

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022
FOR
ABERDEEN & NORTHERN EGGS LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to the Cash Flow Statement	14
Notes to the Financial Statements	15

ABERDEEN & NORTHERN EGGS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2022**

DIRECTORS:

R B Chapman
Mrs E M Chapman
I R Chapman

SECRETARY:

Mrs E M Chapman

REGISTERED OFFICE:

Anderson House
9-15 Frithside Street
Fraserburgh
Aberdeenshire
AB43 9AR

REGISTERED NUMBER:

SC098093 (Scotland)

AUDITORS:

Leiper & Summers
Registered Auditors
4 Charlotte Street
Fraserburgh
Aberdeenshire
AB43 9JE

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2022**

The directors present their strategic report for the year ended 31 May 2022.

REVIEW OF BUSINESS

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

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 are pleased that we have been able to secure a long term contract with one of the major discounters for solus supply to Scotland. 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 year has seen a higher number of outbreaks in the UK with the outbreaks spread across all 4 nations. The company suffered an outbreak in March 2022 but managed to contain it to one shed although other poultry on the same farm was deemed close contact units and were therefore culled also. We were placed under 3km restrictions and after primary and secondary C & D the restrictions were eventually lifted after a period of 42 days. Company staff and associated supplier businesses coped admirably with the restrictions and we continued to operate on a day to day basis. The AI issue in Europe continues to be a concern with migrating birds carrying the disease across Northern Europe. Our biggest threat is from migrating geese and swans and across the country there has been a large number of wild birds and raptors succumbed to the disease. As a company we must remain ever vigilant, keeping our bio-security at the highest level. 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. Supply to the market

Sales orders continue to increase and we as a company need to ensure that we have sufficient supply to meet these demands. The conversion of the second Barn unit from a Colony house is complete and housed in May 2022. Barn sales have been very strong, and we will now be able to supply more as the 2nd shed is stocked. Colony sales haven't been impacted greatly. It appears that there is a place for both in the meantime. The directors need to monitor the supply and demand balance at all times, and this applies to all production types, while still growing the number of birds required to meet customer needs.

CAPITAL INVESTMENT AND SIGNIFICANT CHANGES

We continue to invest in our business and over the past year we have spent £5.85M in improvements and further expansion in production with a new 32,000 bird unit completed Summer 2021 and another nearing completion late Spring 2022. Additional storage space in the packing centre was completed Autumn 2021.

SALES AND PROFIT

Turnover was up on last year by 7.7% from £26.5M to £28.6M, gross profit was down from £5.479M to £4.87M and profit before tax was down slightly from £2.475M to £2.263M for the year ended 31st May 2022.

The directors are pleased with the results for this year considering the continued uncertainty of the current economic climate and shortages on the general egg market due to lack of new investment and poor production returns within the industry. The retail market is still competitive. Consumption and sales of eggs within our customer base continues to rise. This is positive for the company. The strategy of keeping all aspects of rearing and production, along with distribution under the control of the company, will continue to keep the business competitive.

BALANCE SHEET

The balance sheet is strong and continues to strengthen. With total equity of £22.63M compared to £20.41M in 2021. 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.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2022**

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. More Solar panels have been recently fitted or are due to be fitted to some of the henhouses helping to further cut our carbon footprint. 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 and trailers up to date. We try to ensure optimum use of double deck trailers at all times thus reducing fuel usage, food miles and emissions.

As responsible farmers we are involved in several Land Management Schemes on our farms, with trees and 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 are slightly up and our investment in automation within the pack house means we have been able to control costs. 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 2022. The company continue to operate the Auto Enrolment pension scheme with the majority of staff enrolling in the scheme.

Key members of staff remain very loyal, and although staff recruitment and retention was challenging last year, staff retention is good and we have to thank all our staff for the hard work and diligence, which has enabled us to continue to service our customers orders and deliveries despite some covid-19 restrictions still ongoing. We still have a few 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 all gained their residency and therefore have a secure future.

ON BEHALF OF THE BOARD:

R B Chapman - Director

25 May 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2022**

The directors present their report with the financial statements of the company for the year ended 31 May 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of agriculture and production of eggs.

DIVIDENDS

An interim dividend of 0.11 per share was paid on 5 April 2022. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 May 2022 will be £ 5,263 .

