

REGISTERED NUMBER: 04642496 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2018
for
Pickstock Telford Limited**

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for the Year Ended 31 December 2018**

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Pickstock Telford Limited
Company Information
for the Year Ended 31 December 2018

DIRECTORS:	D G McDonald G V Pickstock Mrs D Pickstock E Schoettl
REGISTERED OFFICE:	Hortonwood 45 Hortonwood Telford Shropshire TF1 7FA
REGISTERED NUMBER:	04642496 (England and Wales)
AUDITORS:	Mitten Clarke Audit Limited, (Statutory Auditors) The Glades Festival Way Stoke on Trent Staffordshire ST1 5SQ

**Strategic Report
for the Year Ended 31 December 2018**

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

Turnover was £96.7m, an increase by 6.1% from the prior year primarily due to increased volumes. The meat prices remain aligned but hide sales prices have almost halved impacting the gross profit and resulting in a £111k decrease on prior year.

The Company has invested in the site with the completion of the extension to the building and successful trials in the new Food Service Area enabling the start of production of steaks for 2019 and we take pride in the results from the new Customers audits. The Anaerobic Digester is running at full potential and further investment has been made in a Water Treatment Plant and stand alone Maintenance Building releasing capacity within the production building and still been able to improve the working capital.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors plan to continually mitigate and minimise the risks inherent within the abattoir industry. However, there are many substantial risks outside of our control which could affect our business.

The principal risks are:

Economic

The abattoir industry is sensitive to changes such as the price of animals and customer demand. Any deterioration in economic conditions could decrease demand which could have a material effect on our business, revenues or profits.

Laws and regulations

Our business is subject to planning, environmental and health and safety laws. Our obligations to comply with legislation can result in the business incurring additional costs.

Financial instruments

The Company's principal financial instruments comprise cash at bank, short term deposits and a bank overdraft. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are liquidity risk, interest rate risk, credit risk and foreign currency risk.

Liquidity

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The Company finances its operations through a mixture of retained profits, cash and overdraft facilities. Cash at bank attracts interest at a floating rate. The Company's trade creditors do not attract interest and therefore are not subject to fair value interest rate risk.

Credit risk

The Company trades with only recognised, creditworthy third parties. It is Company policy that all customers who wish to trade on credit terms are subject to vetting procedures. Balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Foreign currency risk

The Company can be exposed in its trading operations to the risk of changes in foreign currency exchange rates. The main foreign currency in which the group operates is the Euro. The Company uses derivative financial instruments in its management of this risk as well as monitoring movements in the exchange rate.

**Strategic Report
for the Year Ended 31 December 2018**

FINANCIAL KEY PERFORMANCE INDICATORS

Turnover and profit before taxation are the principal performance indicators which the Directors use to monitor the effect of changes in the business. For a year on year comparison turnover has increased by 6.1% (2017: increase of 15.6%) and profit before taxation has decreased by 13.3% (2017: increase of 3.9%) during the year ended 31 December 2018.

OTHER KEY PERFORMANCE INDICATORS

Production volumes and efficiencies are measured daily to meet Customer delivery schedules and capacity planning. For a year on year comparison the production volumes have increased by 7.3% (2017: decrease of 5.1%).

ON BEHALF OF THE BOARD:

G V Pickstock - Director

30 September 2019

**Report of the Directors
for the Year Ended 31 December 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an abattoir operator.

DIVIDENDS

The profit for the year, after taxation, amounted to £5,189,944 (2017 - £5,928,330).

During the year dividends of £2,003,228 were paid.

FUTURE DEVELOPMENTS

The Company continues to invest in improved production facilities, enabling it to maintain its reputation for high standards and to satisfy current legislation. The new Food Service Area will expand the product range during 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

D G McDonald
G V Pickstock
Mrs D Pickstock
E Schoettl

POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

EMPLOYEE INVOLVEMENT

Our working culture is changing to openly communicating, listening carefully and fully understanding the team's requirements and ideas. We are accomplishing this by holding "work council" meetings to share the success and opportunities. This information is filtered to all team members via the elected representatives and communication boards.

DISABLED EMPLOYEES

The Company recognises its obligations towards all of its employees to ensure that people with disabilities are afforded equal opportunities to enter employment and progress. Training, continuous improvement and promotion opportunities are available to all, regardless of disability. When an employee becomes incapable of carrying out their normal duties because of a disability, the Company will arrange for their capabilities to be assessed with a view to identify suitable alternative work for that individual.

**Report of the Directors
for the Year Ended 31 December 2018**

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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.

AUDITORS

The auditors, Mitten Clarke Audit Limited, (Statutory Auditors), will be proposed for re-appointment in accordance with section 485 of the Companies Act.

