and their supply chain partner 2 Sisters Foods Limited to help them navigate through a challenging period and to assist during the refinancing of 2 Sisters Foods Limited's bond. We have used our position and knowledge of the market to deliver the requirements of each of our customers. As such we have been successful in attracting new business that has aided the growth of the company.

Annual sales increased by £7.7 million in the year from £164 million to £172 million, while operating profit rose to £5 million (2020 - £3 million), reflecting the uplift as markets and outlets for chicken generally rebound from the impacts of Covid together with some growth in prices to reflect the rise in feed and operating costs.

P D HOOK (HATCHERIES) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

Key operational issues

A key part of the business strategy has been to focus on those areas of fundamental importance to our success. These revolve around the effective utilisation of our production and farming assets, operating recognised welfare standards and leading to high levels of customer service and chick quality.

The Company has continued to invest in farm and hatchery assets with in excess of £2.72million being spent in capital programmes to ensure our facilities meet our high welfare and environmental standards and have extended working lives. Given the increasing focus on the environment we have looked for and taken opportunities to reduce our carbon footprint through an investment in low energy lighting, ventilation and motor systems together with the design of more efficient new and refurbished farms.

We have taken the step to either acquire new or identify existing sites that are suitable for a full redevelopment. The business therefore has a pipeline with a planned programme to bring on several new breeder and rearing farms over the next few years to ensure we have sufficient hatching eggs to meet the rising demand for day old chicks and poults to match the anticipated growth in the UK market place.

Likewise, significant steps have been taken and are ongoing to expand and upgrade the hatcheries ensuring they remain efficient and modern.

Key to our objectives is providing quality and service such that British chicken has remained a resilient popular choice supplied from approved Farm Assured facilities.

P D HOOK (HATCHERIES) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

Conclusion and outlook

Avian Influenza remains a serious growing concern with a number of outbreaks in Europe and the UK given the endemic presence of the disease in wild birds. However, the business continues to maintain high standards of bio security, training and awareness throughout our employee and supplier base to avoid any direct outbreaks. This is coupled with the Group having a farming base spread over a wide geographical area to avoid reliance on any one single unit and to minimise the effect of any given potential outbreak.

We have continued to enjoy a strong relationship with our key financiers, HSBC, who have supported the business and its strategic plans over many years. We have successfully refinanced the Group to provide a five-year facility that will ensure we have sufficient headroom to run the business efficiently, to meet the needs of any volatility in the market and to ensure the prompt payment of suppliers on a fair and timely basis.

The Board remains confident about the future and believes the Company's management style and capability is strong enough to manage the challenges seen and unseen over the next period.

Risk Management - The Board is ultimately responsible for risk management. It reviews a detailed risk register on a regular basis and continues to develop policies and procedures that reflect the nature and scale of the Company's business. These are designed to identify, mitigate and manage risk, but they cannot entirely eliminate it. The Board has identified the following key areas of risk to the business:

- **Operational Risk** - The Company faces a number of operational challenges and risks which are outside its day to day control, with the key identified risk being Avian Influenza. The company has structured its operation's into regional groups to minimise its impact and has developed contingency plans should an outbreak occur. Although not fool proof, good bio-security is a key defence against this risk occurring on a company operated farm.
- **Price Risk** - The Company has a significant level of expenditure which is linked to the price of products in the commodity markets (wheat, soya and gas). In order to minimise the impact of such movements, the Board assess the future prices on these commodity markets and take forward cover or fixed price contracts to mitigate, where possible, any significant changes in any given budget year. It also has sales pricing mechanisms linked to the price of these commodities that largely offsets the impact on its gross margin position.
- **Key Employees** – The Company operates in excess of 100 farms and 8 hatcheries across the whole of the UK which are dependent upon the performance of employees. The failure to recruit and retain the right people could have an adverse impact on the Company and its performance. The Company has therefore developed and continues to monitor its remuneration and incentive packages to assist in the attraction and retention of key employees.
- **Credit Risk** - The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of any allowance for doubtful debts estimated by the directors. The company has a strict credit vetting policy and where applicable operates credit insurance.
- **Liquidity Risk** - In order to maintain liquidity and ensure sufficient funds are available for the daily trading of the business, the Company uses a mix of long term and short term debt finance with any surpluses placed on the overnight money market. It also prepares periodic cash flow reforecasts to monitor and predict its ongoing liquidity needs.