DIRECTORS

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

R B Chapman
Mrs E M Chapman
I R Chapman

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2022**

AUDITORS

Leiper & Summers were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they are re-appointed will be put at a General Meeting,

ON BEHALF OF THE BOARD:

R B Chapman - Director

25 May 2023

REPORT OF THE INDEPENDENT AUDITORS 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 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ABERDEEN & NORTHERN EGGS LIMITED**

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ABERDEEN & NORTHERN EGGS LIMITED

Auditors' responsibilities for the audit of the financial statements

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

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ABERDEEN & NORTHERN EGGS LIMITED**

Use of our report

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

Susan M Hepburn CA ATT (Senior Statutory Auditor)
for and on behalf of Leiper & Summers
Registered Auditors
4 Charlotte Street
Frascriburgh
Aberdeenshire
AB43 9JE

25 May 2023

**STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 MAY 2022**

	Notes	2022 £	£	2021 £	£
TURNOVER	4		28,560,809		26,524,544
Cost of sales			<u>23,686,614</u>		<u>21,044,586</u>
GROSS PROFIT			4,874,195		5,479,958
Administrative expenses			<u>3,721,612</u>		<u>3,515,105</u>
			1,152,583		1,964,853
Other operating income			<u>1,119,754</u>		<u>441,704</u>
OPERATING PROFIT	6		2,272,337		2,406,557
Income from participating interests		106,005		177,787	
Interest receivable and similar income	7	<u>589</u>		<u>341</u>	
			106,594		178,128
			2,378,931		2,584,685
Interest payable and similar expenses	8		<u>116,287</u>		<u>109,538</u>
PROFIT BEFORE TAXATION			2,262,644		2,475,147
Tax on profit	9		<u>37,744</u>		<u>724,706</u>
PROFIT FOR THE FINANCIAL YEAR			2,224,900		1,750,441
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u>2,224,900</u>		<u>1,750,441</u>

The notes form part of these financial statements

BALANCE SHEET
31 MAY 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	12		28,002,548		24,483,340
Investments	13		<u>334,384</u>		<u>363,379</u>
			28,336,932		24,846,719
CURRENT ASSETS					
Stocks	14	2,257,855		1,687,750	
Debtors	15	3,591,052		2,836,974	
Biological assets	16	815,801		899,196	
Cash at bank		<u>644,991</u>		<u>1,908,348</u>	
		7,309,699		7,332,268	
CREDITORS					
Amounts falling due within one year	17	<u>5,035,185</u>		<u>3,648,892</u>	
NET CURRENT ASSETS			<u>2,274,514</u>		<u>3,683,376</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			30,611,446		28,530,095
CREDITORS					
Amounts falling due after more than one year	18		(5,431,539)		(5,466,192)
PROVISIONS FOR LIABILITIES	22		(1,040,394)		(926,213)
DEFERRED INCOME	23		<u>(1,504,538)</u>		<u>(1,722,352)</u>
NET ASSETS			<u>22,634,975</u>		<u>20,415,338</u>
CAPITAL AND RESERVES					
Called up share capital	24		50,000		50,000
Retained earnings	25		<u>22,584,975</u>		<u>20,365,338</u>
SHAREHOLDERS' FUNDS			<u>22,634,975</u>		<u>20,415,338</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2023 and were signed on its behalf by:

R B Chapman - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 June 2020	50,000	18,646,475	18,696,475
Changes in equity			
Dividends	-	(31,578)	(31,578)
Total comprehensive income	-	1,750,441	1,750,441
Balance at 31 May 2021	<u>50,000</u>	<u>20,365,338</u>	<u>20,415,338</u>
Changes in equity			
Dividends	-	(5,263)	(5,263)
Total comprehensive income	-	2,224,900	2,224,900
Balance at 31 May 2022	<u>50,000</u>	<u>22,584,975</u>	<u>22,634,975</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	4,529,931	4,081,828
Interest paid		(94,201)	(93,103)
Interest element of hire purchase payments paid		(22,086)	(16,435)
Tax paid		(442,987)	(5,758)
Net cash from operating activities		<u>3,970,657</u>	<u>3,966,532</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(5,853,062)	(3,163,656)
Sale of tangible fixed assets		111,300	848,092
Sale of fixed asset investments		135,000	117,500
Interest received		589	341
Net cash from investing activities		<u>(5,606,173)</u>	<u>(2,197,723)</u>
Cash flows from financing activities			
New loans in year		346,700	-
Loan repayments in year		(522,736)	(442,408)
New hire purchase in year		1,187,097	-
Capital repayments in year		(633,639)	(297,448)
Equity dividends paid		(5,263)	(31,578)
Net cash from financing activities		<u>372,159</u>	<u>(771,434)</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,263,357)</u>	<u>997,375</u>
Cash and cash equivalents at beginning of year	2	1,908,348	910,973
Cash and cash equivalents at end of year	2	<u>644,991</u>	<u>1,908,348</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2022**

