

VOLMARY LTD
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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VOLMARY LTD

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

DIRECTORS:

W M Eady
C J Finlay
F Hudepohl

REGISTERED OFFICE:

Station Road
Wisbech St Mary
Wisbech
Cambs
PE13 4RY

REGISTERED NUMBER:

02466472 (England and Wales)

AUDITORS:

Duncan & Toplis Limited
Enterprise Way
Pinchbeck
Spalding
Lincolnshire
PE11 3YR

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

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

REVIEW OF BUSINESS

The business continues to perform well as a normalisation of the horticultural trade and the consumer market takes place post three very turbulent years.

Strong early orders for young plants in 2022 following shortages of stock in 2021 was quickly followed by excesses of stock during late spring, resulting in sales difficulties and waste for our core customers and little additional order volumes were therefore sold during the course of the year.

The business faced significant downward pressure on operating margins during the season driven by rapidly increasing input costs, including heating fuel, electricity, fertiliser and all other consumables linked to oil and gas prices that have been more volatile than in recent memory. In addition the costs of direct labour have continued to increase as significant pay rises are imposed on us by governing bodies, where availability of personnel has disappeared post our exit from the European Union and where we offer additional support to our employees during current periods of double digit inflation.

Despite operating margin pressures, we have maintained our investments in fixed assets and in personnel, underpinning our aspirations for the business in the long term. During the year we completed projects to create more heated space and in technology to improve productivity. We have also invested heavily in equipment to optimise our green heating systems and to reduce further our impact on the planet. We expect to continue these investments in green initiatives that both support the sustainability of our planet and add value to our business. Our trainee programme continues to flourish, and we are currently supporting a further 6 trainees in our bespoke training programme.

While operating profits remain under pressure due to the long-term capital investments and subsequent depreciation charges, EBITDA results remain very encouraging with good levels of cash generated to support further investment and retain a strong level of resilience to short term operating pressures.

The Directors look forward with optimism and continue to plan capital and personnel investments accordingly to enhance the long-term business performance.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties associated with the Company relate to weather over the key spring sales season between March and May, as long periods of poor weather can significantly impact the total sales activity for the season. For Volmary and for our customers, suppressed sales activity also increases the risk during our typical spring stock build up, peaking March, where we hold large amounts of stock for sales during April and May. To help mitigate the impact, management review production on a weekly basis to match as closely as possible to the forward order book taking account of existing residual stocks.

The Company's operations expose it to degrees of financial risk that include credit risk, liquidity risk, exchange rate and interest rate risk. Consumables purchasing is exposed to a worldwide supply chain.

Short term exposure to high growth opportunistic customers can create instability in our own supply chain and pressure on planned human resources and infrastructure.

CREDIT RISK

The company mainly trades with long standing customers. The nature of these relationships assists management in controlling its credit risk in addition to the normal credit management process alongside formal risk management tools.

LIQUIDITY RISK

The directors control and monitor the company's cash flow on a weekly basis.

EXCHANGE RATE RISK

The company buys a significant proportion of its key inputs in Euros. To help mitigate the risk management monitor exchange rates and undertake forward purchases as appropriate.

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

INTEREST RATE RISK

The company is exposed to interest rate fluctuations as the rate payable on its facilities are linked to the bank base rate. The directors carefully monitor cashflow to ensure that liabilities can be met as they fall due. Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance, or position of the business.

SHORT TERM GEOPOLITICAL INSTABILITY

The short and potentially mid-term worldwide uncertainty is creating additional pressure on our purchase costs. Oil, plastics, wood fuel and human resourcing are all seeing very large cost increases over prior years which will ultimately result in increased sales prices to a customer base already reeling from other supply chain cost increases. This presents a risk that gardening becomes an expensive, rather than a cheap past time and that certain customer groups reduce their production and consumers their spend.

HIGH GROWTH CUSTOMERS

While the company has a large and diverse spread of customers, among it are some that feature significantly in the total revenues, typically customers whose demand is capable of large swings in demand and uptake. The company manages the exposure to these clients to maintain a manageable seasonal workload and monitors risk exposure to individual companies.

ON BEHALF OF THE BOARD:

W M Eady - Director

7 June 2023

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

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the production and distribution of young plants.

DIRECTORS

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Wayne Eady
Christopher Finlay
Frank Hudepohl

DIVIDENDS

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Duncan and Toplis Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

W M Eady - Director

7 June 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF VOLMARY LTD

Opinion

We have audited the financial statements of Volmary Ltd (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss 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.

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF VOLMARY LTD

Responsibilities of directors

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

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

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:

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with Directors and other management obtained as part of the work required by auditing standards. We have also discussed with the Directors and other management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit.