P D HOOK (HATCHERIES) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

Conclusion and outlook (continued)

- Brexit – The Company continues to monitor the position closely and we feel this will in the medium term increase the cost of commodities purchased in the business. Of major concern is the impact this move may have on the availability of labour and places considerable doubt upon our ability to operate a wide farming base across the UK and our prime customer's ability to continue operating their processing plants. This has been addressed directly with the UK Government and where possible will be mitigated by automation and consolidation.

Corporate Social Responsibility (CSR) – The Company recognises the importance of balancing the interests of key stakeholders – customers, employees, shareholders, suppliers and the wider community in which it operates. The Group remains committed to a continuous improvement in its processes to ensure its activities comply with environmental standards and legislation.

We have worked closely with the leading Retailers to ensure our business and that of our suppliers meet the required ethical standards in relation to the employment of labour. During the year we approved, in line with the Modern Slavery Act 2015, an Anti-Slavery and Human Trafficking Statement and Policy. This reflects our commitment to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chain. A full explanation of our policy and procedures relating to modern slavery are available on the company website.

Health & Safety – Health and Safety remains core to the Company's business and its employees. We continued to build on the foundations of best working practice and continuous improvement as outlined in our H&S Policy. We remained dedicated to implementing a culture where every employee understands the value of H&S on site and accepts responsibility for their own and others safety. This is implemented through a platform of Senior H&S meetings and risk assessments.

Going concern

In determining whether the Company's financial statements can be prepared on a going concern basis, the directors have considered the Group's business activities, together with factors likely to affect its future performance, development and position.

The review included the financial position of the Company, its balance sheet, cash flows, liquidity and covenant position together with forecasts for a period of twenty-four months from the balance sheet date taking into account a base case and a plausible downside scenario.

The key factors considered by the directors in the light of the economic and market volatility and challenges were:

- The potential actions that could be taken in the event that revenues are lower than expected to ensure operating profits and cash flows are protected;
- The Company has access to committed bank facilities and funding to meet day to day working capital requirements;
- The likely impact of Covid and Avian Influenza on the business and its future prospects;
- The ability of the business to pass on cost increases to its customers on a timely basis;
- The ability of the Company to meet its financial covenants.

The directors have considered a sensitivity reflecting a net 35% reduction in sales volumes or a £10 million reduction in the underlying EBITDA, possibly resulting from increased costs, of the business as a worst case scenario.

P D HOOK (HATCHERIES) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

Going concern (continued)

Though the directors do not consider the operational and market conditions presented in the base case and downside scenarios a likely outcome for the Group, it is prudent to consider these scenarios.

Given the Company's market position and the strength of demand for British poultry together with targeted improvements in operational efficiency and performance the directors are confident that these scenarios will not occur or can be mitigated within the Company. Our high standards of bio security together with ongoing investment in our assets should protect and reduce the business from the risk posed by Avian Influenza. As such they do not create a level of uncertainty as to the going concern position of the Company.

As at the date of this report, having assessed the downside scenarios and mitigation strategies available the directors are confident the Company has adequate resources to continue in business for the foreseeable future being a period of not less than 12 months from the date of the approval of these financial statements. Accordingly, the financial statements to 31 October 2021 have been prepared on a going concern basis.

