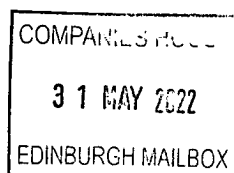


Company Registration No. SC098093 (Scotland)



**ABERDEEN & NORTHERN EGGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2021**



# **ABERDEEN & NORTHERN EGGS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Ethel Chapman Robert Chapman Iain Chapman
<b>Secretary</b>	Ethel Chapman
<b>Company number</b>	SC098093
<b>Registered office</b>	Anderson House 9/15 Frithside Street Fraserburgh Aberdeenshire AB43 5AR
<b>Auditor</b>	Johnston Carmichael LLP Bank House Seaforth Street Fraserburgh AB43 9BB

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# **ABERDEEN & NORTHERN EGGS LIMITED**

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# **ABERDEEN & NORTHERN EGGS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MAY 2021**

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The directors present the strategic report for the year ended 31 May 2021.

#### **Fair review of the business**

##### **Principal Activities and review of the business**

The principal activities of the company are agriculture and production and sale of eggs.

##### **Capital investment and significant changes**

During this financial year turnover is up. This is due to an improved egg market and increased sales due to Covid-19. We continue to invest in our business and over the past year we have spent £4.2M in improvements.

##### **Sales and Profit**

Turnover was up on last year by 27.3% from £21.10M to £26.86M, gross profit was up by 50.6% from £3.64M to £5.48M and profit before tax was up from £1.40M to £2.47M for the year ended 31st May 2021. The directors are pleased with the results for this year considering the uncertainty of the current economic climate. The retail market is still very competitive. Consumption of eggs however, continues to rise. This is positive for the industry and the company. It is hoped, that the strategy of keeping all aspects of rearing and production, along with distribution under the control of the company, will continue in keeping the business competitive.

##### **Balance Sheet**

The balance sheet is strong and continues to strengthen. With total equity of £20.41M compared to £18.70M in 2020. Most of the investments this year have been financed by using retained profits. Any future investments planned would be funded from a mix of the company's own resources, and bank loan/overdraft facility. During the year dividends of £31,578 were paid to the shareholders with 98% of the profit retained for reinvestment.

#### **Principal risks and uncertainties**

The company gives appropriate consideration to risk management, objectives and policies. The principal risks and uncertainties facing the company, and the directors' approach to mitigating them, are as follows:-

**1. Competitive pressure resulting in the potential loss of key customers to competitors**

One of the main risks to the business would be the loss of a major customer; to combat this we have continual two-way dialogue with our customers. We also maintain the highest production standards on site and provide first class customer service to all. We try not to become complacent and strive to improve at all times, as is evidenced by the continuing investment upgrade in plant and operating procedures.

**2. Outbreak of disease**

The ever present threat of an Avian Influenza outbreak, and subsequent restrictions would place the supply processes under severe pressure. This could pose a serious threat to our company and its day to day operations. The AI issue in Europe continues to be a concern with migrating birds carrying the disease across Northern Europe. As a company we must remain ever vigilant. Our supply chain of Scottish producers must also exercise a high level of bio-security so as not to put us and the supply chain at risk. The directors strictly follow all government guidance and advice to keep this risk to a minimum.

**3. Over supply to the market**

Sales volumes continue to increase and we as a company need to ensure that we have sufficient supply to meet these demands. The change over from Colony to Barn production may cause a disruption to the market as these sheds are decommissioned and replaced with either Barn or Free Range units. The directors need to monitor the supply and demand balance at all times, while still growing the number of birds to meet customer needs.

# **ABERDEEN & NORTHERN EGGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 2021**

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### **Environment**

Aberdeen & Northern Eggs recognises the importance of their environmental responsibilities, and as a company have already invested heavily in renewable energy as a means of cutting our carbon footprint. Wind Turbines, Solar Panels and Bio-mass boilers have all been part of helping to reduce energy costs. All of these measures demonstrate the positive steps being made to see an improvement in the environment, and use of sustainable energy. We also keep our fleet of lorries modern to ensure reduced fuel use and emissions.