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

	2022	2021
	£	£
Profit before taxation	2,262,644	2,475,147
Depreciation charges	2,207,112	2,153,956
Loss/(profit) on disposal of fixed assets	15,442	(77,557)
Government grants	(200,857)	(238,344)
Finance costs	116,287	109,538
Finance income	<u>(106,594)</u>	<u>(178,128)</u>
	4,294,034	4,244,612
Increase in stocks	(486,711)	(681,947)
(Increase)/decrease in trade and other debtors	(621,272)	476,785
Increase in trade and other creditors	<u>1,343,880</u>	<u>42,378</u>
Cash generated from operations	<u><u>4,529,931</u></u>	<u><u>4,081,828</u></u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 May 2022

	31.5.22	1.6.21
	£	£
Cash and cash equivalents	<u>644,991</u>	<u>1,908,348</u>

Year ended 31 May 2021

	31.5.21	1.6.20
	£	£
Cash and cash equivalents	<u>1,908,348</u>	<u>910,973</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.6.21	Cash flow	At 31.5.22
	£	£	£
Net cash			
Cash at bank	<u>1,908,348</u>	<u>(1,263,357)</u>	644,991
	<u>1,908,348</u>	<u>(1,263,357)</u>	644,991
Debt			
Finance leases	(1,440,670)	(553,459)	(1,994,129)
Debts falling due within 1 year	(490,244)	(25,004)	(515,248)
Debts falling due after 1 year	<u>(4,289,246)</u>	<u>201,043</u>	<u>(4,088,203)</u>
	<u>(6,220,160)</u>	<u>(377,420)</u>	<u>(6,597,580)</u>
Total	<u><u>(4,311,812)</u></u>	<u><u>(1,640,777)</u></u>	<u><u>(5,952,589)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

1. STATUTORY INFORMATION

Aberdeen & Northern Eggs Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

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 £.

Going concern

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. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Significant judgements and estimates

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

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

Bird stock valuation

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- nil and 4% straight line
Plant and machinery	- 5% straight line & 10% and 20% reducing
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 20% on reducing balance

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

Impairment of fixed assets

At each reporting period on 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).

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

3. ACCOUNTING POLICIES - continued

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.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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.

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, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

3. ACCOUNTING POLICIES - continued

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. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

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.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

3. ACCOUNTING POLICIES - continued

Foreign currencies

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income under operating leases are recognised on a straight line basis over the term of the 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.

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.

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.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

4. TURNOVER

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

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

	2022	2021
	£	£
Egg sales	26,113,916	24,192,356
Other sales	1,884,765	1,811,134
Electricity sales	386,579	318,228
Renewable heat incentive	175,549	202,826
	<u>28,560,809</u>	<u>26,524,544</u>

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	28,560,809	26,524,544
	<u>28,560,809</u>	<u>26,524,544</u>

5. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	1,478,173	1,414,205
Social security costs	126,245	106,973
Other pension costs	23,760	25,579
	<u>1,628,178</u>	<u>1,546,757</u>

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

	2022	2021
Directors and management	4	4
Office staff	8	6
Drivers	6	6
Labourers	<u>43</u>	<u>38</u>
	<u>61</u>	<u>54</u>

	2022	2021
	£	£
Directors' remuneration	<u>18,000</u>	<u>18,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

