

# **Micronized Food Products Limited**

## **Annual report and financial statements**

**for the year ended 31 December 2021**

Registered number: 09071323

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# Micronized Food Products Limited

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## Contents

Directors and advisers	2
Strategic report	3-5
Directors' report	6-7
Statement of directors' responsibilities	8
Independent auditor report to the members of Micronized Food Products Limited	9-11
Profit and loss account and statement of other comprehensive income	12
Balance sheet	13
Company statements of changes in equity	14
Notes to the financial statements	15-24

# Micronized Food Products Limited

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## Directors and advisers

### Directors

The directors of the company, who held office during the year and up to the date of signing the financial statements, are given below:

A W Clark (resigned 30 June 2021)  
S Sands (appointed 27 January 2022)  
D G F Thompson (resigned 4 July 2021)  
G A Thompson (appointed 1 July 2021)  
S J Le Poidevin (appointed 16 July 2021)  
M A Hodson (appointed 16 July 2021)

### Company secretary

A W Clark (resigned 30 June 2021)  
G A Thompson (appointed 1 July 2021)

### Independent auditor

KPMG LLP  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

### Banker

HSBC Bank plc

### Registered office

Great Ryburgh  
Fakenham  
Norfolk  
NR21 7AS

## Strategic report

The directors present their strategic report on the company for the year ended 31 December 2021.

### 1. Business review

- 1.1 Micronized Food Products Limited (MFP) is a food ingredients manufacturer focusing on supplying brewers, equine food manufacturers, animal pharmaceutical manufacturers, pet food suppliers, and agricultural feeds merchants.
- 1.2 MFP is based at Northallerton on a freehold 4.10 acre/1.66 ha site on an industrial site with good opportunities for expansion. During the year £228k was spent on capital additions.
- 1.3 The results for the company show a pre-tax profit of £263,000 (2020: £1,000) for the year and revenue of £12,329,000 (2020: £9,792,000). At the year end the company had net assets of £1,263,000 (2020: net assets of £1,096,000) and net cash of £108,000 (2020: net cash of £8,000).

### 2. Business environment

- 2.1 MFP operates in a competitive market with a number of competitors, two of which are based in North Yorkshire. Pricing into the Agricultural sector is influenced by the climate, and the need to supplement feeds during winter and wet weather. During mild weather the available supply exceeds demand. It is this area of business with the most challenging task of negotiating satisfactory prices.
- 2.2 The business covers two trademark brands: KwikBeet™ and Reddibeet™ for the equine feed market. Along with other proprietary recipes this is a developing part of MFP.

### 3. Strategy

- 3.1 MFP's objective is as follows:

- to provide superior, consistent and well serviced ingredient and feed products
- to respond with alacrity to short-call orders
- to improve through revenue expenditure and capital expenditure the capabilities of the Northallerton site
- to recruit, train and retain colleagues with a good eye for detail and a focus on customer service
- to expand the range and tonnage of proprietary products to higher margin areas of business

- 3.2 *Return on capital employed*

Emphasis is placed on continually reviewing our processes to maximise efficiency and engender a culture of continuous improvement thereby increasing company profitability as part of the wider Anglia Maltings Group. An integral part of this process is substantial and continuous capital expenditure on production plant and machinery and our investment in our employees via formal and informal training.

- 3.3 *Food ingredients supplier of choice*

Allied to our investment in equipment and employees we seek, through the provision of consistently high quality finished products, new product development and first class technical back-up and support, to be the supplier of choice in our chosen markets.

- 3.4 *Rewarding working environment*

We strive to provide a stimulating and rewarding working environment for our employees, via the provision of training courses and bonus schemes that encourage the pursuit of excellence by rewarding personal and collective achievement. We seek to promote from within whenever possible.

## Strategic report (continued)

### 4. Principal risks and uncertainties

#### 4.1 The management of the business and execution of the company's strategy are subject to a number of risks.

Risks are formally reviewed by the board and appropriate procedures and processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the company.