ON BEHALF OF THE BOARD:

G V Pickstock - Director

30 September 2019

Report of the Independent Auditors to the Members of Pickstock Telford Limited

Opinion

We have audited the financial statements of Pickstock Telford Limited (the 'company') for the year ended 31 December 2018 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 December 2018 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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Pickstock Telford 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 five, 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.

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.

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.

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.

Ashley M Conway (Senior Statutory Auditor)
for and on behalf of Mitten Clarke Audit Limited, (Statutory Auditors)
The Glades
Festival Way
Stoke on Trent
Staffordshire
ST1 5SQ

30 September 2019

Statement of Comprehensive Income
for the Year Ended 31 December 2018

	Notes	2018 £	£	2017 £	£
TURNOVER	4		96,659,998		91,139,906
Cost of sales			<u>82,252,539</u>		<u>76,621,324</u>
GROSS PROFIT			14,407,459		14,518,582
Distribution costs		4,593,988		3,591,686	
Administrative expenses		<u>4,219,330</u>		<u>4,084,303</u>	
			8,813,318		7,675,989
			<u>5,594,141</u>		<u>6,842,593</u>
Other operating income	5		<u>849,868</u>		<u>589,496</u>
OPERATING PROFIT	8		6,444,009		7,432,089
Interest payable and similar expenses	10		<u>4,229</u>		<u>5,724</u>
PROFIT BEFORE TAXATION			6,439,780		7,426,365
Tax on profit	11		<u>1,249,836</u>		<u>1,498,035</u>
PROFIT FOR THE FINANCIAL YEAR			<u>5,189,944</u>		<u>5,928,330</u>

The notes form part of these financial statements

Balance Sheet
31 December 2018

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Tangible assets	13		14,726,191		12,873,732
Investments	14		-		1
			<u>14,726,191</u>		<u>12,873,733</u>
CURRENT ASSETS					
Stocks	15	6,107,749		3,202,683	
Debtors	16	7,925,132		8,464,626	
Cash in hand	17	<u>6,038,051</u>		<u>7,009,379</u>	
		20,070,932		18,676,688	
CREDITORS					
Amounts falling due within one year	18	<u>3,202,690</u>		<u>3,142,704</u>	
NET CURRENT ASSETS			<u>16,868,242</u>		<u>15,533,984</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>31,594,433</u>		<u>28,407,717</u>
PROVISIONS FOR LIABILITIES	20		<u>113,474</u>		<u>113,474</u>
NET ASSETS			<u>31,480,959</u>		<u>28,294,243</u>
CAPITAL AND RESERVES					
Called up share capital	21		3		3
Retained earnings	22		<u>31,480,956</u>		<u>28,294,240</u>
SHAREHOLDERS' FUNDS			<u>31,480,959</u>		<u>28,294,243</u>

The financial statements were approved by the Board of Directors on 30 September 2019 and were signed on its behalf by:

G V Pickstock - Director

**Statement of Changes in Equity
for the Year Ended 31 December 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	3	22,365,910	22,365,913
Changes in equity			
Total comprehensive income	-	5,928,330	5,928,330
Balance at 31 December 2017	<u>3</u>	<u>28,294,240</u>	<u>28,294,243</u>
Changes in equity			
Dividends	-	(2,003,228)	(2,003,228)
Total comprehensive income	-	5,189,944	5,189,944
Balance at 31 December 2018	<u>3</u>	<u>31,480,956</u>	<u>31,480,959</u>

**Cash Flow Statement
for the Year Ended 31 December 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	5,899,485	8,147,256
Tax paid		<u>(1,225,066)</u>	<u>(1,733,347)</u>
Net cash from operating activities		<u>4,674,419</u>	<u>6,413,909</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(3,705,940)	(2,919,124)
Sale of tangible fixed assets		<u>67,650</u>	<u>39,332</u>
Net cash from investing activities		<u>(3,638,290)</u>	<u>(2,879,792)</u>
Cash flows from financing activities			
Interest paid		(4,229)	(5,724)
Equity dividends paid		<u>(2,003,228)</u>	<u>-</u>
Net cash from financing activities		<u>(2,007,457)</u>	<u>(5,724)</u>
(Decrease)/increase in cash and cash equivalents		<u>(971,328)</u>	<u>3,528,393</u>
Cash and cash equivalents at beginning of year	2	7,009,379	3,480,986
Cash and cash equivalents at end of year	2	<u>6,038,051</u>	<u>7,009,379</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 December 2018

