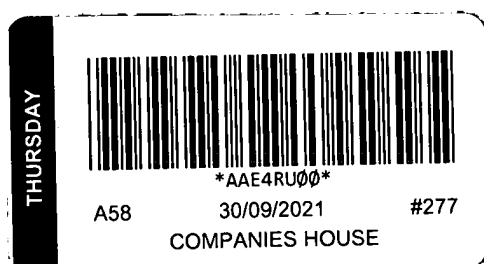


Company Number: 05263274

**GEMCOM LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2021**



**GEMCOM LIMITED**  
**COMPANY INFORMATION**  
**YEAR ENDED 31 JULY 2021**

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**DIRECTORS**

G E Millar  
H P Millar  
C D Brinkley

**COMPANY SECRETARY**

H P Millar

**REGISTERED NUMBER**

05263274

**REGISTERED OFFICE**

66 – 68 Margaret Street  
London  
W1W 8SR

**INDEPENDENT AUDITOR**

Crowe U.K. LLP  
Statutory Auditors  
Riverside House  
40-46 High Street  
Maidstone  
Kent  
ME14 1JH

**GEMCOM LIMITED**  
**CONTENTS**  
**YEAR ENDED 31 JULY 2021**

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**GEMCOM LIMITED**  
**STRATEGIC REPORT**  
**YEAR ENDED 31 JULY 2021**

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## **INTRODUCTION**

The directors changed the financial year end of the company and present the Strategic Report for the year ended 31 July 2021.

## **PRINCIPAL ACTIVITY**

The principal activity of the company is the buying and selling of animal feed ingredients.

## **BUSINESS REVIEW**

The main objectives of Gemcom Limited is to trade profitably, manage risks effectively and continue to grow the scope of its trading. The company's strategy is to maintain existing business by working in a successful and productive environment with customers and suppliers and attract new business by adding new customers as well as products traded. The company plans to remain firmly within the constraints of just handling and placing grain and animal feed materials on the market, Gemcom's primary function. The business model currently in place is not expected to change and a Central London office from where sales and purchases are negotiated, as well as administrative functions carried out, is set to remain. The company has a young team whose experience grows each year and with time it is hoped can facilitate the projected growth.

During the year the company experienced some increased challenges due to the COVID-19 pandemic and also the implementation of the Brexit transition. The directors note that these events did have some disruptive effect on the business during the year but they have been well managed.

The directors consider the Key Performance Indicators of the company to consist of Turnover, Gross Profit Percentage and Average Working Capital Cycle. The directors also regularly monitor key risk indicators such as forward contract exposure and exposure to foreign currency movements.

**Turnover** – is calculated as the net amount invoiced to customers less trade discounts, excluding value added tax and sales of fixed assets.

**Gross Profit Percentage** – is calculated by comparing gross profit against turnover. This ratio reveals how much the company earns taking into consideration the direct costs it incurs. It is an indication of how profitable the company is at its most fundamental level.

**Working Capital Cycle** – is calculated as the aggregate of stock, trade debtor and trade creditor periods, expressed in days. This ratio is a key measure of the average length of the company's trading cycle and of how quickly funds are recycled.

**Contract and Foreign Exchange Exposure** – The company's current gross and net exposures on trading contracts and foreign exchange cover are calculated. The impact of potential market price variations are then applied and theoretical calculations are made to identify the potential impact on future profits.

	<b>Year ended</b> <b>31 July</b> <b>2021</b>	<b>7m period ended</b> <b>31 July</b> <b>2020</b>
Turnover	<b>£85,167,660</b>	<b>£47,407,875</b>
Gross Profit Percentage	<b>4.52%</b>	<b>6.34%</b>
Working Capital Cycle	<b>63.04 days</b>	<b>63.33 days</b>

The potential impact on future profits due to contract or price exposure were in acceptable ranges as at 31 July 2021 and 31 July 2020.

**GEMCOM LIMITED**  
**STRATEGIC REPORT**  
**YEAR ENDED 31 JULY 2021**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

**Market and price risk**

The company manages market and price risk using its vast experience of the trade by the most senior trading personnel as well as its IT system that it has invested considerably in, to be on top of position keeping and awareness of its financial position.

**Quality and feed safety risk**

The company subscribes to various forms of accreditation that help to ensure feed safety risks are managed effectively and according to the law.

