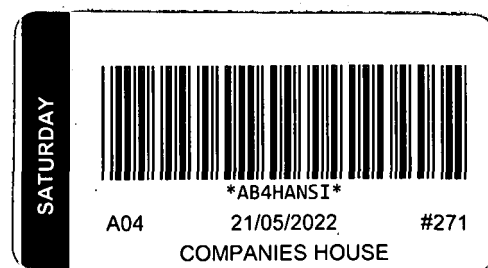


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Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 June 2021
for
Crediton Milling Company Ltd



Contents of the Financial Statements
for the Year Ended 30 June 2021

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	13

Crediton Milling Company Ltd

Company Information
for the Year Ended 30 June 2021

DIRECTORS:

Mrs P A Gulley
M J Vanstone
R W J Crang
M J Gulley
A T Power
S J Gulley
S J Brimilcombe

SECRETARY:

Mrs P A Gulley

REGISTERED OFFICE:

Fordton Mill
Fordton
Crediton
Devon
EX17 3DH

REGISTERED NUMBER:

00813541 (England and Wales)

AUDITORS:

Bedford & Co Ltd
Statutory Auditors
128 High Street
Crediton
Devon
EX17 3LQ

Strategic Report
for the Year Ended 30 June 2021

The directors present their strategic report for the year ended 30 June 2021.

REVIEW OF BUSINESS

The results for the year and the financial position at the year end were considered by the directors to be satisfactory, as the company has continued to recover from the effects of the fire at its production facilities in June 2019.

The company recorded a turnover figure of £47,548,035 (2020 - £42,709,698) and reported a pre-tax net profit of £2,028,538 (2020 - £1,741,246). The company's business interruption insurance cover continued to provide funding to replace profits adversely affected by the disruption caused by the fire. The amount of £1,591,370 (2020 - £670,766) has been recorded for the year.

The Covid 19 pandemic continued to have a limited impact upon operations due to the nature of the company's activities and as a result of the company's adoption of flexible working practices.

The company's continuing key objective is to maximize profits which is in line with the objectives of the board. The main strategies in achieving this objective are the maximization of sales and gross margins, supported by effective cost management.

PRINCIPAL RISKS AND UNCERTAINTIES

The company manages the liquidity risk by ensuring that there are sufficient funds to meet liabilities when they become due. In respect of trade debtors the company offers credit terms to its customers, subject to assessed limits. There is a general risk that customers will not pay for the products that they have purchased. This risk is managed by company policies concerning the amount of credit offered to customers and then by regular monitoring of amounts outstanding.

The company is also subject to raw material price increases with the risk that profit margins could be adversely affected when these increases cannot be passed on to customers. There is particular uncertainty at present in respect of the potential impact that events in Eastern Europe will have on grain prices. The company will continue to periodically take advantage of buying opportunities in order to manage this risk.

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise of bank current and loan balances, trade debtors, trade creditors and hire purchase contracts. The main purpose of these instruments is to provide funds for the company's operations and to finance the company's trading.

FUTURE DEVELOPMENTS

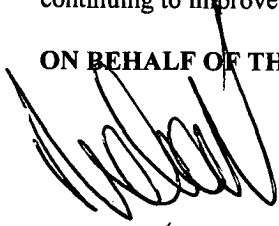
The directors are confident in the company's ability to deal with the challenges associated with the current economic climate.

The company will look to continue its policy of providing the customer with an extensive range of quality products, supported by a highly experienced workforce who are able to offer the necessary technical expertise.

RESEARCH AND DEVELOPMENT

The company will continue its policy of investment in research and development in order to retain a competitive position in the market. The policy of continued investment in product innovation and development, as well as continuing to improve the quality of existing lines are seen as important features of the company's operations.

ON BEHALF OF THE BOARD:



A T Power - Director

19 May 2022

Report of the Directors
for the Year Ended 30 June 2021

The directors present their report with the financial statements of the company for the year ended 30 June 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and merchandising of animal feedstuffs.

DIVIDENDS

An interim dividend of £52.63 per share was paid. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30 June 2021 will be £1,500,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2020 to the date of this report.

Mrs P A Gulley
M J Vanstone
R W J Crang
M J Gulley
A T Power
S J Gulley
S J Brimilcombe

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of financial risk management and instruments, research and development and future developments.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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.