As responsible Farmers we are involved in several Land Management Schemes on our farms, with hedge row planting, development of ponds and wildlife support, we farm the land with the environment in mind at all times.


### **Employees**

Wage costs during this financial year have increased, mainly due to an above inflation wage increase to all employees. Although the number of eggs packed has increased, staff numbers remain consistent, with the split of office staff, drivers and packing staff remaining similar. All members of staff are on or above the new minimum wage introduced in April 2020. The company continue to operate the Auto Enrolment pension scheme with the majority of staff enrolling in the scheme. Staff personnel remain very loyal, and staff retention is good and due to the hard work and diligence of the staff we managed to continue to service our customers orders and deliveries despite the COVID-19 restrictions of lockdown. We have 5 members of staff from EU countries, who have been employed with us for a considerable number of years and are very settled in the UK. They have applied for residency and therefore have a secure future.

### **COVID-19**

The coronavirus restrictions and lockdowns has had no impact on the demand for eggs however like other businesses the company has had to adopt appropriate procedures to minimise the potential for the virus to be brought into or transmitted within the business.

On behalf of the board



Robert Chapman  
Director

Date: 31/5/2022

# **ABERDEEN & NORTHERN EGGS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 MAY 2021**

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

### **Principal activities**

The principal activities of the company are agriculture and production and sale of eggs.

### **Results and dividends**

The results for the year are set out on page 9.

The company paid dividends totalling £31,578 (2020 - £33,332) in the year.

### **Directors**

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

Ethel Chapman  
Robert Chapman  
Iain Chapman

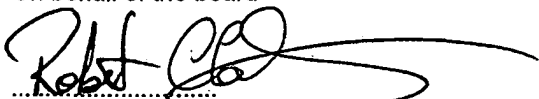
### **Auditor**

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Robert Chapman  
Director

Date: 31/5/2022

# **ABERDEEN & NORTHERN EGGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 MAY 2021**

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The directors are responsible for preparing the Strategic Report, 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 judgements and accounting estimates that are reasonable and prudent and;
- 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.

# **ABERDEEN & NORTHERN EGGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ABERDEEN & NORTHERN EGGS LIMITED**

---

#### **Opinion**

We have audited the financial statements of Aberdeen & Northern Eggs Limited (the 'company') for the year ended 31 May 2021 which comprise of a Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the notes to 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 31 May 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# **ABERDEEN & NORTHERN EGGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ABERDEEN & NORTHERN EGGS LIMITED**

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#### **Opinions 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 our 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 and 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor 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.

#### ***Extent to which the audit is considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

# **ABERDEEN & NORTHERN EGGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ABERDEEN & NORTHERN EGGS LIMITED**

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We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation
- Food safety regulations
- Animal welfare regulations

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns, external inspections and relevant correspondence with regulatory bodies.

We assessed the susceptibility of the company's financial statements to material misstatement, whether due to fraud or error, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing level and reasoning behind the company's procurement of legal and professional services; and
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

# **ABERDEEN & NORTHERN EGGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ABERDEEN & NORTHERN EGGS LIMITED**

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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.