The potential impact of different laws and regulations varies considerably. Firstly, the company is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit.

Secondly, the company is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: Health and Safety regulations and Employment laws.

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. This inspection included a review of the external Ornamental Horticulture Assurance Scheme audits conducted within the year for any evidence of non-compliance, in addition to an assessment of the company's employment and health and safety controls. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

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. 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. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VOLMARY LTD**

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.

Alistair Main FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Limited
Enterprise Way
Pinchbeck
Spalding
Lincolnshire
PC11 3YR

27 June 2023

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022		2021 as restated	
	Notes	£	£	£	£
TURNOVER	4		11,362,696		13,177,206
Cost of sales			<u>9,948,317</u>		<u>11,345,345</u>
GROSS PROFIT			1,414,379		1,831,861
Distribution costs		618,049		552,218	
Administrative expenses		<u>1,236,929</u>		<u>1,187,868</u>	
			<u>1,854,978</u>		<u>1,740,086</u>
			(440,599)		91,775
Other operating income			<u>463,254</u>		<u>531,371</u>
OPERATING PROFIT	6		22,655		623,146
Interest receivable and similar income			<u>11,323</u>		<u>1,466</u>
			33,978		624,612
Interest payable and similar expenses	7		<u>173,627</u>		<u>94,149</u>
(LOSS)/PROFIT BEFORE TAXATION			(139,649)		530,463
Tax on (loss)/profit	8		<u>(27,809)</u>		<u>54,114</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			<u>(111,840)</u>		<u>476,349</u>

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 as restated £
(LOSS)/PROFIT FOR THE YEAR		(111,840)	476,349
OTHER COMPREHENSIVE INCOME			
Revaluation of tangible fixed assets		350,063	-
Income tax relating to other comprehensive income		(87,516)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>262,547</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>150,707</u></u>	<u><u>476,349</u></u>

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		<u>7,393,813</u>		<u>7,336,937</u>
			7,393,813		7,336,937
CURRENT ASSETS					
Stocks	12	1,647,518		1,662,980	
Debtors	13	745,534		1,220,403	
Cash at bank and in hand		<u>1,447,921</u>		<u>944,326</u>	
		3,840,973		3,827,709	
CREDITORS					
Amounts falling due within one year	14	<u>2,114,476</u>		<u>2,504,629</u>	
NET CURRENT ASSETS			<u>1,726,497</u>		<u>1,323,080</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,120,310		8,660,017
CREDITORS					
Amounts falling due after more than one year	15		(4,081,890)		(3,832,011)
PROVISIONS FOR LIABILITIES	18		<u>(332,027)</u>		<u>(272,320)</u>
NET ASSETS			<u>4,706,393</u>		<u>4,555,686</u>
CAPITAL AND RESERVES					
Called up share capital	19		100,000		100,000
Share premium			55,137		55,137
Revaluation reserve			3,015,162		2,752,615
Retained earnings			<u>1,536,094</u>		<u>1,647,934</u>
SHAREHOLDERS' FUNDS			<u>4,706,393</u>		<u>4,555,686</u>

The financial statements were approved by the Board of Directors and authorised for issue on 7 June 2023 and were signed on its behalf by:

W M Eady - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2021	100,000	606,455	55,137
Changes in equity			
Total comprehensive income	-	476,349	-
Transfer of other reserves	-	565,130	-
Balance at 31 December 2021	<u>100,000</u>	<u>1,647,934</u>	<u>55,137</u>
Changes in equity			
Total comprehensive income	-	(111,840)	-
Balance at 31 December 2022	<u>100,000</u>	<u>1,536,094</u>	<u>55,137</u>
	Revaluation reserve £	Other reserves £	Total equity £
Balance at 1 January 2021	2,752,615	565,130	4,079,337
Changes in equity			
Total comprehensive income	-	-	476,349
Transfer of other reserves	-	(565,130)	-
Balance at 31 December 2021	<u>2,752,615</u>	<u>-</u>	<u>4,555,686</u>
Changes in equity			
Total comprehensive income	262,547	-	150,707
Balance at 31 December 2022	<u>3,015,162</u>	<u>-</u>	<u>4,706,393</u>

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

1. STATUTORY INFORMATION

Volmary 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.

The presentation currency of the financial statements is the Pound Sterling (£).

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 as modified by the revaluation of certain assets.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Turnover

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

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided on cost less the residual value in equal annual instalments over the estimated useful lives of the assets. The estimated useful lives are:

Freehold land & buildings	10-40 years
Plant and machinery	3-20 years
Greenhouses	10-20 years
Motor vehicles	6 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, 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 statement of financial position date.

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

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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.