**Foreign currency risk**

The company enters into forward exchange contracts to manage the uncertainty inherent in foreign currency rates.

**Credit risk**

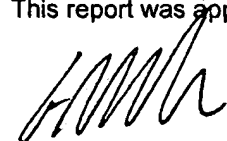
All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

During the year the company took out a credit risk insurance policy to further improve credit risk management.

**Covid-19**

The company is exposed to the economic uncertainty and volatility associated with the current Covid-19 pandemic. However as the company is engaged in the buying and selling of feed products it is not anticipated that there will be any reduction in trade or adverse impact to profit or loss.

This report was approved by the board on 27<sup>th</sup> September 2021 and signed on its behalf.



G E Millar  
Director

**GEMCOM LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 JULY 2021**

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

**DIRECTORS**

The directors who served during the year were:-

G E Millar  
H P Millar  
C D Brinkley

**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). 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 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 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.

**FUTURE DEVELOPMENTS**

Management is maintaining good relationships with its funders and is looking forward to grow the Company and produce good results in the following year and subsequent years.

Towards the end of the year the company incorporated a new wholly owned subsidiary, Gemcom BV, in the Netherlands. It is anticipated that this subsidiary will commence trading after the year end.

**GOING CONCERN**

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements.

The company's bankers have agreed that the facility remains in place. In their assessment of going concern the directors have also considered the current and developing impact on the business as a result of the COVID19 virus. This has not had a significant, immediate impact on the company's operations as the company imports food ingredients. However the directors are aware that if the current situation becomes prolonged then this may change. In the event that demand falls, the business has the flexibility to scale back and minimise overheads to preserve core profitability.

The directors regard the going concern basis as remaining appropriate as they have assessed the company's financial performance and position. From this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

**GEMCOM LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 JULY 2021**

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**RESULTS FOR THE PERIOD**

The results for the year are set out in the statement of comprehensive income on page 10. During the year the company paid interim dividends totalling £398,901 (period ended 31 July 2020 - £396,775). The directors do not recommend the payment of a final dividend.

**FINANCIAL INSTRUMENTS**

The main financial instruments used by the company are bank balances, trade debtors, trade creditors, invoice financing facilities and bank loans. The main purpose of these instruments is to finance the company's operations and facilitate its trading activities.

In respect of bank balances and bank loans, liquidity risk is managed by monitoring and forecasting cash flows and ensuring that adequate facilities are in place where forecasts indicate that it is prudent to do so.

In respect of trade debtors, credit risk is managed by having policies in place concerning the credit offered to customers and the monitoring of debts that are past due.

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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 auditor is aware of that information.

**AUDITOR**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27<sup>th</sup> September 2021 and signed on its behalf.

  
G E Millar  
Director

# **INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF GEMCOM LIMITED**

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## **OPINION**

We have audited the financial statements of Gemcom Limited for the year ended 31 July 2021 which comprise Statement of comprehensive income, the Balance sheet, Statement of changes in equity and the Statement of cash flows and notes to the financial statements, including 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 year end and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **BASIS FOR 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**

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 contained within the annual report. 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.



# **INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF GEMCOM LIMITED (CONTINUED)**

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## **OTHER INFORMATION (CONTINUED)**

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.

## **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

## **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement set out on page 5, 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 SHAREHOLDERS OF GEMCOM LIMITED (CONTINUED)**

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## **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.

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. 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 within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

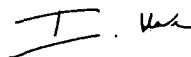
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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

  
Ian Weekes (Senior statutory auditor)  
for and on behalf of  
**Crowe U.K.LLP**  
Statutory Auditor  
Riverside House  
40 – 46 High Street  
Maidstone  
Kent, ME14 1JH  
27<sup>th</sup> September 2021

**GEMCOM LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 JULY 2021**

	Notes	Year ended 31 July 2021 £	Period ended 31 July 2020 £
<b>TURNOVER</b>	5	85,167,660	47,407,875
Cost of sales		<u>(81,316,609)</u>	<u>(44,403,719)</u>
<b>GROSS PROFIT</b>		3,851,051	3,004,156
Administrative expenses		(3,797,463)	(1,416,647)
Other operating costs	6	<u>773,800</u>	<u>(146,200)</u>
<b>OPERATING PROFIT</b>	8	827,388	1,441,309
Interest receivable and similar income	10	10,206	5,055
Interest payable and expenses	11	<u>(153,020)</u>	<u>(178,140)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		684,574	1,268,224
Tax on profit on ordinary activities	12	<u>(152,334)</u>	<u>(239,376)</u>
<b>PROFIT FOR THE FINANCIAL YEAR / (PERIOD)</b>		<u>532,240</u>	<u>1,028,848</u>

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

The notes on pages 14 to 25 form part of these financial statements.