**Graeme Fraser (Senior Statutory Auditor)**  
**For and on behalf of Johnston Carmichael LLP**

**Date: 31 May 2022**

**Chartered Accountants**  
**Statutory Auditor**

**Bank House**  
**Seaforth Street**  
**Fraserburgh**  
**AB43 9BB**

# **ABERDEEN & NORTHERN EGGS LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 MAY 2021**

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		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>3</b>	<b>26,857,670</b>	<b>21,103,380</b>
<b>Cost of sales</b>		<b>(21,377,712)</b>	<b>(17,466,212)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>5,479,958</b>	<b>3,637,168</b>
<b>Administrative expenses</b>		<b>(3,515,105)</b>	<b>(2,727,177)</b>
<b>Other operating income</b>		<b>441,704</b>	<b>490,189</b>
		<hr/>	<hr/>
<b>Operating profit</b>	<b>4</b>	<b>2,406,557</b>	<b>1,400,180</b>
<b>Income from participating interests</b>	<b>7</b>	<b>177,787</b>	<b>99,354</b>
<b>Other interest receivable and similar income</b>	<b>7</b>	<b>341</b>	<b>2,993</b>
<b>Interest payable and similar expenses</b>	<b>8</b>	<b>(109,538)</b>	<b>(103,873)</b>
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>2,475,147</b>	<b>1,398,654</b>
<b>Tax on profit</b>	<b>9</b>	<b>(724,706)</b>	<b>(155,352)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>1,750,441</b>	<b>1,243,302</b>
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

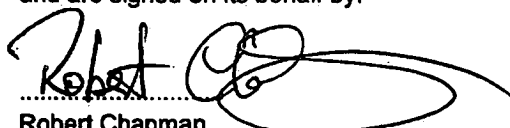
# ABERDEEN & NORTHERN EGGS LIMITED

## BALANCE SHEET

AS AT 31 MAY 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	10	24,483,340		23,259,875	
Investments	11	363,379		303,092	
		<u>24,846,719</u>		<u>23,562,967</u>	
<b>Current assets</b>					
Stocks	14	1,687,750		914,016	
Biological assets	16	899,196		990,983	
Debtors	15	2,836,974		3,396,536	
Cash at bank and in hand		1,908,348		910,973	
		<u>7,332,268</u>		<u>6,212,508</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(3,648,892)</u>		<u>(3,254,209)</u>	
<b>Net current assets</b>		<u>3,683,376</u>		<u>2,958,299</u>	
<b>Total assets less current liabilities</b>		<u>28,530,095</u>		<u>26,521,266</u>	
<b>Creditors: amounts falling due after more than one year</b>	20	(5,466,192)		(5,275,970)	
<b>Provisions for liabilities</b>		(926,213)		(588,125)	
<b>Deferred income</b>	23	<u>(1,722,352)</u>		<u>(1,960,696)</u>	
<b>Net assets</b>		<u><u>20,415,338</u></u>		<u><u>18,696,475</u></u>	
<b>Capital and reserves</b>					
Called up share capital	24	50,000		50,000	
Profit and loss reserves		20,365,338		18,646,475	
<b>Total equity</b>		<u><u>20,415,338</u></u>		<u><u>18,696,475</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 31 May 2022 and are signed on its behalf by:

  
 Robert Chapman  
 Director

Company Registration No. SC098093

# **ABERDEEN & NORTHERN EGGS LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 MAY 2021**

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	<b>Share capital</b>	<b>Profit and loss reserves</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 June 2019</b>	50,000	17,436,505	17,486,505
<b>Year ended 31 May 2020:</b>			
Profit and total comprehensive income for the year	-	1,243,302	1,243,302
Dividends	-	(33,332)	(33,332)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 May 2020</b>	50,000	18,646,475	18,696,475
<b>Year ended 31 May 2021:</b>			
Profit and total comprehensive income for the year	-	1,750,441	1,750,441
Dividends	-	(31,578)	(31,578)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 May 2021</b>	50,000	20,365,338	20,415,338