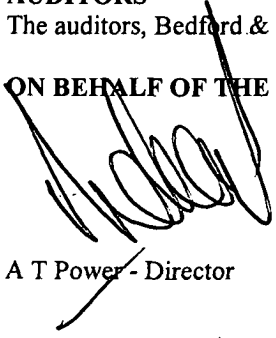
Crediton Milling Company Ltd

Report of the Directors
for the Year Ended 30 June 2021

AUDITORS

The auditors, Bedford & Co Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'A T Power', is written over the text 'ON BEHALF OF THE BOARD:' and the name 'A T Power - Director'.

A T Power - Director

19 May 2022

Report of the Independent Auditors to the Members of
Crediton Milling Company Ltd

Opinion

We have audited the financial statements of Crediton Milling Company Ltd (the 'company') for the year ended 30 June 2021 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 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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
Crediton Milling Company Ltd

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 Statement of Directors' Responsibilities set out on page three, 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.

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

Identifying and assessing risks related to irregularities

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud may occur. This assessment included discussions with directors and within the audit engagement team as part of the planning meeting. Internal controls were reviewed, updated where appropriate, and evaluated to ensure that they were operating in the manner in which they were intended. We evaluated potential opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations which were significant to the operations of the company having given due consideration to the industry sector and legal framework within which the company operates. The main laws and regulations identified as having direct significance were the Companies Act 2006, UK taxation legislation, health and safety and food assurance regulations.

Audit response to risks identified

We reviewed the level of compliance in respect of these laws and regulations as part of our audit procedures. These procedures included a review of the disclosures within the financial statements and a review of relevant correspondence with the authorities and minutes from internal company meetings, in order to identify any potential material misstatements that had arisen. The audit planning meeting included discussions about key areas of potential non-compliance with significant law and regulations.

We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of suspected or actual fraud.

We reviewed legal and professional costs in order to identify any potential non-compliance with laws or regulations.

We assessed potential management override of controls by testing the appropriateness of journal entries and we also assessed whether any judgements in respect of accounting estimates gave an indication of management bias.

We performed analytical procedures throughout the audit engagement to identify any unusual or unexpected instances that may indicate risks of material misstatement due to fraud.

Report of the Independent Auditors to the Members of
Crediton Milling Company Ltd

At the completion stage of the audit the review included an assessment of the level of professional scepticism applied by the audit team in order to identify any potential non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with law and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We designed audit procedures to respond to risk, 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 deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

Mr Andrew Charles Allen Bedford (Senior Statutory Auditor)
for and on behalf of Bedford & Co Ltd
Statutory Auditors
128 High Street
Crediton
Devon
EX17 3LQ

19 May 2022

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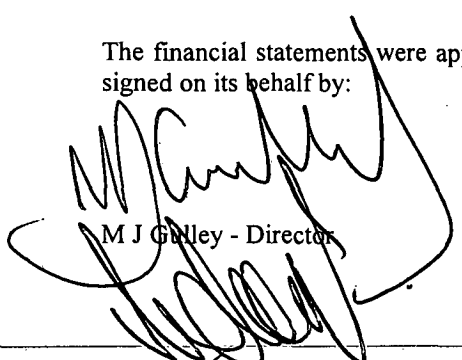
Statement of Comprehensive Income
for the Year Ended 30 June 2021

	Notes	30.6.21 £	£	30.6.20 £	£
TURNOVER			47,548,035		42,709,698
Cost of sales			<u>37,265,011</u>		<u>33,219,060</u>
GROSS PROFIT			10,283,024		9,490,638
Distribution costs		6,170,270		4,862,654	
Administrative expenses		<u>3,729,098</u>		<u>3,568,920</u>	
			<u>9,899,368</u>		<u>8,431,574</u>
			383,656		1,059,064
Other operating income	3		<u>1,664,974</u>		<u>692,535</u>
OPERATING PROFIT	5		2,048,630		1,751,599
Interest receivable and similar income			<u>8,288</u>		<u>23,819</u>
			2,056,918		1,775,418
Interest payable and similar expenses	6		<u>28,380</u>		<u>34,172</u>
PROFIT BEFORE TAXATION			2,028,538		1,741,246
Tax on profit	7		<u>346,081</u>		<u>248,825</u>
PROFIT FOR THE FINANCIAL YEAR			1,682,457		1,492,421
OTHER COMPREHENSIVE INCOME			<u>-</u>		<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u><u>1,682,457</u></u>		<u><u>1,492,421</u></u>