**GEMCOM LIMITED**  
**BALANCE SHEET**  
**31 JULY 2021**

	Notes	31 July 2021 £	31 July 2020 £
<b>FIXED ASSETS</b>			
Tangible assets	14	173,240	240,747
Investments	15	<u>1</u>	<u>-</u>
		<b>173,241</b>	<b>240,747</b>
<b>CURRENT ASSETS</b>			
Stocks	16	19,541,811	15,751,117
Debtors: amount falling due within one year	17	11,540,323	8,503,367
Cash at bank and in hand	18	<u>1,875,011</u>	<u>1,605,354</u>
		<b>32,957,145</b>	<b>25,859,838</b>
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(29,080,792)</u>	<u>(22,675,684)</u>
<b>NET CURRENT ASSETS</b>		<b>3,876,353</b>	<b>3,184,154</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,049,594</b>	<b>3,424,901</b>
<b>CREDITORS: amounts falling due after more than one year</b>	20	<b>(602,446)</b>	<b>(155,907)</b>
<b>PROVISIONS FOR LIABILITIES</b>	22	<b>(19,897)</b>	<b>(28,099)</b>
<b>NET ASSETS</b>		<b>3,427,251</b>	<b>3,240,895</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	23	72,218	70,773
Share premium account		57,978	20,206
Share option account		38,800	25,000
Profit and loss account		<u>3,258,255</u>	<u>3,124,916</u>
<b>SHAREHOLDERS' FUNDS</b>		<b>3,427,251</b>	<b>3,240,895</b>

Approved and authorised for issue by the Board on 27<sup>th</sup> September 2021 and signed on its behalf:

  
G E Millar  
Director

The notes on pages 14 to 25 form part of these financial statements.

**GEMCOM LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**31 JULY 2021**

	Share Capital	Share Premium	Share Option	Profit and Loss Account	Total
	£	£	£	£	£
At 1 January 2020	70,000	-	-	2,492,843	2,562,843
Profit for the period	-	-	-	1,028,848	1,028,848
Total comprehensive income	-	-	-	3,521,691	3,591,691
Dividends: equity capital	-	-	-	(396,775)	(396,775)
Grant of new share options	-	-	25,000	-	25,000
Issue of new shares	773	20,206	-	-	20,979
At 31 July 2020	70,773	20,206	25,000	3,124,916	3,240,895
Profit for the year	-	-	-	532,240	532,240
Total comprehensive income	70,773	20,206	25,000	3,657,156	3,773,135
Dividends: equity capital	-	-	-	(398,901)	(398,901)
Grant of new share options	-	-	13,800	-	13,800
Issue of new shares	1,445	37,772	-	-	39,217
At 31 July 2021	72,218	57,978	38,800	3,258,255	3,427,251

The notes on pages 14 to 25 form part of these financial statements.