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# ABERDEEN & NORTHERN EGGS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	31	4,081,828		3,597,140	
Interest paid		(109,538)		(103,873)	
Income taxes paid		(5,758)		(255,965)	
<b>Net cash inflow from operating activities</b>		<b>3,966,532</b>		<b>3,237,302</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(3,163,656)		(5,991,550)	
Proceeds on disposal of tangible fixed assets		848,092		358,034	
Drawings received from joint ventures		117,500		115,000	
Interest received		341		2,993	
<b>Net cash used in investing activities</b>		<b>(2,197,723)</b>		<b>(5,515,523)</b>	
<b>Financing activities</b>					
Proceeds from borrowings		-		403,600	
Repayment of borrowings		(204,801)		(174,021)	
Proceeds of new bank loans		-		1,700,000	
Repayment of bank loans		(237,607)		(180,113)	
Proceeds of grants		-		114,418	
Payment of finance leases obligations		(297,448)		(217,339)	
Dividends paid		(31,578)		(33,332)	
<b>Net cash (used in)/generated from financing activities</b>		<b>(771,434)</b>		<b>1,613,213</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>997,375</b>		<b>(665,008)</b>	
Cash and cash equivalents at beginning of year		910,973		1,575,981	
<b>Cash and cash equivalents at end of year</b>		<b>1,908,348</b>		<b>910,973</b>	

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2021

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### 1 Accounting policies

#### Company information

Aberdeen & Northern Eggs Limited is a private company limited by shares incorporated in Scotland. The registered office is Anderson House, 9/15 Frithside Street, Fraserburgh, Aberdeenshire, AB43 5AR and the business address is West Cockmuir, Strichen, Fraserburgh, AB43 6RQ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The coronavirus restrictions and lockdowns has had no impact on the demand for eggs however like other businesses the company has had to adopt appropriate procedures to minimise the potential for the virus to be brought into or transmitted within the business.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company's bank facilities are due to be renewed in September 2022 and as the company is compliant with all covenants there is no reason to believe these will not be renewed on a similar basis. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts. Turnover is recognised at the point of dispatch.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on delivery of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	- nil and 4% straight line
Plant and machinery	- 5% straight line and 10% and 20% reducing balance
Fixtures, fittings and equipment	- 20% reducing balance
Motor vehicles	- 20% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.



# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

---

### 1 Accounting policies

(Continued)

The directors consider it inappropriate to depreciate land as the market value of the land exceeds the cost per the accounts.

#### 1.5 Fixed asset investments

Interests in jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Bird stock is valued at cost and depreciated over its expected useful life and chick stock is valued at cost.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction costs.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2021

#### 1 Accounting policies

(Continued)

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

# **ABERDEEN & NORTHERN EGGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 2021**

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### **1 Accounting policies**

**(Continued)**

#### **1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### **1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Leases**

Assets obtained under hire purchase contracts are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

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### 1 Accounting policies

(Continued)

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants are recognised in accordance with the accruals model. Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 1.17 Biological assets

Biological assets represent laying poultry and are classified as current assets as their remaining useful economic life is less than 12 months from the date of the accounts.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### *Useful lives and depreciation of fixed assets (note 10)*

Depreciation rates are based on the estimated useful lives of assets, which is a judgement exercised by management taking into account actual experience.

#### *Bird stock valuation (note 16)*

The number of birds at the year end is calculated by looking at the age of the birds at the year end taking into account typical mortality rates. The value of bird stock is calculated by taking the purchase price of a bird and the cost of its feed.

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

### 3 Turnover and other revenue

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

	2021 £	2020 £
Turnover analysed by class of business		
Egg sales	24,192,356	18,764,836
Other sales	2,144,260	1,691,634
Electricity sales	318,228	433,952
Renewable heat incentive	202,826	212,958
	<u>26,857,670</u>	<u>21,103,380</u>

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	<u>26,857,670</u>	<u>21,103,380</u>

	2021 £	2020 £
Other significant revenue		
Interest income	341	2,993
Grants released	238,344	386,988
Rental income arising from investment properties	33,017	27,202
Sundry income	<u>171,384</u>	<u>75,999</u>

### 4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(2,017)	(11,059)
Government grants released	(238,344)	(386,988)
Fees payable to the company's auditor for the audit of the company's financial statements	16,000	13,350
Depreciation of owned tangible fixed assets	1,859,414	1,519,417
Depreciation of tangible fixed assets held under finance leases	294,542	150,075
Profit on disposal of tangible fixed assets	(77,557)	(172,752)
Operating lease charges	<u>75,505</u>	<u>116,037</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £2,017 (2020 - £11,059).