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

	2018	2017
	£	£
Profit before taxation	6,439,780	7,426,365
Depreciation charges	1,656,607	1,344,039
Profit on disposal of fixed assets	(23,650)	(13,083)
Finance costs	4,229	5,724
	<u>8,076,966</u>	<u>8,763,045</u>
(Increase)/decrease in stocks	(2,905,066)	432,642
Decrease/(increase) in trade and other debtors	539,494	(1,656,999)
Increase in trade and other creditors	188,091	608,568
Cash generated from operations	<u>5,899,485</u>	<u>8,147,256</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 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>6,038,051</u>	<u>7,009,379</u>

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>7,009,379</u>	<u>3,480,986</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

1. GENERAL INFORMATION

Pickstock Telford Limited is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office is Hortonwood 45, Hortonwood, Telford, Shropshire, England, TF1 7FA.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

Going concern

The Directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the company has adequate resource to continue in operational existence for the foreseeable future and there are no material uncertainties about the company's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Revenue

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

Sale of goods

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

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

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant and machinery	- 5% - 20% straight line
Motor vehicles	- 25% straight line
Office equipment	- 20% straight line
Property improvements	- 10% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

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

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. The cost of livestock and packaging is based on purchase price. The cost of carcasses and boxed meat is measured using the retail method, whereby cost is estimated at selling price less a margin. The formulas for cost measurement use a first in, first out basis.

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

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Interest income

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

Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating charges'.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported as revenue and expenditure during the year. However, the nature of estimates means that actual outcomes could differ from those estimates. Information about the significant judgments and estimates required in the provision of the financial statements is provided below.

Useful lives of depreciable assets

Management reviews the useful economic lives of depreciable assets at each reporting date so as to allocate the cost of assets, less their residual value, over their estimated useful lives. Uncertainties in these estimates relate to technological obsolescence and physical deterioration.

Valuation of inventory

Management have used the retail method for measuring the cost of carcass and boxed meat stocks, whereby stock cost is determined by reference to selling price less a gross margin. Selling price is estimated for individual stock lines. Gross margin is estimated based on the average percentage margin achieved on all sales in the previous year.

4. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2018 £	2017 £
United Kingdom	62,640,042	61,016,023
Europe	32,910,297	29,103,842
Rest of World	1,109,659	1,020,041
	<u>96,659,998</u>	<u>91,139,906</u>

5. OTHER OPERATING INCOME

	2018 £	2017 £
Management charges	183,827	-
Energy income receivable	616,391	510,716
Government grants	26,000	65,697
Profit on sale of tangible fixed assets	23,650	13,083
	<u>849,868</u>	<u>589,496</u>

6. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	7,794,584	6,246,862
Social security costs	721,956	567,232
Other pension costs	101,900	46,438
	<u>8,618,440</u>	<u>6,860,532</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

6. EMPLOYEES AND DIRECTORS - continued

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

	2018	2017
Production staff	279	247
Administrative staff	30	28
	<u>309</u>	<u>275</u>

7. DIRECTORS' EMOLUMENTS

	2018	2017
	£	£
Directors' remuneration	79,161	79,161
Directors' pension contributions to money purchase schemes	<u>703</u>	<u>387</u>

During the year retirement benefits were accruing to 1 Director (2017 - 1) in respect of defined pension schemes.

8. OPERATING PROFIT

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

	2018	2017
	£	£
Other operating leases	392,305	470,880
Depreciation - owned assets	1,656,607	1,344,039
Profit on disposal of fixed assets	(23,650)	(13,083)
Foreign exchange differences	<u>(139,078)</u>	<u>10,069</u>

9. AUDITORS' REMUNERATION

	2018	2017
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	13,000	12,000
Total audit fees	<u>13,000</u>	<u>12,000</u>
Auditors' remuneration for non audit work	4,750	5,010
Total non-audit fees	<u>4,750</u>	<u>5,010</u>
Total fees payable	<u>17,750</u>	<u>17,010</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Other interest paid	<u>4,229</u>	<u>5,724</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

11. TAXATION

Analysis of the tax charge

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

	2018 £	2017 £
Current tax:		
UK corporation tax	1,249,836	1,498,035
Tax on profit	<u>1,249,836</u>	<u>1,498,035</u>

UK corporation tax has been charged at 19% .

Reconciliation of total tax charge included in profit and loss

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

	2018 £	2017 £
Profit before tax	<u>6,439,780</u>	<u>7,426,365</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	1,223,558	1,429,575
Effects of:		
Depreciation in excess of capital allowances	26,278	68,460
Total tax charge	<u>1,249,836</u>	<u>1,498,035</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. Accordingly the company's profits for the previous accounting period are taxed at an effective rate of 19.25%. Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 16 March 2016 and enacted in Finance Act 2016 which received Royal Assent on 15 September 2016. These included reductions to the main rate to reduce the rate to 17% from 1 April 2020.