The key business risks affecting the company are set out below:

#### 4.2 *Competition*

Our business operates in highly competitive environments, with constant pressure on margins. A sub-committee of the board therefore continually monitors the activities of our main competitors in the market place. Our main emphasis is on delivering consistently high quality products and first class service and support to our customers.

#### 4.3 *Employees*

The company's performance depends entirely on its employees. The resignation of key individuals and the potential problems of recruiting people with the right attitude, experience and skills from the local community could adversely impact the company's results. To mitigate these issues the company has introduced a number of training courses and implemented performance related bonus schemes that are driven by our profitability.

#### 4.4 *Supply chain*

Given our focus on the quality of our finished product, raw material quality is of paramount importance. We therefore strive to ensure the procurement of the best barley, wheat and oats available on the market. Given the large number of suppliers, our major risk is the quality of the total crop rather than the quality of any one individual supplier.

#### 4.5 *COVID-19*

The company's business activities together with the factors likely to affect its future development, its financial position and financial risk management objectives and risk are set out below.

Management acted quickly to understand both the positive and negative impacts of COVID-19 on all areas of the business. The company continues to take the necessary measures to operate in compliance with the Government's COVID-19 guidelines and its own standards and practices to ensure the safety of its stakeholders and employees and continuity of trading.

### 5. Key performance indicators ("KPI's")

The directors of Ragleth Limited manage the group's operations on a group wide basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of Micronized Food Products Limited. The development, performance and position of Ragleth Limited, which includes this company, is discussed in the group's annual report, which does not form part of this report.

## Strategic report (continued)

### 6. Future outlook

- 6.1 MFP was acquired in 2014. It was recognized at the time that there had been a period of under-investment in all areas of the business. Remedying this has meant additional revenue expenditure including better financial reporting. These additional costs weigh on the business.
- 6.2 Tonnage in 2022 is likely to be similar to that of 2021.
- 6.3 The business continues to explore opportunities to enhance margins through diversification away from the lower margin agriculture sector.

The business has the full support of its parent Anglia Maltings (Holdings) Limited, and of Ragleth Limited.

The strategic report was approved by the board of directors on 26<sup>th</sup> September 2022 and was signed on its behalf by:



**George A Thompson**  
Company Secretary

26<sup>th</sup> September 2022

# Micronized Food Products Limited

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## Directors' report

The Directors have pleasure in presenting their annual report and audited financial statements of the company for the year ended 31 December 2021.

### Results and dividends

The profit for the year amounted to £167,000 (2020: loss: (£19,000)). The directors do not recommend the payment of a dividend (2020: £nil).

### Future developments

The future outlook of the business has been included in the Strategic report on pages 3-5.

### Political and charitable donations

The company made no political contributions or charitable donations during the year (2020: £nil).

### Going concern

Notwithstanding net current liabilities of £718,000 as at 31 December 2021 and a profit for the year then ended of £167,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts at group level for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its overdraft facility and in downside cases funding from its ultimate parent company, Ragleth Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Ragleth Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £1,588k and providing additional financial support during that period. Ragleth Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### Research and development

We are continually engaging and liaising with our customers to understand their needs and thereby develop new products and improve the performance of our current product range.

### Financial risk management

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, interest rate cash flow risk and adverse movements in cereal and energy prices.

Given the size of the company, the board retains the responsibility of monitoring financial risk. The policies set by the board of directors are implemented by the group's finance department.

#### *Price risk*

The company is exposed to price risk through competitor activities. These activities are monitored continuously by the board.

#### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to limits approved by the board.

#### *Adverse movements in cereal and energy prices*

The company enters into forward contracts where appropriate to ensure stability of raw material and energy prices.

# Micronized Food Products Limited

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## Directors' report (continued)

### Employee relations

The company encourages, where possible, the employment of disabled people and the retention of those who become disabled during their employment with the company by such means as may be appropriate to the circumstances of each situation.