**GEMCOM LIMITED**  
**STATEMENT OF CASH FLOWS**  
**31 JULY 2021**

	Notes	Year ended 31 July 2021 £	Period ended 31 July 2020 £	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit for the financial period/year		532,240	1,028,848	
Adjustments for:				
Depreciation of tangible assets		67,507	24,614	
Grant of share options		13,800	25,000	
Interest payable		153,020	178,141	
Interest receivable		(10,206)	(5,055)	
Taxation charge		152,334	239,376	
(Increase)/decrease in stock		(3,790,694)	692,190	
(Increase)/decrease in debtors		(3,109,664)	1,186,753	
Increase/(decrease) in creditors		1,658,943	(3,332,883)	
<b>Cash from operations</b>		<b>(4,332,720)</b>	<b>36,984</b>	
Corporation tax paid		386,235	-	
<b>Net cash generated from operating activities</b>		<b>(3,946,485)</b>	<b>36,984</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment in subsidiary company		(1)	-	
Interest received		10,206	5,055	
<b>Net cash from investing activities</b>		<b>10,205</b>	<b>5,055</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Movement on invoice discounting		585,715	728,312	
Movement on short term loans		4,272,985	(44,192)	
Repayments of hire purchase and finance leases		(46,259)	(27,703)	
Interest paid		(153,020)	(178,141)	
Issue of new share capital		39,217	20,979	
Dividends paid		(398,901)	(396,775)	
<b>Net cash from in financing activities</b>		<b>4,299,737</b>	<b>102,480</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>363,457</b>	<b>144,519</b>	
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD</b>		<b>1,453,361</b>	<b>1,308,842</b>	
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD</b>	18	<b>1,816,818</b>	<b>1,453,361</b>	
<b>ANALYSIS OF CHANGES IN NET DEBT</b>				
	As at 1 July 2020 £	Cashflows £	Non Cashflows £	As at 31 July 2021 £
Cash at bank and in hand	1,605,354	269,657	-	1,875,011
Overdrafts	(151,993)	93,800	-	(58,182)
	<b>1,453,361</b>	<b>363,457</b>	-	<b>1,816,818</b>
Borrowings				
Debt due within one year	(12,317,593)	(4,858,700)	8,114	(17,168,179)
Debt due after one year	(155,907)	46,259	(8,114)	(117,762)
	<b>(11,020,139)</b>	<b>(4,448,984)</b>	-	<b>(15,469,123)</b>

The notes on pages 14 to 25 form part of these financial statements.

**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2021**

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**1. COMPANY INFORMATION**

Gemcom Limited is a private limited company, which is limited by shares and incorporated and registered in England and Wales (registration number 05263274). Its registered office is at: -

66 – 68 Margaret Street  
London  
W1W 8SR

The principal activity of the company during the year was the buying and selling of animal feeds.

**2. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis as specified in the accounting policies below.

The preparation of financial statement 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).

**Going concern**

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The working capital requirements of the company are funded by a facilities line from its bankers. This has been renewed and increased during the year.

In their assessment of going concern the directors have also considered the current and developing impact on the business as a result of the COVID19 virus. This has not had a significant, immediate impact on the company's operations as the company imports food ingredients. However the directors are aware that if the current situation becomes prolonged then this may change.

The group therefore continues to adopt the going concern basis in preparing its financial statements.

**3. SIGNIFICANT JUDGEMENTS AND ESTIMATES**

The company makes judgements, estimates and assumptions that affect the application of accounting policies and the carrying values of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements will, by definition, seldom equal the related actual results but are based on the experience of the directors and the expectation of future events. The estimates are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The principal areas where judgement is exercised are as follows:

Stock - the directors regularly assess the quality and age of stock and will make necessary provisions against amounts which may not be recoverable.

Recoverability of trade debtors – the directors will regularly assess whether a bad debt provision is required for any bad or doubtful debtor balances.

Share based payments – the directors have applied the Black-Scholes option pricing model. The model inputs were a share price at grant of £33.00, exercise price of £27.14, expected volatility of 5%, expected dividends of £nil, exercise period of 9.5 years and a risk free rate of 0.1%.

**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2021**

---

**4. ACCOUNTING POLICIES**

**a) Turnover**

Turnover represents the net amount invoiced to customers less trade discounts, excluding value added tax and sales of fixed assets. Income is recognised in the financial statements when legal title to the goods being sold passes to the customer, which is considered to be at the point the goods are irrevocably consigned to the customer or shipping line.

**b) Tangible Fixed Assets and Depreciation**

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	25% straight line
Office equipment	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.

**c) Fixed Asset Investments**

Fixed assets investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

**d) Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Goods are recognised as stock at the earlier of the date of payment or the date the goods are consigned to Gemcom Ltd by the supplier.

At each balance sheet 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 the Statement of comprehensive income.

**e) 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.



**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2021**

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**4. ACCOUNTING POLICIES (CONTINUED)**

**f) 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.

**g) 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

**h) Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like other debtors and creditors, and loans from related parties.

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.

**i) 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.

**j) Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**k) Foreign Currencies**

**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. Nonmonetary 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.

**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2021**

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**4. ACCOUNTING POLICIES (CONTINUED)**

**l) Operating Leases**

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

**m) Pension Scheme**

**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 the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**n) 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 balance sheet 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 balance sheet 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 balance sheet date.

**o) 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.

**p) Employee Benefit Trust**

The company established an Employee Benefit Trust (EBT) in an earlier accounting period for the benefit of certain employees. During the year the company resolved to wind up the EBT and reached an agreement with HMRC to settle all tax liabilities to be spread over 10 years. Accordingly, the assets and liabilities of the EBT have been removed from the balance sheet.

