

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

FOR

PARKHAM FARMS LTD

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FOR THE YEAR ENDED 30 NOVEMBER 2022

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PARKHAM FARMS LTD
COMPANY INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2022

DIRECTORS:

P A Willes
Mrs S J Berry
Mrs E L Beer

SECRETARY:

P A Willes

REGISTERED OFFICE:

St. John's House
Castle Street
Taunton
Somerset
TA1 4AY

REGISTERED NUMBER:

02226704 (England and Wales)

AUDITORS:

MITCHELLS
Chartered Accountants and Statutory Auditors
St. John's House
Castle Street
TAUNTON
Somerset
TA1 4AY

BANKERS:

Lloyds Bank plc
5, High Street
BIDEFORD
Devon

STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2022

The directors present their strategic report for the year ended 30 November 2022.

REVIEW OF BUSINESS

The company has continued to achieve good results in a competitive market place. During the period under review the UK has seen a cost of living crisis driven by high inflation. This was initially driven by increased demand and reduced supply as the economy emerged from Covid and has subsequently been exacerbated by the war in Ukraine which has led to a global energy price surge and shortages of wheat, sunflower oil and maize. This in turn has driven a general increase in food prices. Whilst the cost of inputs has risen the price paid for the company's cheese has increased greatly with the result that the company experienced a substantial but potentially short term increase in operating profits.

Year ended	30 November 2022	30 November 2021
Turnover (£)	55,578,944	40,518,388
Turnover growth (%)	37.2	16.1
Gross profit margin (%)	17.9	10.7
Profit before tax (£)	6,291,606	1,271,356

At the end of the year, the net assets totalled £18,524,336 (2021 £13,396,619)

Given the straight forward nature of the business, the company's directors are of the opinion that any further analysis using key performance indicators [KPI's] is not necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The company has a good track record for quality produce. The trading performance of the company could, however, be affected if there were to be any significant problems with the quality of cheese stocks either due to production or storage issues. This is no different a position to any other manufacturer in this industry and neither of these factors have increased in likelihood. There are no other risks of sufficient importance to mention in this report. The company's directors are confident that the business will continue to adapt to changing business circumstances

SECTION 172(1) STATEMENT

The company has a number of stakeholders, including employees; farmers; suppliers; customers; the local community; and its shareholders. The directors recognize the fundamental importance of each of these groups to the company and maintain ongoing dialogues with each on matters relevant to them.

During the period, the company's directors acted in a way that they considered, in good faith, would most likely promote the success of the company for the benefit of its members as a whole and, in doing so, have had regards to the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 when making decisions. In addition, the company's directors also had regard to other factors and matters that they considered relevant to decisions made. When required, the company's directors held board meetings to make key decisions relating to the company, where such matters and factors were considered, as relevant.

ON BEHALF OF THE BOARD:

P A Willes - Secretary

30 August 2023

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2022

The directors present their report with the financial statements of the company for the year ended 30 November 2022.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of manufacturing and selling cheese and marketing surplus milk.

DIVIDENDS

No dividends will be distributed for the year ended 30 November 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 December 2021 to the date of this report.

P A Willes
Mrs S J Berry
Mrs E L Beer

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The directors engage with the members of their milk field who produce the milk which is the primary cost to the company, including holding producer meetings when necessary.

The directors engage directly with their customers at all levels.

DISCLOSURE IN THE STRATEGIC REPORT

The Strategic Report on page 2 sets out a fair review of the business and a description of the principal risks and uncertainties facing the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2022

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

P A Willes - Secretary

30 August 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PARKHAM FARMS LTD

Opinion

We have audited the financial statements of Parkham Farms Ltd (the 'company') for the year ended 30 November 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 30 November 2022 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 Auditors' 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

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 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PARKHAM FARMS LTD

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

Auditors' 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 a Report of the Auditors 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 our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities. It is the primary responsibility of management and those charged with governance to ensure that the entity's operations are conducted in accordance with the provisions of the laws and regulations and for the prevention and detection of fraud.

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 Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PARKHAM FARMS LTD

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 a Report of the Auditors 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.

