

Company Registration No. SC410638

The a2 Milk Company Limited

**Report and financial statements
for the year ended 31 December 2021**



THE A2 MILK COMPANY LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2021

CONTENTS	Page
Officers and professional advisers	2
Directors' report	3
Director's responsibilities statement	6
Independent auditors' report	7
Statement of comprehensive income	10
Statement of changes in equity	11
Statement of financial position	12
Statement of cash flows	13
Notes to the financial statements	14 – 19

THE A2 MILK COMPANY LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2021
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

D Hearn

SECRETARY

Acuity Secretaries Limited

REGISTERED OFFICE

4th Floor, 115 George Street
Edinburgh
EH2 4JN

BANKERS

Lloyds
Guildford High Street
Guildford
Surrey

INDEPENDENT AUDITOR

Ernst & Young LLP
R+ Building,
2 Blagrove St,
Reading
RG1 1AZ,
United Kingdom

THE A2 MILK COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2021

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2021. This directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENTS

The Company ceased all trading operations in December 2019.

Prior to cessation in December 2019, the principal activities of the Company were marketing and selling fresh liquid milk, UHT milk and infant formula powder.

The Company's loss after tax for the year ended 31 December 2021 was £71,000 (31 December 2020: Loss £177,000). No dividends were paid or proposed in the period (2020: £nil).

FUTURE DEVELOPMENTS

After settlement of all remaining obligations arising from the cessation of operations it is anticipated the Company will become dormant.

EVENTS AFTER REPORTING PERIOD

At 19 January 2023 there was £135,642 in cash on deposit which has been used to reduce the amount owing to The a2 Milk Company Limited (NZ) with the bank account to be closed post the lodgement of the 31 December 2021 income tax returns and the tax refund owing received. The remaining amount owed to The a2 Milk Company Limited (NZ) of approximately £432,000 has been forgiven by The a2 Milk Company Limited (NZ).

Management are not aware of any other significant events after reporting date that require disclosure or adjustment.

GOING CONCERN

The Company ceased all trading operations in December 2019. Following the cessation of all activities and clearance of all remaining obligations, the Company will become dormant.

The Company's ultimate parent has agreed to support the Company throughout this period until the Company becomes dormant to ensure that all external creditors are paid.

In these circumstances it is not appropriate to prepare the financial statements on a going concern basis. As the Company will realise its assets in an orderly fashion, the directors have determined that the accounting policies applied to individual items should be consistent with those adopted in the prior period. However, these plans have led to certain additional costs and charges relating to ceasing of operations being recognised during the year.

THE A2 MILK COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2021

DIRECTORS' REPORT

CHARITABLE AND POLITICAL DONATIONS

The company made no donations in 2021 (2020: £nil).

DIRECTORS

The directors who served during the year and to the date of signing the financial statement were as follows:

D Hearn

DIRECTOR'S LIABILITIES

The company has granted indemnity to all directors and officers against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying indemnity provision remains in place at the date of approving the director's report.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors who were members of the board at the time of approving the Directors' Report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. The directors have taken advantage of the small companies' exemption provided by Section 414B of the Companies Act 2006 not to provide a Strategic Report.

THE A2 MILK COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2021

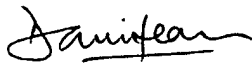
DIRECTORS' REPORT (Continued)

STRATEGIC REPORT

Advantage has been taken of the exemption under section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from the requirement to prepare a Strategic Report.

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

Approved by the Board of Directors and signed on behalf of the Board.

A handwritten signature in black ink, appearing to read 'D Hearn', with a horizontal line underneath the name.

D Hearn

Director

Date: 17 February 2023

THE A2 MILK COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2021

DIRECTORS RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE A2 MILK COMPANY LTD

Opinion

We have audited the financial statements of The A2 Milk Company Limited for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; 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's responsibilities for the audit of the financial statements section of our report below. 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.

Emphasis of Matter – financial statements prepared on a basis other than going concern

We draw attention to note 1 to the financial statements which explains that the company has ceased all of its trading operations and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1. Our opinion is not modified in respect of this matter.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE A2 MILK COMPANY LTD

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was 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 irregularities, including fraud. 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 deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (International Accounting Standards in conformity with the requirements of the Companies Act 2006 and Corporation Tax Act 2010) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including General Data Protection Regulation (GDPR).

