

MORRELLS FARMING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

MORRELLS FARMING LIMITED

COMPANY INFORMATION

Directors	A.C. Ballard D.J.G. Morrell J.R.B. Lovegrove-Fielden
Company secretary	J.R.B Lovegrove-Fielden
Registered number	04274240
Registered office	Sandford Common Sandford St Martin Chipping Norton Oxfordshire OX7 7AE
Independent auditors	WR Partners Chartered Accountants & Statutory Auditors Belmont House Shrewsbury Business Park Shrewsbury Shropshire SY2 6LG

MORRELLS FARMING LIMITED

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MORRELLS FARMING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

The directors are 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £62,823 (2019 - £1,900,427).

No dividends are proposed to be paid from the profits for the current accounting year.

Directors

The directors who served during the year were:

A.C. Ballard
D.J.G. Morrell
J.R.B. Lovegrove-Fielden

Future developments

The company will continue in the development of the hydro scheme and to trade in relation to its principal activities.

MORRELLS FARMING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, WR Partners, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....
D.J.G. Morrell

Director

Date: 22 December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORRELLS FARMING LIMITED

Opinion

We have audited the financial statements of Morrells Farming Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 March 2020 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORRELLS FARMING LIMITED (CONTINUED)

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.

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 1, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORRELLS FARMING LIMITED (CONTINUED)

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 an Auditors' 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 Auditors' Report.

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Andy Malpass BA FCA (Senior Statutory Auditor)

for and on behalf of

WR Partners

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date: 23 December 2020

MORRELLS FARMING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover		1,320,014	1,606,474
Cost of sales		(481,378)	(561,586)
GROSS PROFIT		838,636	1,044,888
Administrative expenses		(728,587)	(921,630)
Profit on sale of tangible assets	10	26,271	1,820,718
OPERATING PROFIT		136,320	1,943,976
Interest receivable and similar income	7	15	57
Interest payable and expenses	8	(4,075)	(3,897)
PROFIT BEFORE TAX		132,260	1,940,136
Tax on profit	9	(69,437)	(39,709)
PROFIT FOR THE FINANCIAL YEAR		62,823	1,900,427
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		62,823	1,900,427

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 10 to 27 form part of these financial statements.

MORRELLS FARMING LIMITED
REGISTERED NUMBER: 04274240

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Intangible assets	11	15,258	15,258
Tangible assets	12	15,554,335	15,579,047
Investments	13	210	210
Investment property	14	2,188,768	2,188,773
		<u>17,758,571</u>	<u>17,783,288</u>
CURRENT ASSETS			
Stocks	15	182,382	289,235
Debtors: amounts falling due within one year	16	409,740	385,893
Cash at bank and in hand	17	246,527	68,524
		<u>838,649</u>	<u>743,652</u>
Creditors: amounts falling due within one year	18	(11,612,923)	(11,741,796)
NET CURRENT LIABILITIES		<u>(10,774,274)</u>	<u>(10,998,144)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,984,297</u>	<u>6,785,144</u>
Creditors: amounts falling due after more than one year	19	(112,893)	(46,000)
PROVISIONS FOR LIABILITIES			
Deferred tax	21	(228,678)	(159,241)
		<u>(228,678)</u>	<u>(159,241)</u>
NET ASSETS		<u><u>6,642,726</u></u>	<u><u>6,579,903</u></u>
CAPITAL AND RESERVES			
Called up share capital	22	1	1
Revaluation reserve	23	935,001	935,001
Profit and loss account	23	5,707,724	5,644,901
		<u><u>6,642,726</u></u>	<u><u>6,579,903</u></u>

MORRELLS FARMING LIMITED
REGISTERED NUMBER: 04274240

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2020

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2020.

.....
D.J.G. Morrell

Director

The notes on pages 10 to 27 form part of these financial statements.

MORRELLS FARMING LIMITED

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

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2018	1	935,001	3,744,474	4,679,476
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	1,900,427	1,900,427
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2019	1	935,001	5,644,901	6,579,903
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	62,823	62,823
	<hr/>	<hr/>	<hr/>	<hr/>
AT 31 MARCH 2020	1	935,001	5,707,724	6,642,726

The notes on pages 10 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. GENERAL INFORMATION

The company's operations relate to the farming of land, rental income, other contracting income and electricity generation.

The company operates within the United Kingdom.

The company is a private company limited by shares and is incorporated and domiciled in England.

The address of its registered office is Waggoners Cottage, Sandford Common, Sandford St Martin, Chipping Norton, Oxfordshire, OX7 7AE.

2. ACCOUNTING POLICIES

2.1 Summary of significant accounting policies and key accounting estimates

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.2 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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.3 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).