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

### 5 Employees

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

	<b>2021 Number</b>	<b>2020 Number</b>
Directors and management	4	4
Office staff	6	6
Drivers	6	6
Labourers	38	32
Total	<u>54</u>	<u>48</u>

Their aggregate remuneration comprised:

	<b>2021 £</b>	<b>2020 £</b>
Wages and salaries	1,414,205	1,075,154
Social security costs	106,973	90,354
Pension costs	25,579	17,626
	<u>1,546,757</u>	<u>1,183,134</u>

### 6 Directors' remuneration

	<b>2021 £</b>	<b>2020 £</b>
Remuneration for qualifying services	<u>18,000</u>	<u>18,000</u>

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

### 7 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	311	2,028
Other interest income	30	965
<b>Total interest revenue</b>	<b>341</b>	<b>2,993</b>
<b>Income from fixed asset investments</b>		
Income from participating interests - joint ventures	177,787	99,354
<b>Total income</b>	<b>178,128</b>	<b>102,347</b>
Disclosed on the profit and loss account as follows:		
Income from participating interests	177,787	99,354
Other interest receivable and similar income	341	2,993
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	311	2,028

### 8 Interest payable and similar expenses

	2021 £	2020 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	93,103	96,475
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	16,435	7,398
	<b>109,538</b>	<b>103,873</b>

### 9 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	386,230	88,534
Adjustments in respect of prior periods	388	(99,307)
<b>Total current tax</b>	<b>386,618</b>	<b>(10,773)</b>

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

### 9 Taxation

(Continued)

	2021 £	2020 £
<b>Current tax</b>		
<b>Deferred tax</b>		
Origination and reversal of timing differences	135,014	167,755
Changes in tax rates	189,888	44,249
Adjustment in respect of prior periods	13,186	(45,879)
<b>Total deferred tax</b>	<b>338,088</b>	<b>166,125</b>
<b>Total tax charge</b>	<b>724,706</b>	<b>155,352</b>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
<b>Profit before taxation</b>	<b>2,475,147</b>	<b>1,398,654</b>
<b>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)</b>	<b>470,278</b>	<b>265,744</b>
Tax effect of expenses that are not deductible in determining taxable profit	17,621	11,993
Tax effect of income not taxable in determining taxable profit	(33,780)	(12,401)
Adjustments in respect of prior years	387	-
Depreciation on assets not qualifying for tax allowances	36,450	37,577
Under/(over) provided in prior years	-	(109,731)
Deferred tax adjustments in respect of prior years	13,186	(45,879)
Other tax adjustments	(1,727)	8,049
Remeasurement of deferred tax for changes in tax rates	222,291	-
<b>Taxation charge for the year</b>	<b>724,706</b>	<b>155,352</b>



# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

### 10 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 June 2020	17,087,869	14,201,918	38,229	1,066,516	32,394,532
Additions	1,436,237	2,444,577	-	267,142	4,147,956
Disposals	(697,872)	(114,000)	-	(52,850)	(864,722)
At 31 May 2021	17,826,234	16,532,495	38,229	1,280,808	35,677,766
<b>Depreciation and impairment</b>					
At 1 June 2020	1,785,988	6,793,180	34,478	521,011	9,134,657
Depreciation charged in the year	329,813	1,698,629	826	124,688	2,153,956
Eliminated in respect of disposals	-	(63,714)	-	(30,473)	(94,187)
At 31 May 2021	2,115,801	8,428,095	35,304	615,226	11,194,426
<b>Carrying amount</b>					
At 31 May 2021	15,710,433	8,104,400	2,925	665,582	24,483,340
At 31 May 2020	15,301,881	7,408,738	3,751	545,505	23,259,875

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Plant and machinery	1,352,886	1,078,525
Motor vehicles	281,860	275,025
	<u>1,634,746</u>	<u>1,353,550</u>

Freehold land and buildings with a carrying amount of £7,962,200(2020 - £7,012,890) have been pledged to secure borrowings of the company.