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE A2 MILK COMPANY LTD

- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for tax, legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of Board minutes, as well as consideration of the results of our other audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, and used the full population of transactions to address the risk of management override of controls, through testing of journal entries and we obtained corroborating evidence for such entries.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations as mentioned above. Our procedures involved enquiry with management and those charged with governance. We also read the financial statement disclosures, corroborating to supporting documentation to assess compliance with applicable laws and regulations and evaluated the business rationale of significant transactions outside the normal course of business. We have used the full population of transactions to identify unusual entries that could indicate potential irregularities, agreeing any identified to corroborating evidence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Evangelos Gkirtsos (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
Date: 17th February 2023

THE A2 MILK COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other income		-	10
Administration expenses		(4)	(62)
Operating loss		(4)	(52)
Interest income		-	-
Interest expense	3	(75)	(125)
Net finance expense		(75)	(125)
Loss before tax		(79)	(177)
Tax	5	8	-
Total comprehensive loss		(71)	(177)

THE A2 MILK COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Note	Share Capital £000	Share Premium £000	Retained Earnings £000	Total £000
Balance as at 1 January 2020		6,000	10,900	(17,089)	(189)
Total comprehensive loss for the year		-	-	(177)	(177)
Balance as at 31 December 2020		6,000	10,900	(17,266)	(366)
Total comprehensive loss for the year		-	-	(71)	(71)
Balance as at 31 December 2021		6,000	10,900	(17,337)	(437)

THE A2 MILK COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

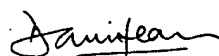
as at 31 December 2021

	Note	2021 £000	2020 £000
Assets			
Current assets			
Cash and cash equivalents		136	3,353
Total assets		<u>136</u>	<u>3,353</u>
Liabilities			
Current liabilities			
Trade and other payables	6	<u>573</u>	<u>3,719</u>
Total liabilities		<u>573</u>	<u>3,719</u>
Net liabilities		<u>(437)</u>	<u>(366)</u>
Equity			
Share capital	7	6,000	6,000
Share premium		10,900	10,900
Retained earnings		<u>(17,337)</u>	<u>(17,266)</u>
Total equity		<u>(437)</u>	<u>(366)</u>

The accompanying Notes 1 to 10 are an integral part of the financial statements.

These financial statements on pages 10 to 19 for The a2 Milk Company Limited, company registration number SC410638, prepared under the small companies exemption provided by section 415A of the Companies Act 2006, were approved by the Board of Directors on 17 February 2023.

Signed on behalf of the Board of Directors.



D Hearn
Director

THE A2 MILK COMPANY LIMITED

STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Loss after tax from operations		(71)	(177)
Gain on sale of equipment		-	(10)
Decrease in trade and other receivables		-	54
Decrease in trade and other payables	6	(89)	(308)
(Decrease)/ increase in group payables	8	(3,057)	442
Net cash (outflow)/inflow from operating activities		(3,217)	1
Cash flows from investing activities			
Proceeds from sale of equipment		-	10
Net cash inflow from investing activities		-	10
Net (decrease)/increase in cash and cash equivalents		(3,217)	11
Cash and cash equivalents at beginning of the period		3,353	3,342
Cash and cash equivalents at the end of the period		136	3,353

THE A2 MILK COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

Corporate information

The financial statements of The a2 Milk Company Limited (the Company) for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 17 February 2023, and the Statement of Financial Position was signed on the Board's behalf by David Hearn.

The Company is a private limited company incorporated and domiciled in United Kingdom. The registered office is 115 George Street, Edinburgh, EH2 4JN.

The Company ceased all trading operations in December 2019. Prior to cessation in December 2019, the principal activities of the Company were marketing and selling fresh liquid milk, UHT milk and infant formula powder.

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in respect to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. These financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand (£'000) except where otherwise indicated.

New standards and interpretations in issue not yet adopted

There are no new standards and interpretations that are issued, but not yet effective as at 31 December 2021, that are expected to have a material impact on the Company in current or future reporting periods.

Going Concern

The Company ceased all trading operations in December 2019. Following the cessation of all activities and clearance of all remaining obligations, the Company will become dormant.

The Company's ultimate parent agreed to support the Company throughout this period until the Company becomes dormant to ensure that all external creditors are paid.

In these circumstances it is not appropriate to prepare the financial statements on a going concern basis. As the Company will realise its assets in an orderly fashion, the directors have determined that the accounting policies applied to individual items should be consistent with those adopted in the prior period. However, these plans have led to certain additional costs and charges relating to ceasing of operations being recognised during the year.

THE A2 MILK COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2021

1. Accounting policies (continued)

1.1 Taxation

Current income tax

Current income tax assets and liabilities are measured at the expected rate to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country that the entity operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns in respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against the current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is dealt with in the Statement of Changes in Equity.

1.2 Foreign Currencies

The company's financial statements are presented in Sterling (£), which is the Company's functional currency.

Foreign currency transactions are initially translated to the functional currency at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate ruling at the reporting date. Foreign exchange differences are generally recognised in profit or loss in the statement of comprehensive income.

THE A2 MILK COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2021

1. Accounting policies (continued)

1.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value.

1.4 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method. They represent liabilities recognised when the Company becomes obligated to make future payments resulting from the purchase of goods and services. The amounts are unsecured.