**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2021**

**5. TURNOVER**

The total turnover for the company for the year has been derived from its principal activity, the sale of animal feeds. The geographical analysis of turnover is as follows:-

	2021 £	2020 £
United Kingdom	73,952,432	44,072,105
Rest of Europe	11,215,228	3,335,770
	<u>85,167,660</u>	<u>47,407,875</u>

**6. OTHER OPERATING COSTS**

	2021 £	2020 £
Foreign exchange gain on repricing of derivatives	72,708	463,603
Foreign exchange (loss) on matured derivative contracts	(113,794)	(206,749)
Foreign exchange gain/(loss) on revaluation of assets & liabilities	814,886	(403,054)
	<u>773,800</u>	<u>(146,200)</u>

**7. STAFF COSTS (INCLUDING DIRECTORS)**

	2021 £	2020 £
Wages and salaries	1,139,799	737,733
Staff costs on the liquidation of the Employee Benefit Trust	1,283,305	-
Social security costs	144,074	75,289
Pension costs	95,461	47,029
	<u>2,662,639</u>	<u>860,051</u>

**Directors' remuneration**

	2021 £	2020 £
Remuneration for qualifying services	204,958	38,801
Staff costs on the liquidation of the Employee Benefit Trust	1,283,305	-
Company pension contributions to defined contribution schemes	15,338	3,880
	<u>1,503,601</u>	<u>42,681</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	13,000	15,384
Staff costs on the liquidation of the Employee Benefit Trust	1,283,305	-
Company pension contributions to defined contribution schemes	1,300	1,538

During the year retirement benefits were accruing to 3 directors (2020: 3)

The average monthly number of employees during the year was:-

	2021 No.	2020 No.
Administration	11	7
Sales	5	5
	<u>16</u>	<u>12</u>

**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2021**

**8. OPERATING PROFIT**

	2021 £	2020 £
This is stated after charging/(crediting):-		
Depreciation of tangible assets	67,507	24,614
Operating lease rentals	138,333	128,488
Exceptional charges relating to Employee Benefit Trust	1,430,441	-
(Gain)/loss on foreign exchange	<u>(773,800)</u>	<u>146,200</u>

**9. AUDITORS' REMUNERATION**

	2021 £	2020 £
In respect of audit services	16,950	16,025
In respect of corporation tax compliance	<u>1,500</u>	<u>1,275</u>
	<u>18,450</u>	<u>17,300</u>

**10. INTEREST RECEIVABLE**

	2021 £	2020 £
Bank interest receivable	-	-
Other interest receivable	<u>10,206</u>	<u>5,055</u>
	<u>10,206</u>	<u>5,055</u>

**11. INTEREST PAYABLE**

	2021 £	2020 £
Interest payable on bank loans	134,748	169,110
Other bank interest	<u>18,272</u>	<u>9,030</u>
	<u>153,020</u>	<u>178,140</u>

**12. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2021 £	2020 £
<b>Corporation tax</b>		
UK corporation tax at 19% (2020: 19%)	221,835	215,614
Adjustments in respect of previous periods	<u>(61,299)</u>	<u>(2,413)</u>
	<u>160,536</u>	<u>213,201</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(7,982)	26,175
Adjustments in respect of prior years	<u>(220)</u>	<u>-</u>
	<u>(8,202)</u>	<u>-</u>
<b>Tax on profit on ordinary activities</b>	<u>152,334</u>	<u>239,376</u>

**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2021**

**12. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19.00% (2020 – 19.00%). The differences are explained as follows: -

	2021 £	2020 £
<b>Factors affecting tax charge for the year</b>		
Profit on ordinary activities before tax	684,574	1,268,224
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 19.00% (2019 – 19.00%)	130,069	240,962
Effects of:		
Depreciation on assets not qualifying for capital allowances	49	827
Expenses not deductible for tax purposes	83,735	-
Adjustments to tax charge in respect of prior periods	(61,519)	(2,413)
	<u>152,334</u>	<u>239,376</u>

There were no factors that may affect future tax charge.