Standard security has been given in relation to an area of land and a related access right.

The net obligations under hire purchase contracts are secured over the related assets.

The book value of land not depreciated is £9,105,077 (2020 - £9,427,820).

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

### 11 Fixed asset investments

	Notes	2021 £	2020 £
Investments in joint ventures	12	363,224	302,937
Unlisted investments		155	155
		<u>363,379</u>	<u>303,092</u>

#### Movements in fixed asset investments

	Shares in participating interests £	Other investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 June 2020	302,937	155	303,092
Share of profit	177,787	-	177,787
Drawings	(117,500)	-	(117,500)
At 31 May 2021	<u>363,224</u>	<u>155</u>	<u>363,379</u>
<b>Carrying amount</b>			
At 31 May 2021	<u>363,224</u>	<u>155</u>	<u>363,379</u>
At 31 May 2020	<u>302,937</u>	<u>155</u>	<u>303,092</u>

### 12 Joint ventures

Details of the company's joint ventures at 31 May 2021 are as follows:

Name of undertaking	Registered office	Interest held	% Held Direct
R & R Renewables LLP	Scotland	Ordinary	50.00

R & R Renewables LLP is active in the energy market, generating electricity from wind turbine operations.

### 13 Financial instruments

	2021 £	2020 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	2,634,595	3,524,567
Equity instruments measured at cost less impairment	<u>155</u>	<u>155</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>8,699,511</u>	<u>8,419,392</u>

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

### 14 Stocks

	2021 £	2020 £
Raw materials and consumables	1,335,819	842,063
Finished goods and goods for resale	351,931	71,953
	<u>1,687,750</u>	<u>914,016</u>

### 15 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,368,500	2,502,872
Corporation tax recoverable	17,495	100,272
Other debtors	420,900	779,779
Prepayments and accrued income	30,079	13,613
	<u>2,836,974</u>	<u>3,396,536</u>

Within the 2020 comparative figures, £480,451 has been re-classified as biological assets rather than other debtors, to consistently reflect the substance of the related assets.

### 16 Biological assets

	Laying poultry £
<b>Carrying amount at 31 May 2021 classified as:</b>	
Current assets	899,196
	<u>899,196</u>
<b>Carrying amount at 31 May 2020 classified as:</b>	
Current assets	990,983
	<u>990,983</u>

Within the 2020 comparative figures, £480,451 has been re-classified as biological assets rather than other debtors, to consistently reflect the substance of the related assets."

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

### 17 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	18	284,138	251,575
Obligations under finance leases	19	263,724	243,199
Other borrowings	18	206,106	204,972
Trade creditors		2,281,754	2,304,679
Corporation tax		386,617	88,534
Other taxation and social security		28,956	22,253
Other creditors		30,000	30,000
Accruals and deferred income		167,597	108,997
		<u>3,648,892</u>	<u>3,254,209</u>

### 18 Loans and overdrafts

	2021 £	2020 £
Bank loans	3,509,008	3,746,615
Other loans	1,270,482	1,475,283
	<u>4,779,490</u>	<u>5,221,898</u>
Payable within one year	490,244	456,547
Payable after one year	<u>4,289,246</u>	<u>4,765,351</u>

The bank loans are secured by standard securities over the land and freehold properties.

The other loan is secured over land and freehold properties belonging to the directors.

Nine loans are repayable by monthly instalments of £33,013 and mature in the period from August 2023 to September 2033.

Three loans are repayable in quarterly instalments of £47,018 and mature in the period from October 2022 to November 2034.