1.5 Equity instruments and capital management

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Company's objective when managing its capital is to generate long-term value for shareholders and sufficient reserves to fund the business. The Company is not subject to externally imposed capital requirements, and currently has no external debt.

The Company's capital structure may be modified by payment of dividends to shareholders, returning capital to shareholders, or issuing new shares.

1.6 Significant accounting judgements

In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements. 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.7 Key sources of estimate and uncertainty

Judgements made by directors in the application of the Company's accounting policies that have significant effects on the financial statements; and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant Notes to the Financial Statements. Key sources of estimation uncertainty include:

- Application of the going concern principle, as noted above.
- Non-recognition of deferred tax assets, see Note 5.

THE A2 MILK COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2021

2. Staff costs and directors' remuneration

Employee costs

Employee costs during the period amounted to:

	2021 £000	2020 £000
Wages and salaries	-	14
Social security costs	-	14
	<u>-</u>	<u>28</u>

With the cessation of operations in December 2019, no persons were employed during the year ended 31 December 2021, other than the director. Employee costs in the prior period related to final salary payments to individuals no longer employed by the Company.

The average monthly number of persons employed by the Company (including executive directors and key management personnel) during the period was as follows:

	2021 Number	2020 Number
Administration	1	1

Directors' remuneration

No remuneration was paid by the Company for director's services in the reporting period (2020: £nil). The cost of qualifying services performed by directors of the Company is borne by the ultimate controlling entity.

3. Interest expense

	2021 £000	2020 £000
Loan interest charged	75	125

The loan interest, at 4.02% (2020: 4.5%) per annum, was charged on amounts owed to related undertakings up until 30 June 2021 (2020: interest was charged for the full year to 31 December 2020). Interest ceased to be charged after 30 June 2021 on the basis that the company was considered dormant at 31 December 2021 and the company no longer had the ability to repay the loan in full.

THE A2 MILK COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2021

4. Loss before income tax

Loss on ordinary activities before taxation is stated after charging:

	2021 £000	2020 £000
Staff costs (Note 2)	-	28
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	-	18

Fees payable to the Company's auditor of £26,000 for the audit of the Company's annual financial statements have been borne by the ultimate controlling entity.

5. Tax

The charge for the period can be reconciled to the loss per the income statement as follows:

	2021 £000	2020 £000
Loss on ordinary activities before tax	(79)	(177)
Tax on loss at standard UK rate of 19.00% (2020: 19.00%)	(15)	(34)
Effects of:		
Disallowed expenses	-	-
Prior period tax refund	8	-
Current period losses carried forward	15	34
Tax charge for the period	8	-

Deferred tax asset not recognised

	2021 £000	2020 £000
Losses and other deductions	10,160	10,145
Deferred tax asset not recognised	10,160	10,145

A deferred tax asset has not been recognised in the financial statements as there is insufficient evidence that the asset will be recovered in the foreseeable future.

6. Trade and other payables

	2021 £000	2020 £000
Amounts owed to a related party (Note 8)	569	3,626
Accruals	4	93
	573	3,719

THE A2 MILK COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2021

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method. They represent liabilities recognised when the Company becomes obligated to make future payments resulting from the purchase of goods and services. The amounts are unsecured.

7. Share capital

	2021 £000	2020 £000
Authorised, allotted, called-up and fully-paid		
6,000,000 Ordinary shares of £1 each	6,000	6,000
<i>In issue at the end of the period</i>	<u>6,000</u>	<u>6,000</u>

8. Related party transactions

All transactions with entities in The a2 Milk Company Limited (NZ) group (refer Note 10) are conducted under normal commercial terms.

Balances	31 December 2021		31 December 2020	
	Amounts owed by related undertakings £000	Amounts owed to related undertakings £000	Amounts owed by related undertakings £000	Amounts owed to related undertakings £000
The a2 Milk Company Limited (NZ)	-	569	-	3,626

Interest was charged at 4.02% per annum (2020: 4.5%) on balances with group undertakings.

During the period £3,057,000 was repaid to The a2 Milk Company Limited (NZ).

From 1 January 2022, all remaining and ongoing obligations of the Company will be assumed by The a2 Milk Company Limited (NZ).

9. Events after reporting period

At 19 January 2023 there was £135,642 in cash on deposit which has been used to reduce the amount owing to The a2 Milk Company Limited (NZ) with the bank account to be closed post the lodgement of the 31 December 2021 income tax returns and the tax refund owing received. The remaining amount owed to The a2 Milk Company Limited (NZ) of approximately £432,000 has been forgiven by The a2 Milk Company Limited (NZ).

Management are not aware of any other significant events after reporting date that require disclosure or adjustment.

10. Control

The Company is wholly owned by a2 Holdings UK Limited. The ultimate controlling party is The a2 Milk Company Limited which is registered in New Zealand. Copies of the financial statements for this company are available from The a2 Milk Company Limited, Level 10, 51 Shortland Street, Auckland 1010, New Zealand.