12. DIVIDENDS

	2018 £	2017 £
A Ordinary shares of £0.25 each		
Interim	1,000,000	-
B Ordinary shares of £0.25 each		
Interim	<u>1,003,228</u>	-
	<u>2,003,228</u>	-

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

13. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
COST				
At 1 January 2018	8,717,212	9,606,725	561,552	18,885,489
Additions	996,095	2,348,252	208,719	3,553,066
Disposals	-	(22,000)	(121,830)	(143,830)
At 31 December 2018	9,713,307	11,932,977	648,441	22,294,725
DEPRECIATION				
At 1 January 2018	880,825	4,869,127	261,805	6,011,757
Charge for year	159,905	1,363,140	133,562	1,656,607
Eliminated on disposal	-	-	(99,830)	(99,830)
At 31 December 2018	1,040,730	6,232,267	295,537	7,568,534
NET BOOK VALUE				
At 31 December 2018	8,672,577	5,700,710	352,904	14,726,191
At 31 December 2017	7,836,387	4,737,598	299,747	12,873,732

14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2018	1
Impairments	(1)
At 31 December 2018	-
NET BOOK VALUE	
At 31 December 2018	-
At 31 December 2017	1

The company's investment in Flagship Farms Limited has been impaired as the company was dissolved on 2 October 2018.

15. STOCKS

	2018 £	2017 £
Livestock and packaging	268,958	142,498
Carcasses and boxed meat	5,838,791	3,060,185
	<u>6,107,749</u>	<u>3,202,683</u>

Stock recognised in cost of sales during the year as an expense was £70,259,896 (2017: £66,804,225).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	7,322,030	8,267,822
Other debtors	147,473	58,182
Prepayments and accrued income	455,629	138,622
	<u>7,925,132</u>	<u>8,464,626</u>

17. CASH IN HAND

	2018	2017
	£	£
Cash at bank and in hand	<u>6,038,051</u>	<u>7,009,379</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	1,087,041	1,374,111
Corporation tax	927,477	902,707
Social security and other taxes	262,589	199,072
Other creditors	196,198	180,115
Accruals and deferred income	729,385	486,699
	<u>3,202,690</u>	<u>3,142,704</u>

19. FINANCIAL INSTRUMENTS

	2018	2017
£		
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>7,322,030</u>	<u>8,267,822</u>
	<u>7,322,030</u>	<u>8,267,822</u>
	2018	2017
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,087,041)</u>	<u>(1,374,111)</u>
	<u>(1,087,041)</u>	<u>(1,374,111)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

20. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Deferred tax		
Accelerated capital allowances	113,474	117,184
Short term timing difference	-	(3,710)
	<u>113,474</u>	<u>113,474</u>
		Deferred tax
		£
Balance at 1 January 2018		<u>113,474</u>
Balance at 31 December 2018		<u>113,474</u>

21. CALLED UP SHARE CAPITAL

Allotted called up and fully paid:

Number:	Class:	Nominal Value:	2018 £	2017 £
6	A Ordinary	£0.25	1.50	1.50
6	B Ordinary	£0.25	<u>1.50</u>	<u>1.50</u>
			<u>3.00</u>	<u>3.00</u>

Ordinary A and Ordinary B shares rank pari passu in all respects

22. RESERVES

Profit and loss account

This reserve records all current and prior period retained profits and losses.

23. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The total contributions payable during the year totalled £101,197 (2017: £46,438). Contributions totalling £4,290 (2017: £3,314) were payable to the fund at the balance sheet date.

24. CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>31,850</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

25. RELATED PARTY TRANSACTIONS

The company is 50% owned by OSI Europe Foodworks GmbH. During the year, the company sold goods to OSI group companies amounting to £29,378,461 (2017: £26,577,085) and received other income amounting to £69,019 (2017: £67,105). The OSI group of companies also charged the company for management services and other expenses totalling £181,399 (2017: £182,225). The net amount owed by OSI group companies at the year end was £2,841,695 (2017: £2,405,512). No amounts are subject to guarantee or security.

G V Pickstock is a shareholder and director of the company. During the year, the company purchased goods from G V Pickstock amounting to £78,615 (2017: £205,612). The amount owed to G V Pickstock at the year end was £4,190 (2017: £19,545).

During the year, a total of key management personnel compensation of £ 79,864 (2017 - £ 79,161) was paid.

26. CONTROLLING PARTY

There is no controlling party at the balance sheet date.

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