David Mitchell FCA (Senior Statutory Auditor)
for and on behalf of MITCHELLS
Chartered Accountants and Statutory Auditors
St. John's House
Castle Street
TAUNTON
Somerset
TA1 4AY

31 August 2023

INCOME STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2022

	Notes	30.11.22 £	£	30.11.21 £	£
TURNOVER	3		55,578,944		40,518,388
Cost of sales			45,606,937		36,193,845
GROSS PROFIT			<u>9,972,007</u>		<u>4,324,543</u>
Distribution costs		389,274		340,866	
Administrative expenses		<u>3,489,862</u>		<u>2,940,122</u>	
			3,879,136		3,280,988
			6,092,871		1,043,555
Other operating income	4		182,462		222,782
Gain/loss on revaluation of investment property			-		35,000
OPERATING PROFIT	7		<u>6,275,333</u>		<u>1,301,337</u>
Interest receivable and similar income	8		27,584		18,151
			<u>6,302,917</u>		<u>1,319,488</u>
Interest payable and similar expenses	9		11,311		48,132
PROFIT BEFORE TAXATION			<u>6,291,606</u>		<u>1,271,356</u>
Tax on profit	10		1,163,889		242,032
PROFIT FOR THE FINANCIAL YEAR			<u><u>5,127,717</u></u>		<u><u>1,029,324</u></u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2022

	Notes	30.11.22 £	30.11.21 £
PROFIT FOR THE YEAR		5,127,717	1,029,324
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		<u>5,127,717</u>	<u>1,029,324</u>

BALANCE SHEET
30 NOVEMBER 2022

	Notes	30.11.22 £	£	30.11.21 £	£
FIXED ASSETS					
Tangible assets	11		2,477,219		1,617,758
Investment property	12		<u>-</u>		<u>210,000</u>
			2,477,219		1,827,758
CURRENT ASSETS					
Stocks	13	17,320,732		12,347,946	
Debtors	14	6,960,279		2,662,712	
Cash at bank and in hand		<u>3,648,276</u>		<u>5,376,128</u>	
		27,929,287		20,386,786	
CREDITORS					
Amounts falling due within one year	15	<u>11,446,371</u>		<u>8,547,723</u>	
NET CURRENT ASSETS			<u>16,482,916</u>		<u>11,839,063</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			18,960,135		13,666,821
PROVISIONS FOR LIABILITIES	18		<u>435,799</u>		<u>270,202</u>
NET ASSETS			<u>18,524,336</u>		<u>13,396,619</u>
CAPITAL AND RESERVES					
Called up share capital	19		100,001		100,001
Share premium	20		4		4
Fair value reserve	20		22,610		22,610
Retained earnings	20		<u>18,401,721</u>		<u>13,274,004</u>
SHAREHOLDERS' FUNDS			<u>18,524,336</u>		<u>13,396,619</u>

BALANCE SHEET - continued
30 NOVEMBER 2022

The financial statements were approved by the Board of Directors and authorised for issue on 30 August 2023 and were signed on its behalf by:

P A Willes - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2022

	Called up share capital £	Retained earnings £	Share premium £	Fair value reserve £	Total equity £
Balance at 1 December 2020	100,001	12,273,030	4	(5,740)	12,367,295
Changes in equity					
Total comprehensive income	-	1,000,974	-	28,350	1,029,324
Balance at 30 November 2021	100,001	13,274,004	4	22,610	13,396,619
Changes in equity					
Total comprehensive income	-	5,127,717	-	-	5,127,717
Balance at 30 November 2022	100,001	18,401,721	4	22,610	18,524,336

The notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2022

	Notes	30.11.22 £	30.11.21 £
Cash flows from operating activities			
Cash generated from operations	1	3,331,944	2,151,660
Interest paid		(34,647)	(76,306)
Tax paid		(181,594)	(29,452)
Net cash from operating activities		<u>3,115,703</u>	<u>2,045,902</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,513,119)	(806,760)
Sale of tangible fixed assets		6,412	-
Loans made in year		(1,145,818)	(24,000)
Loan repayments in year		24,000	50,000
Interest received		16,407	5,516
Net cash from investing activities		<u>(2,612,118)</u>	<u>(775,244)</u>
Cash flows from financing activities			
Loan repayments in year		(2,356,146)	-
Net cash from financing activities		<u>(2,356,146)</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,852,561)</u>	<u>1,270,658</u>
Cash and cash equivalents at beginning of year	2	5,364,904	4,094,246
Cash and cash equivalents at end of year	2	<u>3,512,343</u>	<u>5,364,904</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	30.11.22	30.11.21
	£	£
Profit before taxation	6,291,606	1,271,356
Depreciation charges	1,058,982	734,375
Profit on disposal of fixed assets	(3,376)	-
Gain on revaluation of fixed assets	-	(35,000)
Government grants	-	(258)
Finance costs	11,311	48,132
Finance income	(27,584)	(18,151)
	<u>7,330,939</u>	<u>2,000,454</u>
Increase in stocks	(4,972,786)	(44,771)
Increase in trade and other debtors	(3,164,572)	(330,911)
Increase in trade and other creditors	4,138,363	526,888
Cash generated from operations	<u><u>3,331,944</u></u>	<u><u>2,151,660</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 November 2022

	30.11.22	1.12.21
	£	£
Cash and cash equivalents	3,648,276	5,376,128
Bank overdrafts	(135,933)	(11,224)
	<u><u>3,512,343</u></u>	<u><u>5,364,904</u></u>

Year ended 30 November 2021

	30.11.21	1.12.20
	£	£
Cash and cash equivalents	5,376,128	4,544,015
Bank overdrafts	(11,224)	(449,769)
	<u><u>5,364,904</u></u>	<u><u>4,094,246</u></u>

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2022

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.12.21 £	Cash flow £	At 30.11.22 £
Net cash			
Cash at bank and in hand	5,376,128	(1,727,852)	3,648,276
Bank overdrafts	<u>(11,224)</u>	<u>(124,709)</u>	<u>(135,933)</u>
	<u>5,364,904</u>	<u>(1,852,561)</u>	<u>3,512,343</u>
Debt			
Debts falling due within 1 year	<u>(2,356,146)</u>	<u>2,356,146</u>	<u>-</u>
	<u>(2,356,146)</u>	<u>2,356,146</u>	<u>-</u>
Total	<u>3,008,758</u>	<u>503,585</u>	<u>3,512,343</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022

1. STATUTORY INFORMATION

Parkham Farms Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Tangible fixed assets are initially recorded at cost.

Depreciation is calculated in order to write down the cost of fixed assets over their expected useful lives.

The rates applied to the fixed assets are as follows:

Property Improvements	5% Straight Line
Plant and Machinery owned and acquired on hire purchase	33% Reducing Balance
Leased Equipment	10% Straight Line

No depreciation is charged on the freehold property. There is a residential property which was transferred from investment property on 1 December 2021 at its fair value representing deemed cost. This property is not depreciated because the directors consider that, as with the majority of such assets that value is likely to increase over time to the extent that residual value will be at least this fair value. The remainder of the freehold property represents 4.573 Acres of land only. The cost of the buildings sited on this land are included in other categories of fixed assets and are depreciated accordingly.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks

Cheese stocks on hand are stated at the cost of raw materials plus manufacturing costs less provisions where it is anticipated these costs will not be recoverable. Other stocks on hand are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less all further costs to completion and all costs to be incurred on disposal.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Government grants

The government grants historically related to expenditure on fixed assets but for the current year relate to Covid business rates relief and cost of living support payments. The company's policy is to treat capital grants as deferred income and they are then credited to the profit and loss account over the expected useful life of the asset. The basis of calculating the amounts to be credited to the profit and loss account is consistent with the depreciation policy applied to the asset. Revenue grants are treated as income and are credited to the profit and loss account as they are received.