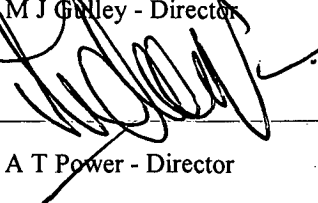
Balance Sheet
30 June 2021

	Notes	30.6.21 £	30.6.20 £
FIXED ASSETS			
Tangible assets	9	1,950,563	1,567,141
CURRENT ASSETS			
Stocks	10	888,509	707,571
Debtors	11	6,898,612	5,148,835
Cash at bank and in hand		<u>1,474,014</u>	<u>2,329,930</u>
		9,261,135	8,186,336
CREDITORS			
Amounts falling due within one year	12	<u>6,205,438</u>	<u>5,270,452</u>
NET CURRENT ASSETS		<u>3,055,697</u>	<u>2,915,884</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,006,260	4,483,025
CREDITORS			
Amounts falling due after more than one year	13	(806,045)	(588,739)
PROVISIONS FOR LIABILITIES	18	<u>(217,076)</u>	<u>(93,604)</u>
NET ASSETS		<u><u>3,983,139</u></u>	<u><u>3,800,682</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	28,500	28,500
Capital redemption reserve	20	19,500	19,500
Other reserves	20	18,832	18,832
Retained earnings	20	<u>3,916,307</u>	<u>3,733,850</u>
SHAREHOLDERS' FUNDS		<u><u>3,983,139</u></u>	<u><u>3,800,682</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 May 2022 and were signed on its behalf by:



M J Gilley - Director



A T Power - Director

Crediton Milling Company Ltd**Statement of Changes in Equity**
for the Year Ended 30 June 2021

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 July 2019	28,500	3,241,429	19,500	18,832	3,308,261
Changes in equity					
Dividends	-	(1,000,000)	-	-	(1,000,000)
Total comprehensive income	-	1,492,421	-	-	1,492,421
Balance at 30 June 2020	<u>28,500</u>	<u>3,733,850</u>	<u>19,500</u>	<u>18,832</u>	<u>3,800,682</u>
Changes in equity					
Dividends	-	(1,500,000)	-	-	(1,500,000)
Total comprehensive income	-	1,682,457	-	-	1,682,457
Balance at 30 June 2021	<u>28,500</u>	<u>3,916,307</u>	<u>19,500</u>	<u>18,832</u>	<u>3,983,139</u>

The notes form part of these financial statements

Crediton Milling Company Ltd**Cash Flow Statement
for the Year Ended 30 June 2021**

	Notes	30.6.21 £	30.6.20 £
Cash flows from operating activities			
Cash generated from operations	1	1,468,347	1,448,490
Interest paid		(9,492)	(20,000)
Interest element of hire purchase payments paid		(18,888)	(14,172)
Tax paid		<u>(238,724)</u>	<u>(99,936)</u>
Net cash from operating activities		<u>1,201,243</u>	<u>1,314,382</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(948,874)	(318,285)
Sale of tangible fixed assets		75,585	29,066
Interest received		<u>8,288</u>	<u>23,819</u>
Net cash from investing activities		<u>(865,001)</u>	<u>(265,400)</u>
 Cash flows from financing activities			
Bank loan repaid in the year		(64,208)	(60,845)
Hire purchase and finance lease advance		711,279	254,063
Hire purchase and finance lease repaid		(339,229)	(283,594)
Equity dividends paid		<u>(1,500,000)</u>	<u>(1,000,000)</u>
Net cash from financing activities		<u>(1,192,158)</u>	<u>(1,090,376)</u>
 Decrease in cash and cash equivalents		<u>(855,916)</u>	<u>(41,394)</u>
Cash and cash equivalents at beginning of year	2	2,329,930	2,371,324
 Cash and cash equivalents at end of year	2	<u><u>1,474,014</u></u>	<u><u>2,329,930</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 30 June 2021