This information is included in the consolidated financial statements of Morrells Holdings Limited as at 31 March 2020 and these financial statements may be obtained from Companies House.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

GOING CONCERN

The directors acknowledge the net current liabilities position of £10,774,274 (2019: £10,998,144). This position is due to the classification of the intercompany loan of £11,090,540 (2019: £11,175,928) as due within less than one year. Without this balance the company would have net current assets of £316,266 (2019: £177,784) which would show the working capital position of the company to be reasonable.

Having taken appropriate enquiries, the directors confirm this balance will not be called in at the detriment to the cashflow of the company and have accordingly prepared the accounts on a going concern basis.

The Directors have also assessed the potential impact on the future operations of the Company with regard to the Covid-19 outbreak. The Company is considered to be well positioned given the current environment with no impact on the going concern basis of the financial statements.

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, provided on the following basis.

Freehold property	- 0.5% reducing balance
Plant and machinery	- 10% reducing balance or 4-25% straight line
Renewable energy	- 4% 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 profit or loss.

2.7 REVALUATION OF TANGIBLE FIXED ASSETS

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.8 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.9 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.10 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.13 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, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.15 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 profit or loss 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 profit or loss within 'other operating income'.

2.16 FINANCE COSTS

Finance costs are charged to profit or loss 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.

2.17 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 payment obligations.

The contributions are recognised as an expense in profit or loss 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.

2.18 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.19 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.

2.20 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3.

JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. **TURNOVER**

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Farming income	739,462	988,357
Electricity generation	292,472	335,754
Contracting income	106,151	181,214
Stewardship Scheme income	99,034	7,396
Rent receivable	81,484	92,360
Wayleave income	1,411	1,393
	<u>1,320,014</u>	<u>1,606,474</u>

All turnover arose within the United Kingdom

5. **AUDITORS' REMUNERATION**

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>5,900</u>	<u>6,950</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

6. EMPLOYEES

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	78,835	86,410
Social security costs	3,201	3,264
Cost of defined contribution scheme	748	862
	<u>82,784</u>	<u>90,536</u>

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

	2020 No.	2019 No.
Employees	<u>5</u>	<u>6</u>

7. INTEREST RECEIVABLE

	2020 £	2019 £
Other interest receivable	15	57
	<u>15</u>	<u>57</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Bank interest payable	-	2,002
Hire purchase interest payable	4,075	1,895
	<u>4,075</u>	<u>3,897</u>

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

9. TAXATION

	2020 £	2019 £
TOTAL CURRENT TAX	-	-
DEFERRED TAX		
Origination and reversal of timing differences	69,437	39,709
TOTAL DEFERRED TAX	69,437	39,709
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	69,437	39,709

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	132,260	1,940,136
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	25,129	368,626
EFFECTS OF:		
Capital allowances for year in excess of depreciation	(54,937)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	19,944	-
Other timing differences leading to an increase (decrease) in taxation	69,437	(328,917)
Capital gains	4,789	-
Unrelieved tax losses carried forward	5,075	-
TOTAL TAX CHARGE FOR THE YEAR	69,437	39,709

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

10. EXCEPTIONAL ITEMS

	2020 £	2019 £
Profit on disposal of property	27,271	1,723,998
Profit/(loss) on disposal of fixed assets	(1,000)	96,720
	<u>26,271</u>	<u>1,820,718</u>

11. INTANGIBLE ASSETS

	Single Farm Payment entitlement £
COST	
At 1 April 2019	15,258
At 31 March 2020	<u>15,258</u>
NET BOOK VALUE	
At 31 March 2020	<u>15,258</u>
<i>At 31 March 2019</i>	<u>15,258</u>

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Renewable energy £	Total £
COST OR VALUATION				
At 1 April 2019	11,865,624	1,410,258	3,520,288	16,796,170
Additions	-	316,844	6,918	323,762
Disposals	(6,729)	(294,538)	-	(301,267)
At 31 March 2020	11,858,895	1,432,564	3,527,206	16,818,665
DEPRECIATION				
At 1 April 2019	98,253	724,334	394,536	1,217,123
Charge for the year on owned assets	8,840	96,909	140,996	246,745
Disposals	-	(199,538)	-	(199,538)
At 31 March 2020	107,093	621,705	535,532	1,264,330
NET BOOK VALUE				
At 31 March 2020	<u>11,751,802</u>	<u>810,859</u>	<u>2,991,674</u>	<u>15,554,335</u>
At 31 March 2019	<u>11,767,371</u>	<u>685,924</u>	<u>3,125,752</u>	<u>15,579,047</u>

A bank loan in Morrells Holdings Limited, the parent company, is secured against freehold properties held in Morrells Farming Limited.

A mortgage charge is held over the land at Manor Farm Hardwick Road for monies to due or to become due to Agricultural Mortgage Corporation PLC.