Tax strategy (TS)

The Board of P D Hook Hatcheries recognises that compliance with tax filing and payment obligations is one of its key responsibilities. In common with all aspects of the operation of its business, the oversight is assigned to one member of the Board, namely the Group Finance Director (GFD), whose responsibility is to appraise the Board of key tax events. This allows all Board members to be adequately engaged in the tax affairs of the business and thereby ensure P D Hook is adhering to its responsibilities.

There are five key principles to which P D Hook Hatcheries adheres when considering all aspects of taxation. These principles provide steering to key stakeholders and offer a framework for decision making as follows:

- **Transparency with HMRC** – P D Hook Hatcheries has an open and transparent relationship with HMRC and values the trust which HMRC places in the business to correctly deliver taxes due. In all dealings with HMRC, P D Hook Group seeks to maintain and further build on this relationship through proactive engagement.
- **Appropriately qualified Tax team** – P D Hook Hatcheries is supported by an appropriately qualified and experienced tax team and invests in continued professional development. The Board will continue to review the structure of the Tax team at suitable intervals to ensure it remains appropriate to the business environment and external tax environment.
- **External advisers** – To assist the Tax team, P D Hook Hatcheries engages with external advisers to provide technical expertise when necessary. This engagement takes place with the GFD for operational and compliance matters.
- **Attitude to tax planning** – P D Hook Hatcheries has a strong commercial focus and as part of its duty to its stakeholders to control unnecessary costs, the Group utilise tax reliefs and allowances available in the manner in which intended by the tax authorities and statute. P D Hook Group does not engage in any artificial tax arrangements.
- **Risk Management and Governance** – P D Hook Hatcheries has a clear overview of its tax risk which is documented in its tax risk matrix. The Board recognises this and considers that the tax strategy sits alongside stringent financial controls to manage tax exposures.

P D HOOK (HATCHERIES) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021**

Tax strategy (TS) (continued)

As an employer with a large number of employees, corporation tax alone is not a balanced reflection of the total tax contribution made by P D Hook Hatcheries. The estimated taxes borne or collected by P D Hook Hatcheries in relation to the 2020 financial year were as follows:

	£000
Employer's National Insurance	2,463
Employee's National Insurance	1,830
PAYE	3,665
Corporation Tax	3,896
Total	11,854

Key performance indicators

The Company operates within a framework of weekly financial and performance measures covering profitability, cash flow and poultry production statistics together with monthly management accounts, which enable the Board to manage the internal and external drivers of the business, in a proactive, controlled and timely manner so as to minimise the financial and operational impacts and risks upon the company. The Company also uses a non-financial measure in the form of staff numbers and accident reporting, which is measured on a weekly basis.

	2021	2020	2019	2018	2017
Asset utilisation (%)	90%	91%	92%	92%	94%
Gross margin (%)	28%	28%	27%	30%	29%

The asset utilisation position reflects minor adjustments to the stocking numbers on rearing farms.

P D HOOK (HATCHERIES) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

Section 172(1) of the Companies Act 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole, and in doing so, have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term;
- The interests of the Company employees;
- The need to foster the Company business relationship with suppliers, customers and others;
- The impact of the Company operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

We have set out in the body of the Strategic Report our general response to this requirement but the following points summarise how the Directors specifically fulfil their duties:

- *Risk Management* – as a farming business with significant levels of employees and livestock we have a comprehensive framework and structures to ensure we manage risks most notably through the Health and Safety at Work Act 1974, Gang master and Labour Abuse Authority and the numerous quality assurance schemes of which we are a member.
- *Our People* - the Company is committed to being a responsible business and our behaviour is aligned with the expectations of our people, our customers, our shareholders and the communities we serve and society as a whole. People are at the heart of our business and our key success flows from our management of our people's performance and development while ensuring we operate efficiently.
- *Business Relationships* – our strategy priorities organic growth through the provision of consistent quality and service together with strong relationships with our customers based on a comprehensive understanding of their businesses. We value our suppliers and have important operational relationships with a number of key suppliers who have worked with us over a number of years.
- *Shareholders* - The Board actively engages with the family shareholders who participate as members of the management team and are therefore automatically aligned to the Company values, goals and aspirations.