The Directors recognise the importance, for good employee relations, of meaningful communication and participation and this is facilitated through frequent works council meetings. Directors are committed to provide information on the performance of the company, and various methods, including briefing at all levels, are used to achieve this.

### Health and safety

The company has a health, safety and environment manual which is issued to every employee. All sites have a health and safety committee who meet on a regular basis. Minutes of the health and safety committee are presented and considered at each board meeting.

### Retirement benefits

Personal pension plan arrangements, fully compliant with stakeholder regulations, are offered to all such employees. Details of the retirement benefits are set out in note 12 to the financial statements.

### Directors and their interests

The directors of the company who were in office during the year and/or at the date of signing the financial statements are as listed on page 2.

### Directors' third-party indemnity provision

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year and at the date of approval of the financial statements.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### Statement of disclosure of information to auditor

So far as each of the directors are aware, there is no relevant audit information of which the company's Auditor is unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's Auditor is aware of that information.

### Independent auditor

KPMG LLP auditor during the period have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the Annual General Meeting.

The directors' report was approved by the board of directors on 26<sup>th</sup> September 2022 and was signed on its behalf by:



**George A Thompson**  
Company Secretary  
26<sup>th</sup> September 2022



### **Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report, 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 year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# Micronized Food Products Limited

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## Independent auditor report to the members of Micronized Food Products Limited

### Opinion

We have audited the financial statements of Micronized Food Products Limited ("the company") for the year ended 31 December 2021 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management/ directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

# Micronized Food Products Limited

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We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

## *Fraud in revenue recognition*

As required by auditing standards, and taking into account possible pressures to meet profit targets/ and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, the risk that company's management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as the impairment and pension assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted containing key word/those posted to credit pension liability accounts/those with unusual entries to cash and borrowing accounts/those posted to an account linked to fraud risk.
- Assessing significant accounting estimates for bias.

## *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognizing the financial and regulated nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

# Micronized Food Products Limited

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## Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 parent company 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.

We have nothing to report in these respects.

## Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## The purpose of our audit work and to whom we owe our responsibilities

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.

**Mark Prince (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Botanic House

100 Hills Road

Cambridge

CB2 1AR

Date: 28<sup>th</sup> September 2022

## Micronized Food Products Limited

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### Profit and loss account and other comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	2	12,329	9,792
Cost of sales		<u>(11,521)</u>	<u>(9,163)</u>
<b>Gross Profit</b>		<b>808</b>	<b>629</b>
Administrative costs		<u>(545)</u>	<u>(628)</u>
<b>Operating profit before taxation</b>		<b>263</b>	<b>1</b>
Tax (charge)/credit on profit	6	<u>(96)</u>	<u>(20)</u>
<b>Profit/(loss) for the financial year</b>		<b>167</b>	<b>(19)</b>

All the above relate to continuing activities.

The company has no recognised gains or losses other than the result for the period as set out above and therefore no separate statement of total comprehensive income has been prepared.

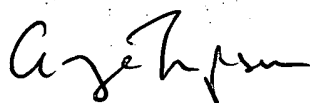
The notes on pages 15 to 24 form part of these financial statements.

# Micronized Food Products Limited

## Balance sheet as at 31 December 2021

	Note	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Tangible assets	7	2,138	2,163
		<u>2,138</u>	<u>2,163</u>
<b>Current assets</b>			
Stocks	8	517	460
Debtors	9	2,221	1,454
Cash at bank		108	8
		<u>2,846</u>	<u>1,922</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(3,564)</u>	<u>(2,890)</u>
<b>Net current liabilities</b>		<u>(718)</u>	<u>(968)</u>
<b>Total assets less current liabilities</b>		<u>1,420</u>	<u>1,195</u>
<b>Provisions for liabilities</b>	11	<u>(157)</u>	<u>(99)</u>
<b>Net assets</b>		<u>1,263</u>	<u>1,096</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Capital contribution reserve		1,500	1,500
Profit and loss account		<u>(237)</u>	<u>(404)</u>
<b>Total shareholders' funds</b>		<u>1,263</u>	<u>1,096</u>

The financial statements on pages 12 to 24 were approved by the board of directors on 26<sup>th</sup> September 2022 and were signed on its behalf by:



**George A Thompson**  
Director



**Steven J Le Poidevin**  
Director

The notes on pages 15 to 24 form part of these financial statements.