6. OPERATING PROFIT

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

	2022	2021
	£	£
Hire of plant and machinery	68,320	75,505
Depreciation - owned assets	1,719,378	1,859,414
Depreciation - assets on hire purchase contracts	487,734	294,542
Loss/(profit) on disposal of fixed assets	15,442	(77,557)
Auditors' remuneration	18,150	25,625
Foreign exchange differences	<u>865</u>	<u>(2,017)</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£	£
Bank account interest	107	311
Interest received	<u>482</u>	<u>30</u>
	<u>589</u>	<u>341</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest	94,201	93,103
Hire purchase	<u>22,086</u>	<u>16,435</u>
	<u>116,287</u>	<u>109,538</u>

9. TAXATION

Analysis of the tax charge

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

	2022	2021
	£	£
Current tax:		
UK corporation tax	-	386,230
Corporation tax - prior year	<u>(76,437)</u>	<u>388</u>
Total current tax	<u>(76,437)</u>	<u>386,618</u>
Deferred tax	<u>114,181</u>	<u>338,088</u>
Tax on profit	<u>37,744</u>	<u>724,706</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

9. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss

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

	2022 £	2021 £
Profit before tax	<u>2,262,644</u>	<u>2,475,147</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	429,902	470,278
Effects of:		
Expenses not deductible for tax purposes	268	17,621
Income not taxable for tax purposes	(38,163)	(33,780)
Capital allowances in excess of depreciation	(486,438)	-
Depreciation in excess of capital allowances	-	36,450
Utilisation of tax losses	93,396	-
Adjustments to tax charge in respect of previous periods	(76,437)	387
Income taxable	1,035	-
Deferred tax charge	114,181	-
Deferred tax adjustments in respect of prior years	-	13,186
Other tax adjustments	-	(1,727)
Remeasurement of deferred tax for changes in tax rates	-	<u>222,291</u>
Total tax charge	<u>37,744</u>	<u>724,706</u>

10. **DIVIDENDS**

	2022 £	2021 £
Ordinary shares shares of 1 each		
Interim	<u>5,263</u>	<u>31,578</u>

11. **PRIOR YEAR ADJUSTMENT**

The accounts have been restated to reclassify closing stock of £333,126 from Turnover to Cost of Sales.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

12. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 June 2021	17,826,234	16,532,495	38,229	1,280,808	35,677,766
Additions	3,110,330	2,499,752	-	242,980	5,853,062
Disposals	(43,950)	(231,323)	-	(156,280)	(431,553)
At 31 May 2022	20,892,614	18,800,924	38,229	1,367,508	41,099,275
DEPRECIATION					
At 1 June 2021	2,115,801	8,428,095	35,304	615,226	11,194,426
Charge for year	382,821	1,671,240	600	152,451	2,207,112
Eliminated on disposal	-	(182,662)	-	(122,149)	(304,811)
At 31 May 2022	2,498,622	9,916,673	35,904	645,528	13,096,727
NET BOOK VALUE					
At 31 May 2022	18,393,992	8,884,251	2,325	721,980	28,002,548
At 31 May 2021	15,710,433	8,104,400	2,925	665,582	24,483,340

Freehold land and buildings with a carrying amount of £8,143,680 (2021 - £7,962,200) 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 £9,314,396 (2021 - £9,105,077).

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 June 2021	2,078,050	413,415	2,491,465
Additions	475,819	205,730	681,549
Transfer to ownership	-	(94,800)	(94,800)
At 31 May 2022	2,553,869	524,345	3,078,214
DEPRECIATION			
At 1 June 2021	173,090	71,332	244,422
Charge for year	417,130	70,604	487,734
Transfer to ownership	-	(37,162)	(37,162)
At 31 May 2022	590,220	104,774	694,994
NET BOOK VALUE			
At 31 May 2022	1,963,649	419,571	2,383,220
At 31 May 2021	1,904,960	342,083	2,247,043

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

13. **FIXED ASSET INVESTMENTS**

	Interest in joint venture £	Unlisted investments £	Totals £
COST			
At 1 June 2021	363,224	155	363,379
Disposals	(135,000)	-	(135,000)
Share of profit/(loss)	106,005	-	106,005
At 31 May 2022	<u>334,229</u>	<u>155</u>	<u>334,384</u>
NET BOOK VALUE			
At 31 May 2022	<u>334,229</u>	<u>155</u>	<u>334,384</u>
At 31 May 2021	<u>363,224</u>	<u>155</u>	<u>363,379</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Joint venture