All interest rates are charged between 1.3% and 2.8%.

### 19 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	263,724	263,724
In two to five years	1,176,946	490,094
	<u>1,440,670</u>	<u>753,818</u>

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

### 19 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is one year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 20 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans	18	3,224,870	3,495,040
Obligations under finance leases	19	1,176,946	510,619
Other borrowings	18	1,064,376	1,270,311
		<u>5,466,192</u>	<u>5,275,970</u>

### 21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	<u>926,213</u>	<u>588,125</u>

### 22 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>25,579</u>	<u>17,626</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

### 23 Deferred income

	2021 £	2020 £
Arising from government grants	1,722,352	1,960,696
	<u>1,722,352</u>	<u>1,960,696</u>

While there are certain conditions under which these grants would need to be repaid by the company, these conditions have not occurred.

### 24 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

### 25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	-	270,767
	<u>-</u>	<u>270,767</u>

### 26 Directors' transactions

Dividends totalling £31,578 (2020 - £33,332) were paid in the year in respect of shares held by the company's directors.

### 27 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	18,000	18,000
	<u>18,000</u>	<u>18,000</u>

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

### 27 Related party transactions

(Continued)

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2021	2020	2021	2020
	£	£	£	£
Entities in which the directors have joint control	-	-	630,800	364,195
Key management personnel	-	402,836	136,558	-
	<u>-</u>	<u>402,836</u>	<u>767,358</u>	<u>364,195</u>
	<u>-</u>	<u>402,836</u>	<u>767,358</u>	<u>364,195</u>

	Other income received		Other expenses paid	
	2021	2020	2021	2020
	£	£	£	£
Entities in which the directors have joint control	40,000	40,000	-	-
Key management personnel	13,560	13,560	687	8,887
	<u>53,560</u>	<u>53,560</u>	<u>687</u>	<u>8,887</u>
	<u>53,560</u>	<u>53,560</u>	<u>687</u>	<u>8,887</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2021	2020
	£	£
Key management personnel	30,000	30,000
	<u>30,000</u>	<u>30,000</u>
	<u>30,000</u>	<u>30,000</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2021	2020
	£	£
Entities in which the directors have joint control	171,254	360,821
	<u>171,254</u>	<u>360,821</u>
	<u>171,254</u>	<u>360,821</u>

# ABERDEEN & NORTHERN EGGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

### 27 Related party transactions

(Continued)

Loans totalling £1,270,482 (2020 - £1,475,283) are secured by land which belongs to the directors personally.

### 28 Ultimate controlling party

The company is controlled by the directors who own 100% of the company's ordinary share capital.

### 29 Reserves

The profit and loss reserve represents the cumulative profit and losses, net of dividends and any other adjustments.

### 30 Analysis of changes in net debt

	1 June 2020	Cash flows	New finance leases	31 May 2021
	£	£	£	£
Cash at bank and in hand	910,973	997,375	-	1,908,348
Borrowings excluding overdrafts	(5,221,898)	442,408	-	(4,779,490)
Obligations under finance leases	(753,818)	297,448	(984,300)	(1,440,670)
	<u>(5,064,743)</u>	<u>1,737,231</u>	<u>(984,300)</u>	<u>(4,311,812)</u>

### 31 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	1,750,441	1,243,302
<b>Adjustments for:</b>		
Taxation charged	724,706	155,352
Finance costs	109,538	103,873
Investment income	(178,128)	(102,347)
Gain on disposal of tangible fixed assets	(77,557)	(172,752)
Depreciation and impairment of tangible fixed assets	2,153,956	1,669,492
Release of grant income	(238,344)	(386,988)
<b>Movements in working capital:</b>		
Increase in stocks	(681,947)	(309,187)
Decrease in debtors	476,785	469,816
Increase in creditors	42,378	926,579
<b>Cash generated from operations</b>	<u>4,081,828</u>	<u>3,597,140</u>