The net book value of land and buildings may be further analysed as follows:

	2020 £	2019 £
Freehold	11,751,802	11,767,371
	<u>11,751,802</u>	<u>11,767,371</u>

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Plant and machinery	333,117	105,130
	<u>333,117</u>	<u>105,130</u>

13. FIXED ASSET INVESTMENTS

	Other fixed asset investments £
COST OR VALUATION	
At 1 April 2019	210
At 31 March 2020	<u>210</u>

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

14. INVESTMENT PROPERTY

	Freehold investment property £
VALUATION	
At 1 April 2019	2,188,773
Disposals	(5)
	<hr/>
AT 31 MARCH 2020	2,188,768
	<hr/>

The 2020 valuations were made by Jonathan Lovegrove-Fielden, a director, on an open market value for existing use basis.

AT 31 MARCH 2020

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2020 £	2019 £
Historic cost	1,253,772	1,253,772
	<hr/>	<hr/>
	1,253,772	1,253,772
	<hr/>	<hr/>

15. STOCKS

	2020 £	2019 £
Farming stock	182,382	289,235
	<hr/>	<hr/>
	182,382	289,235
	<hr/>	<hr/>

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

16. DEBTORS

	2020 £	2019 £
Trade debtors	348,535	295,267
Other debtors	25,731	75,484
Prepayments and accrued income	35,474	15,142
	<u>409,740</u>	<u>385,893</u>

17. CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash at bank and in hand	246,527	68,524
	<u>246,527</u>	<u>68,524</u>

18. CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	51,721	243,930
Amounts owed to group undertakings	11,090,540	11,175,928
Other taxation and social security	-	1,397
Obligations under hire purchase contracts	96,203	46,000
Other creditors	257,929	163,397
Accruals and deferred income	116,530	111,144
	<u>11,612,923</u>	<u>11,741,796</u>

The company's bankers hold an unlimited debenture incorporating a fixed and floating charge.

There is also fixed and floating charges over 100 acres of land at downhill farm and 107 acres at Downhill Farm.

Obligations under hire purchase contracts are secured on the assets to which they relate.

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

19. CREDITORS: Amounts falling due after more than one year

	2020 £	2019 £
Net obligations under hire purchase contracts	112,893	46,000
	<u>112,893</u>	<u>46,000</u>

Obligations under hire purchase contracts are secured on the assets to which they relate.

20. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	96,203	46,000
Between 1-5 years	112,893	46,000
	<u>209,096</u>	<u>92,000</u>

21. DEFERRED TAXATION

	2020 £	2019 £
At beginning of year	(159,241)	(119,532)
Charged to profit or loss	(69,437)	(39,709)
AT END OF YEAR	<u>(228,678)</u>	<u>(159,241)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(228,678)	(159,241)
	<u>(228,678)</u>	<u>(159,241)</u>

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

22. SHARE CAPITAL

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

23. RESERVES

Revaluation reserve

The revaluation reserve comprises the cumulative gains on revaluation of the investment property and investment portfolios.

Profit and loss account

The profit and loss account comprises the cumulative retained earnings of the company since incorporation.

24. PENSION COMMITMENTS

The company contributes to a defined contribution pensions scheme which requires contributions to be made separately administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £748 (2019: £862). The balance outstanding at the year end in respect of these transactions was £nil (2019: £163).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

25. RELATED PARTY TRANSACTIONS

During the year there were purchases £nil (2019: £1,365) from DJG Morrell, a director. Included within debtors due within one year is an amount of £nil (2019: £nil) due from DJG Morrell.

Included within debtors due within one year is an amount of £nil (2019: £684) due from LC Taylor, a family member of DJG Morrell, a director. Included within creditors due within one year is an amount of £49,000 (2019: £49,000) owed to LC Taylor.

During the year there were purchases of £17,795 (2019: £45,578) from Balfours Chartered Surveyors, a firm in which J.R.B. Lovegrove-Fielden, a director of the company, is a partner. The amount owed by the company at the balance sheet date was £nil (2019: £nil).

During the year there were sales of £nil (2019: £4,987) to Heath Farm where A.C. Ballard, a director of the company. The amount due to the company at the balance sheet date was £nil (2019: £nil).

During the year consultancy fees of £15,209 (2019: £20,000) were paid to R H Wells, a director of Morrells Holdings Limited, the parent company. The amount owed by the company at the balance sheet date was £5,070 (2019: £nil).

As the company is a wholly owned subsidiary of Morrells Holdings Limited, the company has taken advantage of the exemption contained with Financial Reporting Standard 102 and has therefore not disclosed transactions or balances with entities which form part of the group. The financial statements of Morrells Holdings Limited, the ultimate parent company of the group, can be obtained from Companies House.

26. CONTROLLING PARTY

The company's ultimate parent undertaking is Morrells Holdings Limited, a company incorporated in the UK. There is no single controlling party of Morrells Holdings Limited.

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