**13. DIVIDENDS**

	2021 £	2020 £
Dividends on ordinary shares – paid 7 <sup>th</sup> April 2021	295,396	383,125
Dividends on ordinary 'A' shares	<u>103,505</u>	<u>13,650</u>
	<u>398,901</u>	<u>396,775</u>

Dividends on ordinary 'A' shares were paid: £12,368 on 2<sup>nd</sup> August 2020, £17,312 on 24<sup>th</sup> August 2020, £23,574 on 21<sup>st</sup> January 2021 and £50,251 on 7<sup>th</sup> April 2021.

**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2021**

**14. TANGIBLE FIXED ASSETS**

	Fixtures & Fittings £	Office Equipment £	Total £
Cost			
At 1 August 2020	100,000	172,855	272,855
Additions	-	-	-
At 31 July 2021	<u>100,000</u>	<u>172,855</u>	<u>272,855</u>
Depreciation			
At 1 August 2020	8,333	23,775	32,108
Charge for the period	25,000	42,507	67,507
At 31 July 2021	<u>33,333</u>	<u>66,282</u>	<u>99,615</u>
<b>Net book values</b>			
At 31 July 2021	<u>66,667</u>	<u>106,573</u>	<u>173,240</u>
At 31 July 2020	<u>91,667</u>	<u>149,080</u>	<u>240,747</u>

Included in the above are assets held under hire purchase contracts with a net book value as at 31 July 2021 of £102,522 (31 July 2020 £140,968). Depreciation of £38,446 was charged on those assets in the year ended 31 July 2020 (Period ended 31 July 2020 £12,815).

**15. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
Cost	
At 1 August 2020	-
Additions	1
At 31 July 2021	<u>1</u>
<b>Net book values</b>	
At 31 July 2021	<u>1</u>
At 31 July 2020	<u>-</u>

During the year a new wholly owned subsidiary, Gemcom BV was incorporated in the Netherlands. Its registered address is: Burgemeester Passtoorsstraat 2, 4835KG Breda, Netherlands.

As at 31<sup>st</sup> July 2021 the net assets of the company were Eur €1 and no profit or loss was generated in the year. It is the intention of the directors that this subsidiary will commence trading after the year end. These accounts have not been consolidated into Gemcom Ltd as they are not considered material.

**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2021**

**16. STOCKS**

	2021 £	2020 £
Feedstuff for resale	<u>19,541,811</u>	<u>15,751,117</u>

Stock recognised in cost of sales during the year as an expense was £73,233,117 (2020 - £39,217,409).

**17. DEBTORS**

	2021 £	2020 £
Trade debtors	11,063,342	7,417,688
Amounts owed by group companies	6,663	-
Other debtors	396,724	1,029,818
Prepayments and accrued income	73,594	55,861
	<u>11,540,323</u>	<u>8,503,367</u>

In line with the company's accounting policy in Note 4p, a loan debtor balance of £nil (31 July 2020 - £550,000) attributable to the company's Employee Benefit Trust is included within other debtors above.

**18. CASH AND CASH EQUIVALENTS**

	2021 £	2020 £
Cash at bank and in hand	1,875,011	1,605,354
Less: bank overdrafts	<u>(58,193)</u>	<u>(151,993)</u>
	<u>1,816,818</u>	<u>1,453,361</u>

**19. CREDITORS: amounts falling due within one year**

	2021 £	2020 £
Bank overdrafts	58,193	151,993
Bank loans	11,586,531	7,313,545
Trade creditors	9,912,043	8,302,124
Other creditors	61,188	-
Hire purchase contracts and finance leases	62,058	70,173
Corporation tax payable	221,835	220,936
Invoice discounting	5,519,590	4,933,875
Accruals and deferred income	1,470,451	1,421,427
Financial instruments	188,903	261,611
	<u>29,080,792</u>	<u>22,675,684</u>

Bank loans and overdrafts are secured upon the assets of the company and a personal guarantee by a director. The proceeds of invoice discounting are secured on the trade debtor balances to which they relate. The hire purchase contracts and finance leases are secured on the assets to which they relate. Other creditors comprise of a settlement agreement with HMRC due within one year.

**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2021**

**20. CREDITORS: amounts falling due after more than one year**

	2021 £	2020 £
Other creditors	484,684	-
Hire purchase contracts and finance leases	<u>117,762</u>	<u>155,907</u>
	<u>602,446</u>	<u>155,907</u>

The hire purchase contracts and finance leases are secured on the assets to which they relate. Other creditors comprise of a settlement agreement with HMRC due after more than one year.