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

	30.6.21	30.6.20
	£	£
Profit before taxation	2,028,538	1,741,246
Depreciation charges	498,640	469,621
(Profit)/loss on disposal of fixed assets	(8,773)	17,470
Finance costs	28,380	34,172
Finance income	(8,288)	(23,819)
	<u>2,538,497</u>	<u>2,238,690</u>
(Increase)/decrease in stocks	(180,938)	360,038
Increase in trade and other debtors	(1,749,777)	(132,694)
Increase/(decrease) in trade and other creditors	<u>860,565</u>	<u>(1,017,544)</u>
Cash generated from operations	<u><u>1,468,347</u></u>	<u><u>1,448,490</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 30 June 2021

	30.6.21	1.7.20
	£	£
Cash and cash equivalents	<u><u>1,474,014</u></u>	<u><u>2,329,930</u></u>

Year ended 30 June 2020

	30.6.20	1.7.19
	£	£
Cash and cash equivalents	<u><u>2,329,930</u></u>	<u><u>2,371,324</u></u>

3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1.7.20	Cash flow	At 30.6.21
	£	£	£
Net cash			
Cash at bank and in hand	<u>2,329,930</u>	<u>(855,916)</u>	<u>1,474,014</u>
	<u>2,329,930</u>	<u>(855,916)</u>	<u>1,474,014</u>
Debt			
Finance leases	(377,361)	(372,050)	(749,411)
Debts falling due within 1 year	(60,390)	(805)	(61,195)
Debts falling due after 1 year	<u>(450,142)</u>	<u>65,013</u>	<u>(385,129)</u>
	<u>(887,893)</u>	<u>(307,842)</u>	<u>(1,195,735)</u>
Total	<u><u>1,442,037</u></u>	<u><u>(1,163,758)</u></u>	<u><u>278,279</u></u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 30 June 2021

1. STATUTORY INFORMATION

Crediton Milling Company Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The presentation currency is £ sterling.

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, if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

There are no significant judgements or estimates considered to have been made in the preparation of these financial statements.

Income recognition

Turnover is measured at the fair value of the consideration received or receivable from the sale of goods, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised when goods are delivered to customers such that risks and rewards of ownership have been transferred to them.

Tangible fixed assets

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives, using the reducing balance method. The rates applicable are;

Plant and machinery - 25% reducing balance

Weighbridge - 25% reducing balance

Motor vehicles - 25% reducing balance

Computer and office equipment - 25% reducing balance

Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Government grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Stocks

Stocks have been valued at the lower of cost and estimated selling price less costs to complete and sell.

Cost is calculated on a first in first out basis.

In respect of finished goods, cost includes a relevant proportion of overheads according to the stage of manufacture/completion.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021****2. ACCOUNTING POLICIES - continued****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.

Leasing

Tangible fixed assets acquired under hire purchase contracts or finance leases are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs and other post-retirement benefits

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. Contributions payable for the year are charged in the profit and loss account in the period in which they are incurred.

Other short term employee benefits are also recognised as an expense in the period in which they are incurred.

Financial instruments

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from banks.

Trade debtors, creditors and other accounts receivable and payable are recognised at transaction price. Amounts receivable or payable within one year continue to be measured, after their initial recognition, at the undiscounted amount of cash or other consideration expected to be received or paid.

Loans which bear a market rate of interest are also recognised at transaction price which is the amount received. These loans, after initial recognition, are measured at amortised cost using the effective rate method.

3. OTHER OPERATING INCOME

	30.6.21	30.6.20
	£	£
Insurance receipts	1,591,370	670,766
Other receipts	4,104	2,911
Government grants	69,500	18,858
	<u>1,664,974</u>	<u>692,535</u>

Insurance receipts represent business interruption proceeds in connection with the claim following a fire at the company's premises in June 2019.

Government grants represent funding received in support of employment - £67,407 (2020 - £18,858) and finance costs - £2,093 (2020 - nil).