R & R Renewables LLP

Registered office: inside United Kingdom

Nature of business: energy market

	% holding
Class of shares:	
Ordinary	50.00

14. **STOCKS**

	2022 £	2021 £
Raw materials	2,009,481	1,335,819
Finished goods	<u>248,374</u>	<u>351,931</u>
	<u>2,257,855</u>	<u>1,687,750</u>

15. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Trade debtors	2,694,775	2,368,500
Other debtors	522,740	266,095
Tax	150,302	17,495
VAT	203,280	154,805
Prepayments and accrued income	<u>19,955</u>	<u>30,079</u>
	<u>3,591,052</u>	<u>2,836,974</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

16. BIOLOGICAL ASSETS

	Laying poultry £
Carrying amount at 31 May 2022 classified as:	
Current assets	<u>815,801</u>
	<u>815,801</u>
Carrying amount at 31 May 2021 classified as:	
Current assets	<u>899,196</u>
	<u>899,196</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Bank loans and overdrafts (see note 19)	325,646	284,138
Other loans (see note 19)	189,602	206,106
Hire purchase contracts (see note 20)	650,793	263,724
Trade creditors	3,334,450	2,281,754
Tax	-	386,617
Social security and other taxes	37,320	28,956
Directors' current accounts	30,000	30,000
Accruals and deferred income	467,374	167,597
	<u>5,035,185</u>	<u>3,648,892</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Bank loans (see note 19)	3,228,073	3,224,870
Other loans (see note 19)	860,130	1,064,376
Hire purchase contracts (see note 20)	1,343,336	1,176,946
	<u>5,431,539</u>	<u>5,466,192</u>

19. LOANS

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year or on demand:		
Bank loans	325,646	284,138
Other loans	189,602	206,106
	<u>515,248</u>	<u>490,244</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

19. **LOANS - continued**

	2022 £	2021 £
Amounts falling due between two and five years:		
Bank loans - 2-5 years	1,226,097	1,051,873
Other loans - 2-5 years	438,622	422,118
	<u>1,664,719</u>	<u>1,473,991</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	2,001,976	2,172,997
Other loans more 5yrs instal	421,508	642,258
	<u>2,423,484</u>	<u>2,815,255</u>

20. **LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Gross obligations repayable:		
Within one year	699,738	277,186
Between one and five years	1,401,124	1,218,351
	<u>2,100,862</u>	<u>1,495,537</u>
Finance charges repayable:		
Within one year	48,945	13,462
Between one and five years	57,788	41,405
	<u>106,733</u>	<u>54,867</u>
Net obligations repayable:		
Within one year	650,793	263,724
Between one and five years	1,343,336	1,176,946
	<u>1,994,129</u>	<u>1,440,670</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

21. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank loans	3,553,719	3,509,008
Other loans	1,049,732	1,270,482
	<u>4,603,451</u>	<u>4,779,490</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.

22. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	<u>1,040,394</u>	<u>926,213</u>
		Deferred tax
		£
Balance at 1 June 2021		926,213
Charge to Statement of Comprehensive Income during year		114,181
Balance at 31 May 2022		<u>1,040,394</u>

23. DEFERRED INCOME

	2022	2021
	£	£
Deferred income	<u>1,504,538</u>	<u>1,722,352</u>

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

24. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2022	2021
Number:	Class:	Nominal value:	£	£
50,000	Ordinary shares	1	<u>50,000</u>	<u>50,000</u>

25. RESERVES

	Retained earnings
	£
At 1 June 2021	20,365,338
Profit for the year	2,224,900
Dividends	(5,263)
At 31 May 2022	<u>22,584,975</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

26. **PENSION COMMITMENTS**

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.

27. **RELATED PARTY DISCLOSURES**

Key management personnel of the entity or its parent (in the aggregate)

	2022	2021
	£	£
Purchases	-	136,558
Other income received	15,260	13,560
Amount due to related party	<u>30,000</u>	<u>30,000</u>

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

Other related parties

	2022	2021
	£	£
Purchases	<u>3,350</u>	<u>687</u>

Entities in which the directors have joint control

	2022	2021
	£	£
Purchases	291,500	630,800
Other expenses	-	40,000
Other income	300,000	-
Amount due to related party	<u>19,200</u>	<u>24,000</u>

During the year, a total of key management personnel compensation of £ 18,000 was paid.

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.

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