## Micronized Food Products Limited

### Company statement of changes in equity for the year ended 31 December 2021

	Called up share capital	Share premium account	Foreign exchange reserve	Capital Contribution reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	-	-	-	1,500	(404)	1,096

#### Total comprehensive income for the year

Profit for the financial year	-	-	-	-	167	167
Total comprehensive income for the year	-	-	-	-	167	167
<b>At 31 December 2021</b>	-	-	-	1,500	(237)	1,263

	Called up share capital	Share premium account	Foreign exchange reserve	Capital Contribution reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	-	-	-	1,500	(385)	1,115

#### Total comprehensive income for the year

Loss for the financial year	-	-	-	-	(19)	(19)
Total comprehensive income for the year	-	-	-	-	(19)	(19)
<b>At 31 December 2020</b>	-	-	-	1,500	(404)	1,096

The notes on pages 15 to 24 form part of these financial statements.

## Notes to the financial statements

### 1 Accounting policies

#### Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). The principal accounting policies are set out below and have been applied consistently to all years presented.

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. There are no accounting estimates or significant judgements that pose a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and therefore the income and expenses recognised within the next financial year.

#### Going concern

Notwithstanding net current liabilities of £718k as at 31 December 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is a fully owned subsidiary of Ragleth Limited and the funds available to Ragleth Limited and its subsidiaries (the 'Group') are shared across all subsidiaries enabling each Company to be able to meet its financial obligations as they fall due. The Directors have assessed forecast future cash flows for the foreseeable future for the Group and thereby, in turn for the Company.

As a manufacturer of ingredients for the food and beverage industries it is expected that the group may be affected by COVID-19, however the cash reserves of the Ragleth group will be sufficient to compensate for any unexpected short-term fall in revenue. Whilst the global pandemic, due to COVID-19, has affected some customers negatively, others are either little affected or have even increased their demand for our products, due to the key nature of their trade. Close monitoring of the performance of the companies within the group is currently in place to allow remedial actions to be quickly enacted, should they be required.

The group has seen little impact to its supply chain. The group has always held relatively large amounts of inventory and no critical shortages are currently known.

The group meets its day-to-day working capital requirements through its bank facilities. At the time of signing the accounts, the group has a £93m asset-based lending facility as its primary source of liquidity, which commenced in 2022. £23m of this facility is in the form of a term loan with fixed annual repayments of £1.28m. The remaining £70m is in the form of an asset-based lending secured on certain debtors and inventory of the group. The facility expires in July 2025.

Management has prepared forecasts for the period to 31 December 2023, including plausible downside scenarios. None of the scenarios impacted the business in a way that liquidity levels were unsustainable. These forecasts also show that no breach of covenants is expected and an appropriate level of headroom is maintained.

The forecasts prepared by the directors of the group indicate that the group has adequate resources to service its long-term liabilities and continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of the financial statements. Therefore, the Directors of the group have prepared these financial statements on a going concern basis.



# Micronized Food Products Limited

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## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

This going concern assumption is dependent on Ragleth Limited and its subsidiaries not seeking repayment of the intercompany balances currently due. Ragleth Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the balances due at the balance sheet date for the 12 month period following the approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows; and
- (ii) from disclosure of key management personnel compensation in total; and
- (iii) from inclusion of certain financial instrument disclosures.

The company has taken advantage of the exemption, under FRS102 paragraph 1.12(b) from preparing a statement of cashflows, on the basis that it is a qualifying entity and its ultimate parent company, Ragleth Limited, includes the company's cash flows in its own consolidated financial statements.

#### Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired and is capitalised and eliminated by amortisation through the profit and loss account over a period of twenty years being the directors' best estimate of the life of the asset.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease.

At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets.

# Micronized Food Products Limited

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## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	20 - 50 years
Plant, equipment & transport	3 - 25 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### Research and development

Research and development expenditure is written off as incurred.

#### Stocks and work-in-progress

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination.

For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property, except when the investment property has a limited useful life and the objective of the entity's business model is to consume substantially all of the value through use. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

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.

### Retirement benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### Revenue

Revenue represents the income received on the sale of food ingredients products in the ordinary course of business, excluding VAT. Revenue is recognised at the point of despatch or collection of the goods, dependent upon the contractual terms and conditions of sale, at the point at which the risks and rewards of ownership are transferred.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### *Financial assets*

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# Micronized Food Products Limited

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements 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 to liability simultaneously.

#### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### **Related party transactions**

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

### 2 Revenue

Revenue and operating profit relate to the manufacture of cereal based food ingredients and animal feeds. The directors regard disclosure of revenue and operating profit by activity to be seriously prejudicial and have therefore taken the available exemption not to disclose such information.

Revenue by destination:	United Kingdom	Rest of Europe	Rest of World	Total	Exports as a % of total
	£'000	£'000	£'000	£'000	%
<b>Year ended 31 December 2021</b>	<b>11,314</b>	<b>331</b>	<b>684</b>	<b>12,329</b>	<b>8%</b>
Year ended 31 December 2020	9,080	243	469	9,792	7%

All revenue originated in the UK.

### 3 Net operating costs

	2021 £'000	2020 £'000
Net operating costs are made up as follows:		
Raw materials and consumables	9,662	7,427
Other external charges	357	387
Staff costs (note 5)	661	743
Depreciation of owned tangible assets	253	209
Other operating charges	1,108	1,007
Fees payable to the company's auditor and its associates for the audit of the financial statements	25	18
	<b>12,066</b>	<b>9,791</b>

# Micronized Food Products Limited

## Notes to the financial statements (continued)

### 4 Directors' emoluments

	2021 £'000	2020 £'000
Aggregate emoluments	-	73
Defined contribution scheme contributions	-	1
	<u>-</u>	<u>74</u>

	2021 Number	2020 Number
Retirement benefits are accruing to the following number of directors under:		
Defined contribution scheme	<u>-</u>	<u>1</u>

D Thompson, A Clark, S Sands, G Thompson, S Le Poidevin and M Hodson were/are directors of the Group and were/are representatives of the ultimate and immediate parent entities. Their remuneration is disclosed there as appropriate. The allocation of their remuneration to the Company is deemed immaterial and hence no specific disclosure made.

### 5 Employee numbers and costs

	2021 £'000	2020 £'000
Wages and salaries	537	606
Social security costs	78	90
Other pension costs (note 12)	24	25
Other insured benefits	22	22
	<u>661</u>	<u>743</u>

The average monthly number of employees, including executive directors, of the group during the period was as follows:

	2021 Number	2020 Number
Production	11	10
Administration	5	5
	<u>16</u>	<u>15</u>

### 6 Taxation on profit/(loss)

a) The taxation charge/(credit) represents:

	2021 £'000	2020 £'000
<b>Current tax</b>		
United Kingdom corporation tax on profit/(loss) of the period at 19.00% (2020:19.00%)	50	-
Adjustments in respect of previous period	<u>(12)</u>	<u>-</u>
Total current tax	<u>38</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	27	9
Adjustments in respect of previous period	<u>31</u>	<u>11</u>
Total deferred tax	<u>58</u>	<u>20</u>
Taxation on profit	<u>96</u>	<u>20</u>

# Micronized Food Products Limited

## Notes to the financial statements (continued)

### 6 Taxation on profit/(loss) (continued)

b) Factors affecting tax charge/(credit) for period:

The tax assessed for the period is higher (2020: higher) than the standard effective rate of corporation tax in the United Kingdom for the period ended 31 December 2021 of 19.00% (2020: 19.00%). The differences are explained as follows:

	2021 £'000	2020 £'000
Profit before tax	263	1
Profit multiplied by the standard rate of corporation tax in the United Kingdom 19.00% (2020: 19.00%)	50	-
Effects of:		
Permanent differences	8	9
Adjustments in respect of previous period	38	11
Tax charge/(credit) for the year	96	20

c) Factors affecting future tax charge:

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2018, and the UK deferred tax asset has been calculated based on this rate. In the 11 March 2020 Budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the Company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have decreased by £17k.

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

### 7 Tangible assets

	Freehold land and buildings £'000	Plant, equipment and transport £'000	Total £'000
<b>Cost</b>			
At 1 January 2021	682	2,462	3,144
Additions	-	228	228
<b>At 31 December 2021</b>	<b>682</b>	<b>2,690</b>	<b>3,372</b>
<b>Accumulated depreciation</b>			
At 1 January 2021	152	829	981
Charge for the year	27	226	253
<b>At 31 December 2021</b>	<b>179</b>	<b>1,055</b>	<b>1,234</b>
<b>Net book amount</b>			
<b>At 31 December 2021</b>	<b>503</b>	<b>1,635</b>	<b>2,138</b>
At 31 December 2020	530	1,633	2,163

Included in the cost of freehold land and buildings as at 31 December 2021, is an amount of £150,000 (2020: £150,000) in respect of land which is not depreciated.

# Micronized Food Products Limited

## Notes to the financial statements (continued)

<b>8 Stocks</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Raw materials and consumables	243	242
Work-in-progress and finished goods	274	218
	<u>517</u>	<u>460</u>

The replacement cost of stocks does not differ materially from the values disclosed above. Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £9,662 (2020: £7,427k).

<b>9 Debtors</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Trade debtors	2,163	1,392
Other debtors	22	30
Prepayments	36	32
	<u>2,221</u>	<u>1,454</u>

<b>10 Creditors: amounts falling due within one year</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Trade creditors	1,055	786
Amount owed to group undertakings	1,588	1,353
Other creditors	88	88
Taxation and social security	38	-
Accruals and deferred income	795	663
	<u>3,564</u>	<u>2,890</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and repayable on demand.

## 11 Provisions for liabilities

### Deferred taxation

	<b>2021 £'000</b>	<b>2020 £'000</b>
Provision for deferred tax comprises:		
Accelerated capital allowances	157	89
Short term timing differences	-	10
Total deferred tax liability	<u>157</u>	<u>99</u>

<b>Movement during the year</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
At 1 January	99	79
Charged to the profit and loss account	58	20
<b>At 31 December</b>	<u>157</u>	<u>99</u>



# Micronized Food Products Limited

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## Notes to the financial statements (continued)

### 12 Retirement benefits

The Company has a defined contribution pension scheme for employees. The assets are held independently from those of the company in individual member funds.

Contributions due in respect of the defined contribution scheme amounted to £24,000 (2020: £25,000). At the year-end there were no contributions payable in other creditors.

### 13 Called up share capital

	2021	2020
	£	£
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 14 Ultimate holding company and related party transactions

The company's immediate controlling company is Anglia Maltings (Holdings) Limited and ultimate controlling company is Ragleth Limited, a company incorporated in Great Britain and registered in England and Wales, by virtue of its ownership of 100% of the equity and voting rights of the company.

Ragleth Limited forms the largest group to consolidate these financial statements. Copies of the consolidated group financial statements of Ragleth Limited are available from its registered office at Great Ryburgh, Fakenham, Norfolk, NR21 7AS. Anglia Maltings (Holdings) Limited forms the smallest group to consolidate a set of financial statements.

In the opinion of the directors no single person or entity is considered to control Ragleth Limited and as such there is no ultimate controlling party.