Streamlined energy and carbon reporting

In line with Government requirements we have set out below the basis and outcome of SECR Reporting requirements. We have measured our Scope 1 & 2 emissions to include our main energy sources including energy sources and fuels used in our deliveries. The reporting period has been based upon our most recently completed Climate Change agreement reporting for 2020.

We estimate that the below covers more than 98% of our scope 1&2 emissions. Emissions derived from staff travel (grey fleet) and company non HGV vehicles have been excluded along with a small number of very small buildings.

Our key Energy Efficiency Activities during the year included a continuation of our efforts to improve lighting across our sites by installing LED technology high efficiency controls. In addition, we regularly replace our fleet of HGVs, the oldest now conforms to Euro-6B. Cars are being replaced with hybrid vehicles reducing both pollution and CO2.

P D HOOK (HATCHERIES) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021**

Streamlined energy and carbon reporting (continued)

PDH Group accounting period end	Oct 21	Oct 20
Energy & production Period End	Dec 20	Dec 19
Tonnes Co2e		
Scope 1 Emissions - Emissions from activities for which the company own or control including combustion of fuel & operation of facilities.	9,010	9,308
Scope 2 Emissions - Emission from purchase of electricity & heat for own use.	11,390	11,568
Total Scope 1 & 2 emission tCo2e	20,399	20,876
Total Energy consumption to calculate above kWh	84,830,228	86,862,304
Energy Intensity Ratio to calculate above TCo2e/1000 Tonnes production	0.0551	0.0547

Outlook

Both the industry and the Company are making good progress on recovering from the turbulence caused by the events of Covid and despite a tough retail trading environment and fragile economic condition the outlook feels positive with a strong demand for British chicks and chicken. As such the directors are of the opinion that our business model is robust enough to see us through the next stage of our development. Although the coming year is likely to prove equally as challenging as the last we feel the combined efforts of our outstanding staff, our quality supply chain and the resourcefulness of our valued customers will enable us to succeed.

Since the post balance sheet date the unfortunate events in the Ukraine have occurred causing dramatic shock waves across Europe.

The Directors have assessed the risk to and the likely impact on the ongoing business.

As a UK centric operation these are felt to be limited to the cost of some key inputs, namely wheat, oil and utilities.

The directors believe that such rises will not materially or adversely effect the business or its financial position given the pricing models that are in place.

This report was approved by the board on



Mr J W Hook
Director

11/3/22

and signed on its behalf.

P D HOOK (HATCHERIES) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2021**

The directors present their report and audited financial statements for the year ended 31 October 2021.

Results

The profit for the year, after taxation, amounted to £3,453k (2020 - £2,541k).

Dividends

Particulars of dividends paid are detailed in note 11 to the financial statements.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

Employee involvement

P D Hook (Hatcheries) Ltd keeps employees informed of matters affecting them as employees through regular team meetings, briefings and announcements.

Directors

The directors who served during the year were:

Mrs C J Beavis
Mr N L Boyle
Mrs F A Hook
Mr J W Hook
Mr P M Hook
Mr A Rushby
Mr M R Wannell

P D HOOK (HATCHERIES) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Matters covered in the strategic report

Information in respect of financial risk management and policies and likely future developments is given in the Strategic Report.

Post statement of financial position events

There have been no significant events affecting the Company since the year end.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Grant Thornton UK LLP will, therefore continue in office.

P D HOOK (HATCHERIES) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021**

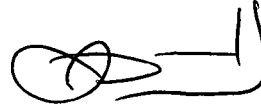
This report was approved by the board on

11/3/22

and signed on its behalf.