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021****4. EMPLOYEES AND DIRECTORS**

	30.6.21	30.6.20
	£	£
Wages and salaries	3,066,476	2,886,042
Social security costs	339,060	319,829
Other pension costs	66,265	60,443
	<u>3,471,801</u>	<u>3,266,314</u>

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

	30.6.21	30.6.20
Management and administration	15	12
Mill and transport	59	50
Sales	17	18
	<u>91</u>	<u>80</u>

	30.6.21	30.6.20
	£	£
Directors' remuneration	490,988	484,624
Directors' pension contributions to money purchase schemes	<u>7,397</u>	<u>7,536</u>

The number of directors to whom retirement benefits were accruing was as follows:

	5	5
Money purchase schemes	<u>5</u>	<u>5</u>

Information regarding the highest paid director is as follows:

	30.6.21	30.6.20
	£	£
Emoluments etc	95,054	93,442
Pension contributions to money purchase schemes	<u>2,400</u>	<u>2,400</u>

5. OPERATING PROFIT

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

	30.6.21	30.6.20
	£	£
Other operating leases	118,168	104,640
Depreciation	498,640	469,621
(Profit)/loss-on-disposal-of-fixed-assets	(8,773)	17,470
Auditors' remuneration	<u>10,250</u>	<u>9,900</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2021

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.6.21	30.6.20
	£	£
Bank interest	-	764
Bank loan interest	10,062	13,944
Other interest	(570)	5,292
Hire purchase	<u>18,888</u>	<u>14,172</u>
	<u>28,380</u>	<u>34,172</u>

7. TAXATION

Analysis of the tax charge

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

	30.6.21	30.6.20
	£	£
Current tax:		
UK corporation tax	269,080	370,621
Tax - over provision previous years	<u>(46,471)</u>	<u>(90,386)</u>
Total current tax	222,609	280,235
Deferred tax	<u>123,472</u>	<u>(31,410)</u>
Tax on profit	<u>346,081</u>	<u>248,825</u>

UK corporation tax has been charged at 19% (2020 - 19%).

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:

	30.6.21	30.6.20
	£	£
Profit before tax	<u>2,028,538</u>	<u>1,741,246</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	385,422	330,837
Effects of:		
Expenses not deductible for tax purposes	7,130	8,374
Tax decrease related to adjustment in research and development tax credit	<u>(46,471)</u>	<u>(90,386)</u>
Total tax charge	<u>346,081</u>	<u>248,825</u>

8. DIVIDENDS

	30.6.21	30.6.20
	£	£
Ordinary shares of £1 each		
Interim	<u>1,500,000</u>	<u>1,000,000</u>

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Weighbridge £	Motor vehicles £	Computer and office equipment £	Totals £
COST					
At 1 July 2020	4,028,026	55,610	2,630,568	143,810	6,858,014
Additions	241,246	-	707,628	-	948,874
Disposals	(4,350)	-	(502,222)	-	(506,572)
At 30 June 2021	<u>4,264,922</u>	<u>55,610</u>	<u>2,835,974</u>	<u>143,810</u>	<u>7,300,316</u>
DEPRECIATION					
At 1 July 2020	3,439,729	53,639	1,680,996	116,509	5,290,873
Charge for year	174,533	494	316,788	6,825	498,640
Eliminated on disposal	(2,553)	-	(437,207)	-	(439,760)
At 30 June 2021	<u>3,611,709</u>	<u>54,133</u>	<u>1,560,577</u>	<u>123,334</u>	<u>5,349,753</u>
NET BOOK VALUE					
At 30 June 2021	<u>653,213</u>	<u>1,477</u>	<u>1,275,397</u>	<u>20,476</u>	<u>1,950,563</u>
At 30 June 2020	<u>588,297</u>	<u>1,971</u>	<u>949,572</u>	<u>27,301</u>	<u>1,567,141</u>

Included in the above figures are assets under hire purchase and finance lease agreements with a net book value of £904,325 (2020 - £612,340). The depreciation charged on these assets during the year was £164,924 (2020 - £137,387).

10. STOCKS

	30.6.21 £	30.6.20 £
Raw materials and consumables	565,838	423,161
Finished goods and goods for re-sale	<u>322,671</u>	<u>284,410</u>
	<u>888,509</u>	<u>707,571</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.21 £	30.6.20 £
Trade debtors	5,061,501	4,293,270
Other debtors	1,804,685	824,238
Prepayments	<u>32,426</u>	<u>31,327</u>
	<u>6,898,612</u>	<u>5,148,835</u>

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021****12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.6.21	30.6.20
	£	£
Bank loans and overdrafts (see note 14)	61,195	60,390
Hire purchase contracts (see note 15)	328,495	238,764
Trade creditors	4,937,300	4,053,733
Tax	442,486	458,601
Social security and other taxes	109,122	105,974
Amount owing to group	284,253	268,792
Accrued expenses	42,587	84,198
	<u>6,205,438</u>	<u>5,270,452</u>