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by class of business is given below:

	30.11.22	30.11.21
	£	£
Sale of goods	55,559,969	40,474,129
Grants and subsidies	18,975	44,259
	<u>55,578,944</u>	<u>40,518,388</u>

4. OTHER OPERATING INCOME

	30.11.22	30.11.21
	£	£
Rents Received	52,026	34,254
Contracting and Work Done	93,128	93,191
Wayleaves	485	483
Government grants	27,363	258
Exchange gains	9,460	94,596
	<u>182,462</u>	<u>222,782</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

5. EMPLOYEES AND DIRECTORS

	30.11.22	30.11.21
	£	£
Wages and salaries	798,508	755,989
Social security costs	275,267	273,745
Other pension costs	47,617	65,847
	<u>1,121,392</u>	<u>1,095,581</u>

The average number of employees during the year was as follows:

	30.11.22	30.11.21
Directors	3	3
Production, storage and handling	26	26
Milk collection lorry drivers	5	5
Administration	3	3
	<u>37</u>	<u>37</u>

6. DIRECTORS' EMOLUMENTS

	30.11.22	30.11.21
	£	£
Directors' remuneration	18,016	39,900
Directors' pension contributions to money purchase schemes	28,953	30,690
	<u></u>	<u></u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
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7. OPERATING PROFIT

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

	30.11.22	30.11.21
	£	£
Hire of plant and machinery on operating leases	1,240	1,120
Depreciation - owned assets	1,058,982	734,375
Profit on disposal of fixed assets	(3,376)	-
Auditors' remuneration	5,815	5,615
Foreign exchange differences	(9,460)	(94,596)
Hire of plant and machinery	47,869	34,479
Accountancy and tax services provided by Auditors Firm	<u>37,252</u>	<u>34,052</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	30.11.22	30.11.21
	£	£
Interest received gross	<u>27,584</u>	<u>18,151</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.11.22	30.11.21
	£	£
Bank interest	11,311	24,796
Loan Interest	-	23,336
	<u>11,311</u>	<u>48,132</u>

10. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	30.11.22	30.11.21
	£	£
Current tax:		
UK corporation tax	998,292	181,587
Deferred tax	165,597	60,445
Tax on profit	<u>1,163,889</u>	<u>242,032</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.11.22	30.11.21
	£	£
Profit before tax	<u>6,291,606</u>	<u>1,271,356</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,195,405	241,558
Effects of:		
Expenses not deductible for tax purposes	177	278
Income not taxable for tax purposes	-	(6,699)
Capital allowances in excess of depreciation	(226,026)	(43,904)
Deferred tax movement re capital allowances	194,333	44,100
Deferred tax movement re government grant	-	49
Deferred tax movement re investment property	(5,304)	6,650
Deferred tax movement re freehold property	5,304	-
Total tax charge	<u>1,163,889</u>	<u>242,032</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

11. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £	Totals £
COST OR VALUATION				
At 1 December 2021	45,556	522,226	7,839,881	8,407,663
Additions	-	-	1,711,479	1,711,479
Disposals	-	-	(97,555)	(97,555)
Reclassification/transfer	210,000	-	-	210,000
At 30 November 2022	255,556	522,226	9,453,805	10,231,587
DEPRECIATION				
At 1 December 2021	-	406,874	6,383,031	6,789,905
Charge for year	-	14,344	1,044,638	1,058,982
Eliminated on disposal	-	-	(94,519)	(94,519)
At 30 November 2022	-	421,218	7,333,150	7,754,368
NET BOOK VALUE				
At 30 November 2022	255,556	101,008	2,120,655	2,477,219
At 30 November 2021	45,556	115,352	1,456,850	1,617,758

Freehold property includes 4.573 Acres of land on which no depreciation has been charged. The buildings erected on this land are included within improvements to property and the cold stores that stand on this land are included within plant and equipment. The buildings and plant are all being depreciated within those separate categories of fixed assets.

During the year a property was reclassified and was moved from investment property. The transfer took place at its fair value as determined at 30 November 2021. The directors do not consider that the residual value of this property is likely to be lower than this value so no depreciation is provided.

The bank has a first legal charge over the freehold property.

Cost or valuation at 30 November 2022 is represented by:

	Freehold property £	Improvements to property £	Plant and machinery £	Totals £
Valuation in 2019	(7,086)	-	-	(7,086)
Valuation in 2021	35,000	-	-	35,000
Cost	227,642	522,226	9,453,805	10,203,673
	255,556	522,226	9,453,805	10,231,587

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

12. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 December 2021	210,000
Reclassification/transfer	(210,000)
At 30 November 2022	-
NET BOOK VALUE	
At 30 November 2022	-
At 30 November 2021	210,000

At the start of the year the investment property was reclassified as freehold property since it is now used as a fixed asset of the company.