Mr J W Hook
Director



Mr M R Wannell
Director

Cote
Bampton
Oxfordshire
OX18 2EG



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P D HOOK (HATCHERIES) LIMITED

Opinion

We have audited the financial statements of P D Hook (Hatcheries) Limited (the 'Company') for the year, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

give a true and fair view of the state of the Company's affairs as at 31 October 2021 and of its profit for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P D HOOK (HATCHERIES) LIMITED
(CONTINUED)**

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 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

the information given in the Strategic Report and 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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P D HOOK (HATCHERIES) LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements are not in agreement with the accounting records and returns; or

certain disclosures of directors' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P D HOOK (HATCHERIES) LIMITED
(CONTINUED)**

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and industry in which it operates through our general commercial and sector experience, discussions with management, and legal correspondence. We determined that the most significant are those that relate to the reporting frameworks (FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Companies Act 2006), health and safety regulations, employee matters, environmental, bribery and corruption practices, and the relevant tax compliance regulations in the jurisdictions in which the company operates.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal and external specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - Batch posting of journal entries
 - potential management bias in determining accounting estimates
 - transactions with related parties
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on those with unusual account combinations;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - testing the completeness of related party transactions through information obtained at the parent and subsidiary entities and testing that these transactions had a valid business purpose;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
 - In addition, we completed audit procedures to conclude on the compliance of disclosures in the accounts with applicable financial reporting requirements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P D HOOK (HATCHERIES) LIMITED
(CONTINUED)**

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the industry in which the client operates
 - understanding of the legal and regulatory requirements specific to the entity/regulator including:
 - the provisions of the applicable legislation
 - the applicable statutory provisions
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the applicable statutory provisions
 - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulators, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

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.



Timothy Lincoln BA ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol
Date: 11 March 2022

P D HOOK (HATCHERIES) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2021

	Note	2021 £000	2020 £000
Turnover	4	171,571	163,877
Cost of sales		(123,298)	(118,346)
Gross profit		48,273	45,531
Administrative expenses		(43,419)	(42,144)
Operating profit	5	4,854	3,387
Interest payable and expenses	9	(183)	(133)
Profit before tax		4,671	3,254
Tax on profit	10	(1,218)	(713)
Profit for the financial year		3,453	2,541

There was no other comprehensive income for 2021 (2020: £Nil).

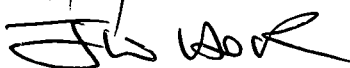
The notes on pages 21 to 35 form part of these financial statements.

P D HOOK (HATCHERIES) LIMITED
REGISTERED NUMBER:00777937

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2021

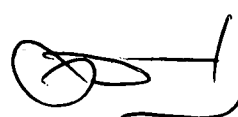
	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	12	19,098	19,759
		<u>19,098</u>	<u>19,759</u>
Current assets			
Stocks	13	8,478	7,928
Debtors: amounts falling due within one year	14	16,890	17,066
Cash at bank and in hand	15	7,687	5,144
		<u>33,055</u>	<u>30,138</u>
Creditors: amounts falling due within one year	16	(23,079)	(22,444)
Net current assets		<u>9,976</u>	<u>7,694</u>
Total assets less current liabilities		<u>29,074</u>	<u>27,453</u>
Creditors: amounts falling due after more than one year	17	(3,096)	(3,352)
Provisions for liabilities			
Deferred tax	19	(1,325)	(879)
		<u>(1,325)</u>	<u>(879)</u>
Net assets		<u><u>24,653</u></u>	<u><u>23,222</u></u>
Capital and reserves			
Called up share capital	20	8	8
Share premium account	21	13	13
Capital redemption reserve	21	2	2
Profit and loss account	21	24,630	23,199
		<u>24,653</u>	<u>23,222</u>

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

11/3/24


Mr J W Hook
Director

Mr M R Wannell
Director



The notes on pages 21 to 35 form part of these financial statements.