**21. FINANCIAL INSTRUMENTS**

	2021 £	2020 £
<b>Financial assets</b>		
Derivative financial instruments measured at fair value through profit or loss	-	-
Financial assets measured at amortised cost	<u>12,938,353</u>	<u>9,023,042</u>
	<u>12,938,353</u>	<u>9,023,042</u>

	2021 £	2020 £
<b>Financial liabilities</b>		
Derivative financial instruments measured at fair value through profit or loss	(188,903)	(261,611)
Financial liabilities measured at amortised cost	<u>(27,256,177)</u>	<u>(20,927,617)</u>
	<u>(27,445,080)</u>	<u>(21,189,228)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors (excluding VAT) and accrued income.

Financial liabilities measured at amortised cost comprise bank overdrafts, bank loans, trade creditors, proceeds of invoice discounting and accruals.



**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2021**

**22. PROVISIONS FOR LIABILITIES**

	2021 £	2020 £
<b>Deferred Taxation</b>		
Balance at 1 August 2020	28,099	1,924
Deferred taxation (credited)/charged to the Statement of Comprehensive Income for the year/period	<u>(8,202)</u>	<u>26,175</u>
Balance at 31 July 2021	<u>19,897</u>	<u>28,099</u>
	2021 £	2020 £
Accelerated capital allowances	19,897	28,099
	<u>19,897</u>	<u>28,099</u>

**23. CALLED UP SHARE CAPITAL**

	2021 £	2020 £
Allotted, called up and fully paid		
70,000 Ordinary shares of £1 each	70,000	70,000
773 Ordinary 'A' shares of £1 each	2,218	773
	<u>72,218</u>	<u>70,773</u>

During the year 1,445 Ordinary 'A' shares were issued at a price of £27.14 per share, contributing £26.14 per share to share premium.

Ordinary shares have full rights over voting and equity dividends and distributions. Ordinary "A" shares have full rights to equity dividends and distributions but restricted rights over voting, transfer or sale.

**24. RESERVES**

- Called up share capital - represents the nominal value of shares that have been issued.
- Share premium account - represents the premium paid by shareholders over the nominal value of the shares purchased.
- Share option reserve - represents the calculated charge associated with the grant of share options.
- Profit and loss account - includes all current and prior period retained profits and losses.

**GEMCOM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 JULY 2021**

**25. SHARE BASED PAYMENTS**

The company issues equity settled share-based payments in the form of Ordinary "A" shares to certain employees. Options are forfeited if the employee leaves the company before the options vest. The company has applied the requirements of section 26 of FRS102.

Details of these share options outstanding during the year are as follows :-

	2021 No of Share Options	Exercise Price £	2020 No of Share Options £	Exercise Price £
Outstanding				
At 1 August 2020	2,912		-	
Granted during the year	3,685	£27.14	3,685	£27.14
Exercised during the year	(1,445)		(773)	
At 31 July 2021	5,152		2,912	

The current year expense resulting from the share options is £25,000. The directors believe that the Black Scholes option pricing model is the most appropriate method for calculating the share option charges.

The model inputs were the share price at grant date of £33.00, exercise price of £27.14, expected volatility of 5%, expected dividends of £nil, exercise period of up to 9.5 years and a risk-free rate of 0.1%. The options vest at the date they are granted.

**26. PENSION COMMITMENTS**

The company operates defined contributions pension scheme. The assets of the schemes are held separately from those of the company by independently administered fund. The pension cost charge represents contributions payable by the company to the funds and amount to £95,461 (2019 - £47,029). At the balance sheet date an amount of £nil (2020 - £nil) was included within creditors.

**27. OPERATING LEASE COMMITMENTS**

At 31 July 2021 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
No later than 1 year	205,240	205,240
Between 2 and 5 years	278,767	484,007
	484,007	689,247

**28. RELATED PARTY TRANSACTIONS**

During the year G E Millar and H P Millar each received a dividend of £147,698 (2020 - £191,563), C D Brinkley received dividends totalling £103,504 (2020 - £13,650). At the balance sheet date G E Millar and H P Millar owed the company £188,060 (2020 - £295,396). Interest of £10,206 (2020 - £11,200) has been charged on the amount overdrawn during the year.

G E Millar has provided a personal guarantee of £1,000,000 (2020 - £1,000,000) against borrowings of the company.

Key management are considered to be the directors. Their remuneration is disclosed above.