13. STOCKS

	30.11.22 £	30.11.21 £
Cheese, Butter and Cream	16,887,471	12,107,662
Raw Materials and Sundry Stock	433,261	240,284
	<u>17,320,732</u>	<u>12,347,946</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.22 £	30.11.21 £
Trade debtors	5,403,801	2,359,075
Other debtors	245,717	129,142
Other loans	100,000	124,000
Willes Farming Ltd Loan	1,145,818	-
Prepayments and accrued income	64,943	50,495
	<u>6,960,279</u>	<u>2,662,712</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.22 £	30.11.21 £
Bank loans and overdrafts (see note 16)	135,933	11,224
Other loans (see note 16)	-	2,356,146
Trade creditors	9,878,580	5,007,109
Tax	998,285	181,587
Social security and other taxes	12,197	10,834
Other creditors	317,441	95,875
Amounts owed to Willes Farming Limited	13,258	15,853
Amounts owed to Beckland Dairy	56,143	806,232
Accrued expenses	34,534	62,863
	<u>11,446,371</u>	<u>8,547,723</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

16. LOANS

An analysis of the maturity of loans is given below:

	30.11.22 £	30.11.21 £
Amounts falling due within one year or on demand:		
Bank overdrafts	135,933	11,224
Willes Farming Ltd Loan	-	2,356,146
	<u>135,933</u>	<u>2,367,370</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	30.11.22 £	30.11.21 £
Bank overdrafts	<u>135,933</u>	<u>11,224</u>

Bank overdrafts are secured by an unlimited debenture over the company's assets dated 18.8.1989 including the right of set-off, an unlimited guarantee dated 17.12.2001 and a first legal charge over the freehold property known as Cheese Plant, Higher Alminstone Farm, Woolfardisworthy, Devon dated 22.5.2003.

18. PROVISIONS FOR LIABILITIES

	30.11.22 £	30.11.21 £
Deferred tax		
Freehold property	5,304	-
Accelerated/(decelerated) capital allowances re plant & equipment	426,264	231,730
Stock valuation adjustment	5,009	33,745
Accelerated capital allowances re industrial buildings	(778)	(577)
Investment gains	-	5,304
	<u>435,799</u>	<u>270,202</u>
		Deferred tax
		£
Balance at 1 December 2021		270,202
Provided during year		<u>165,597</u>
Balance at 30 November 2022		<u>435,799</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			30.11.22	30.11.21
Number:	Class:	Nominal value:	£	£
100,001	Ordinary	£1	<u>100,001</u>	<u>100,001</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

19. **CALLED UP SHARE CAPITAL - continued**

The ordinary shares carry full rights to vote, to participate in dividends and on a winding up of the company.

20. **RESERVES**

	Retained earnings £	Share premium £	Fair value reserve £	Totals £
At 1 December 2021	13,274,004	4	22,610	13,296,618
Profit for the year	5,127,717	-	-	5,127,717
At 30 November 2022	18,401,721	4	22,610	18,424,335

21. **CAPITAL COMMITMENTS**

	30.11.22 £	30.11.21 £
Contracted but not provided for in the financial statements	-	98,915

22. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

P. A. Willes is a director and the controlling shareholder of Willes Farming Ltd. He also owns the farms in Wales which the company occupies rent free and is the proprietor of the business known as Beckland Dairy. The company has been involved in several arms length transactions with the director and these businesses as summarised in the related party disclosures note.

As highlighted in the secured debts note, P. A. Willes has given an unlimited guarantee to the bank dated 17.12.2001. The bank have granted an overall overdraft facility to Mr Willes' businesses: Parkham Farms Ltd; Willes Farming Ltd and Beckland Dairy with a limit of £3m. A guarantee for this amount has been given by Parkham Farms Ltd.

23. **RELATED PARTY DISCLOSURES**

Key management personnel compensation is disclosed in Note 6 on page 18.

Other related parties

	30.11.22 £	30.11.21 £
Sales	109,273	134,361
Purchases	(19,395,543)	(11,102,499)
Interest	22,701	(10,570)
Amount due from related party	-	24,600
Amount due to related party	(4,162,980)	(5,047,208)

24. **ULTIMATE CONTROLLING PARTY**

The controlling party is P A Willes.

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