P D HOOK (HATCHERIES) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 November 2020	8	13	2	23,199	23,222
Comprehensive income for the year					
Profit for the year	-	-	-	3,453	3,453
Total comprehensive income for the year	-	-	-	3,453	3,453
Dividends: Equity capital	-	-	-	(2,022)	(2,022)
Total transactions with owners	-	-	-	(2,022)	(2,022)
At 31 October 2021	8	13	2	24,630	24,653

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 November 2019	8	13	2	22,397	22,420
Comprehensive income for the year					
Profit for the year	-	-	-	2,541	2,541
Total comprehensive income for the year	-	-	-	2,541	2,541
Dividends: Equity capital	-	-	-	(1,739)	(1,739)
Total transactions with owners	-	-	-	(1,739)	(1,739)
At 31 October 2020	8	13	2	23,199	23,222

The notes on pages 21 to 35 form part of these financial statements.

P D HOOK (HATCHERIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

1. General information

P D Hook (Hatcheries) Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at P D Hook (Hatcheries) Ltd, Cote, Bampton, Oxfordshire, OX18 2EG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

the requirements of Section 7 Statement of Cash Flows;

the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);

the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of P D Hook Group Limited as at 31 October 2021 and these financial statements may be obtained from Cote, Bampton, Oxfordshire, OX18 2EG.

2.3 Going concern

The accounts are prepared on the going concern basis. In assessing whether the going concern assumption is appropriate, the directors have taken into account all relevant available information about the Group's future trading, including profit and cash forecasts through to October 2023, current cash balances and the availability of additional funding if needed and the strength of the Group's relationship with its key customer and lender. As noted in the Strategic Report on page 5, the outlook for the poultry industry in the UK remains very positive. The business has a track record of profitable growth, which was only temporarily impacted by Covid 19, and is cash generative, which is expected to continue. It is therefore considered appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

2.4 Revenue

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Sales are recognised when day old chicks have been received and accepted by the customer.

P D HOOK (HATCHERIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

Depreciation is provided on the following basis:

Plant & machinery	- 10% straight line & 15% reducing balance
Motor vehicles	- 25% straight line & 30% reducing balance
Office equipment	- 15% straight line & 25% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Stocks

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

Stocks of unhatched eggs are valued at the purchase price of a day old chick as adjusted for expected hatchability rates.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

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

2.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

P D HOOK (HATCHERIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

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

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

P D HOOK (HATCHERIES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

2. Accounting policies (continued)

2.12 Finance costs

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

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.15 Leased assets: the Company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets and depreciated over their expected useful lives. The interest element of leasing payments is calculated using the sum of digits method, and is charged to the profit and loss account over the period of the lease.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

P D HOOK (HATCHERIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Debtors

Management calculate a provision for doubtful debts based on historical experience and their expectation of the level of debtors which will not be receivable.

P D HOOK (HATCHERIES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

4. Turnover

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2021	2020
	£000	£000
Depreciation of tangible fixed assets		
- owned by the Company	3,131	2,388
- held under finance leases	246	467
Exchange differences	5	5
Other Operating lease rentals	2,105	2,053
	<u>2,105</u>	<u>2,053</u>

6. Auditor's remuneration

	2021	2020
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	23	25
	<u>23</u>	<u>25</u>

Fees paid to the Company's auditor for services other than the statutory audit of the Company are not disclosed in these accounts since the consolidated accounts of the Company's parent, P D Hook (Group) Limited, are required to disclose non-audit fees on a consolidated basis.

P D HOOK (HATCHERIES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

7. Employees

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

	2021	2020
	£000	£000
Wages and salaries	9,048	8,826
Social security costs	793	774
Cost of defined contribution pension cost	241	237
	10,082	9,837

The average monthly number of employees, including the directors, during the year was as follows:

	2021	2020
	No.	No.
Production staff	252	250
Distribution staff	66	66
Administrative staff	8	8
	326	324

8. Directors' remuneration

	2021	2020
	£000	£000
Directors' remuneration	541	533

The highest paid director received remuneration of £152k (2020 - £149k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1k (2020 - £1k).