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

	30.6.21	30.6.20
	£	£
Bank loans (see note 14)	385,129	450,142
Hire purchase contracts (see note 15)	420,916	138,597
	<u>806,045</u>	<u>588,739</u>

14. LOANS

An analysis of the maturity of loans is given below:

	30.6.21	30.6.20
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>61,195</u>	<u>60,390</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>63,057</u>	<u>62,230</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>322,072</u>	<u>387,912</u>

The bank loan drawn down in the year is being repaid by monthly instalments. The term is five years. The loan is subject to a variable rate of interest, which carries a margin of 2% over bank base rate.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2021

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	30.6.21	30.6.20
	£	£
Gross obligations repayable:		
Within one year	344,035	251,653
Between one and five years	<u>439,874</u>	<u>149,108</u>
	<u>783,909</u>	<u>400,761</u>
Finance charges repayable:		
Within one year	15,540	12,889
Between one and five years	<u>18,958</u>	<u>10,511</u>
	<u>34,498</u>	<u>23,400</u>
Net obligations repayable:		
Within one year	328,495	238,764
Between one and five years	<u>420,916</u>	<u>138,597</u>
	<u>749,411</u>	<u>377,361</u>
	Non-cancellable operating leases	
	30.6.21	30.6.20
	£	£
Within one year	104,240	104,240
Between one and five years	<u>208,480</u>	<u>312,720</u>
	<u>312,720</u>	<u>416,960</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	30.6.21	30.6.20
	£	£
Bank loans	446,324	510,532
Hire purchase contracts	<u>749,411</u>	<u>377,361</u>
	<u>1,195,735</u>	<u>887,893</u>

The company's bankers hold an unlimited cross guarantee given by CMC Holdings (SW) Ltd as security against the borrowings of Crediton Milling Company Ltd. The bank also holds a charge against other company assets by means of a debenture.

The hire purchase contracts are secured against various tangible fixed assets.

17. FINANCIAL INSTRUMENTS

Information concerning the risks associated with financial instruments is included within the company's Strategic Report.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021****18. PROVISIONS FOR LIABILITIES**

	30.6.21	30.6.20
	£	£
Deferred tax		
Balance brought forward	93,604	125,014
Credit to Statement of Comprehensive Income during year	<u>123,472</u>	<u>(31,410)</u>
	<u>217,076</u>	<u>93,604</u>
		Deferred tax
		£
Balance at 1 July 2020		93,604
Charge to Statement of Comprehensive Income during year		<u>123,472</u>
Balance at 30 June 2021		<u>217,076</u>

The deferred tax liability is in respect of accelerated capital allowances.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.21	30.6.20
			£	£
28,500	Ordinary	£1	<u>28,500</u>	<u>28,500</u>

Each share is entitled to one vote in any circumstances and each share is also entitled pari passu to dividend payments or any other distribution, including a distribution arising from a winding up of the company.

20. RESERVES

	Retained earnings £	Capital redemption reserve £	Other reserves £	Totals £
At 1 July 2020	3,733,850	19,500	18,832	3,772,182
Profit for the year	1,682,457			1,682,457
Dividends	<u>(1,500,000)</u>			<u>(1,500,000)</u>
At 30 June 2021	<u>3,916,307</u>	<u>19,500</u>	<u>18,832</u>	<u>3,954,639</u>

21. ULTIMATE PARENT COMPANY

CMC Holdings (SW) Ltd is regarded by the directors as being the company's ultimate parent company.

The consolidated financial statements of CMC Holdings (SW) Ltd are available to the public and may be obtained from Companies House, Crown Way, Cardiff.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2021

22. RELATED PARTY DISCLOSURES

Other related parties

	30.6.21	30.6.20
	£	£
Sales	155,759	146,388
Purchases	503,912	473,710
Services	46,868	49,829
Amount due from related party	38,835	45,195
Amount due to related party	<u>6,120</u>	<u>5,171</u>

The above figures relate to transactions with entities in which key management and close family members have a controlling interest.

23. ULTIMATE CONTROLLING PARTY

The company is controlled by the directors Mr M J Gulley, Mr A T Power and Mr S J Gulley whom together with close family members own 100% of the issued share capital of CMC Holdings (SW) Ltd.