9. Interest payable and similar expenses

	2021	2020
	£000	£000
Bank interest/charges payable	33	-
Finance leases and hire purchase contracts	150	133
	183	133

P D HOOK (HATCHERIES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

10. Taxation

	2021	2020
	£000	£000
Corporation tax		
Corp tax - current yr	772	582
Adjustments in respect of previous periods	-	(15)
	<u>772</u>	<u>567</u>
Total current tax	<u>772</u>	<u>567</u>
Deferred tax		
Origination and reversal of timing differences	446	146
Total deferred tax	<u>446</u>	<u>146</u>
Taxation on profit on ordinary activities	<u>1,218</u>	<u>713</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£000	£000
Profit on ordinary activities before tax	<u>4,671</u>	<u>3,254</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	888	618
Effects of:		
Expenses not deductible for tax purposes	9	110
Capital allowances for year in excess of depreciation	17	-
Adjustments to tax charge in respect of prior periods	-	(15)
Remeasurement of deferred tax for changes in tax rates	318	-
Adjustments to tax charge in respect of prior periods	(2)	-
Movement in deferred tax not recognised	(13)	-
Other adjustments impacting tax paid	1	-
Total tax charge for the year	<u>1,218</u>	<u>713</u>

P D HOOK (HATCHERIES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

11. Dividends

	2021 £000	<i>2020 £000</i>
Paid during the year	2,022	<i>1,739</i>

12. Tangible fixed assets

	Plant & machinery £000	Motor vehicles £000	Office equipment £000	Total £000
Cost or valuation				
At 1 November 2020	38,844	4,962	123	43,929
Additions	1,794	909	17	2,720
Disposals	-	(16)	-	(16)
At 31 October 2021	40,638	5,855	140	46,633
Depreciation				
At 1 November 2020	21,660	2,408	102	24,170
Charge for the year on owned assets	2,583	780	14	3,377
Disposals	-	(12)	-	(12)
At 31 October 2021	24,243	3,176	116	27,535
Net book value				
At 31 October 2021	16,395	2,679	24	19,098
At 31 October 2020	<i>17,185</i>	<i>2,554</i>	<i>20</i>	<i>19,759</i>

Included within the net book value of £19,098k is £3,779k (2020: £2,439k) relating to assets held under hire purchase agreements. The depreciation charge to the financial statements in the year in respect of such assets amounts to £768k (2020: £467k).

P D HOOK (HATCHERIES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

13. Stocks

	2021	2020
	£000	£000
Unhatched eggs	7,458	7,142
Consumable stores	1,020	786
	8,478	7,928

14. Debtors

	2021	2020
	£000	£000
Trade debtors	5,993	6,346
Amounts owed by group undertakings	-	519
Amounts owed by associated undertakings	7,754	7,879
Other debtors	2,741	2,019
Prepayments and accrued income	402	303
	16,890	17,066

15. Cash and cash equivalents

	2021	2020
	£000	£000
Cash at bank and in hand	7,687	5,144

P D HOOK (HATCHERIES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

16. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	6,299	7,071
Amounts owed to group undertakings	11,945	10,574
Amounts owed to other participating interests	787	550
Corporation tax	1,354	1,502
Other taxation and social security	198	184
Obligations under finance lease and hire purchase contracts	1,052	909
Other creditors	48	70
Accruals and deferred income	1,396	1,584
	23,079	22,444

17. Creditors: Amounts falling due after more than one year

	2021	2020
	£000	£000
Net obligations under finance leases and hire purchase contracts	3,096	3,352

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2021	2020
	£000	£000
Creditors < 1 year	796	909
Creditors > 1 year	3,352	3,352
	4,148	4,261

Finance leases are secured by a fixed charge over the underlying assets.

P D HOOK (HATCHERIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

18. Financial instruments

	2021 £000	2020 £000
Financial assets		
Cash at bank and in hand	7,687	5,144
Financial assets that are debt instruments measured at amortised cost	16,488	15,150
	<u>24,175</u>	<u>20,294</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(20,428)</u>	<u>(19,778)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed to group and associated undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, amounts owed to joint ventures and accruals.

19. Deferred taxation

	2021 £000	2020 £000
At beginning of year	(879)	(732)
Charged to profit or loss	(446)	(147)
At end of year	<u>(1,325)</u>	<u>(879)</u>

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	<u>(1,326)</u>	<u>(879)</u>

P D HOOK (HATCHERIES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

20. Share capital

Shares classified as equity

	2021 £000	2020 £000
Authorised		
10,000 (2020 - 10,000) Ordinary Shares shares of £1 each	10	10
Allotted, called up and fully paid		
7,852 (2020 - 7,852) Ordinary Shares shares of £1 each	8	8

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

21. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve and represents paid up share capital which has been redeemed and cancelled by the Company.

Profit & loss account

Includes all current and prior period retained profits and losses.

22. Contingent liabilities

The Company had the following contingent liabilities at 31 October 2021 and 31 October 2020.

Cross-guarantees with P D Hook (Turkeys) Limited, P D Hook (Breeders) Limited, P D Hook (Rearing) Limited and P D Hook (Group) Limited to secure the bank borrowings of those companies. The amounts of potential guarantees, being the amounts owed to the bank at 31 October 2021 and 31 October 2020, are £3,145k (2020: £2,442k), £12,346k (2020: £10,512k), £Nil (2020: £Nil) and £Nil (2020: £26,315k) respectively.

Cross-guarantees to secure finance lease and hire purchase creditors of P D Hook (Breeders) Limited, P D Hook (Rearing) Limited and P D Hook (Group) Limited, being the balances outstanding at 31 October 2021 amounted to £1,153k (2020: £1,525k), £Nil (2020: £Nil) and £Nil (2020: £Nil) respectively.

P D HOOK (HATCHERIES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

23. Capital commitments

At 31 October 2021 the Company had capital commitments as follows:

	2021	<i>2020</i>
	£000	<i>£000</i>
Contracted for but not provided in these financial statements	589	<i>593</i>

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £241k (2020: £237k). Contributions totalling £40k (2020: £Nil) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

At 31 October 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	<i>2020</i>
	£000	<i>£000</i>
Not later than 1 year	1,141	<i>733</i>
Between 2 and 5 years	1,950	<i>1,121</i>
Later than 5 years	199	<i>22</i>
	3,290	<i>1,876</i>

26. Related party transactions

During the year the Company made sales of £109.909k (2020: £104.662k) to Hook 2 Sisters Limited, a joint venture of the group. Costs incurred from Hook 2 Sisters Limited amounted to £1k (2020: £Nil). At the year end Hook 2 Sisters Limited owed £9.353k (2020: £7.879k) to the Company. At the year end the Company owed Hook 2 Sisters Limited £Nil (2020: £Nil).

Mr J W Hook and Mrs F A Hook are partners in Barley Park Farms, which is a supplier and customer of the Company.

During the year purchases from Barely Park Farms amounted to £734k (2020: £864k) and sales of £5k (2020: £8k) were made to the partnership. At the year end the amount owed to the partnership was £40k (2020: £22k). At the year end, the Company was owed £Nil by the partnership (2020: £2k).

As a wholly owned subsidiary of P D Hook (Group) Limited, the Company is exempt under FRS 102 from disclosing transactions with other members of the group headed by P D Hook (Group) Limited.

P D HOOK (HATCHERIES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

27. Controlling party

The directors consider that P D Hook (Group) Limited is the Company's parent company by virtue of its 100% holding of the issued share capital.

The directors consider Mr J W Hook to be the Company's ultimate controlling party by virtue of his shareholding in the parent undertaking.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by P D Hook (Group) Limited which is registered in England and Wales. The group accounts of P D Hook (Group) Limited are publicly available at Companies House.