Foreign currencies

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

2. ACCOUNTING POLICIES - continued

Financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

2. ACCOUNTING POLICIES - continued

Financial liabilities

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

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

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.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation

The company accounts for depreciation in accordance with FRS 102. The depreciation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgements are made on the estimated useful life of the assets which are regularly reviewed to reflect the changing environment.

Stock

The company accounts for stocks in accordance with FRS 102. Judgements are made on the overheads attributed to the cost of production. Management believe that amounts apportioned are fair and reflective of the cost to produce finished produce. These judgements are reviewed regularly to reflect the changing environment.

The company also includes a provision for stock wastage. Management review the level and condition of stocks against the amount and timing of expected future sales to calculate an expected level of lost stock through wastage, which is provided for in the financial statements.

Bad debts

The company accounts for bad debts in accordance with FRS 102. Judgements are made on which balances within trade debtors require to be provided for. Management believe that provisions made are fair and reflective of their expectation of recoverability. These judgements are reviewed regularly to reflect the changing environment.

Deferred tax asset

The company has recognised a deferred tax asset in respect of unutilised losses carried forward for offset against future trading profits. Judgements are made on the expected future profits of the company and therefore the recoverability of this asset.

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

4. TURNOVER

The turnover and loss (2021 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2022	2021 as restated
	£	£
United Kingdom	11,022,685	12,800,582
Europe	337,506	376,624
Rest of World	2,505	-
	<u>11,362,696</u>	<u>13,177,206</u>

5. EMPLOYEES AND DIRECTORS

	2022	2021 as restated
	£	£
Wages and salaries	3,026,843	3,039,473
Social security costs	270,833	251,661
Other pension costs	100,225	101,106
	<u>3,397,901</u>	<u>3,392,240</u>

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

	2022	2021 as restated
Production and distribution	104	109
Sales	8	9
Administration	7	6
	<u>119</u>	<u>124</u>

	2022	2021 as restated
	£	£
Directors' remuneration	235,976	186,686
Directors' pension contributions to money purchase schemes	<u>62,600</u>	<u>61,289</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 December 2022 is as follows:

	2022
	£
Emoluments etc	185,134
Pension contributions to money purchase schemes	<u>39,996</u>

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

6. OPERATING PROFIT

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

	2022	2021 as restated
	£	£
Depreciation - owned assets	1,017,159	907,593
(Profit)/loss on disposal of fixed assets	(2,675)	3,360
Auditors' remuneration	15,050	13,650
Exchange (Gains) Losses	39,508	(44,445)
Government Grants	-	(58,848)
Operating lease charges	40,684	34,781
Stock impairment movement	<u>11,410</u>	<u>27,120</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021 as restated
	£	£
Bank loan interest	151,540	69,888
Interest payable	16,847	17,028
Hire purchase interest	<u>5,240</u>	<u>7,233</u>
	<u>173,627</u>	<u>94,149</u>

8. TAXATION**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss for the year was as follows:

	2022	2021 as restated
	£	£
Deferred tax	<u>(27,809)</u>	<u>54,114</u>
Tax on (loss)/profit	<u>(27,809)</u>	<u>54,114</u>

Reconciliation of total tax (credit)/charge included in profit and loss

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

	2022	2021 as restated
	£	£
(Loss)/profit before tax	<u>(139,649)</u>	<u>530,463</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(26,533)	100,788
Effects of:		
Expenses not deductible for tax purposes	3,783	846
Income not taxable for tax purposes	(2,193)	(1,331)
Capital allowances in excess of depreciation	(92,838)	(32,528)
Utilisation of tax losses	-	(13,661)
Change in tax rate	9,846	-
Losses carried forward	<u>80,126</u>	<u>-</u>
Total tax (credit)/charge	<u>(27,809)</u>	<u>54,114</u>

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

8. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	Gross £	2022 Tax £	Net £
Revaluation of tangible fixed assets	<u>350,063</u>	<u>(87,516)</u>	<u>262,547</u>

9. PRIOR YEAR ADJUSTMENT

In the year a prior year adjustment was posted merging other reserves totalling £565,130 into distributable reserves.

10. INTANGIBLE FIXED ASSETS

	Trademarks £
COST	
At 1 January 2022	
and 31 December 2022	<u>4,880</u>
AMORTISATION	
At 1 January 2022	
and 31 December 2022	<u>4,880</u>
NET BOOK VALUE	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

11. TANGIBLE FIXED ASSETS

	Freehold property £	Greenhouses £	Plant and machinery £
COST OR VALUATION			
At 1 January 2022	1,649,230	3,950,638	4,903,461
Additions	-	273,898	372,425
Disposals	-	-	(5,180)
Reclassification/transfer	-	105,240	120,262
At 31 December 2022	<u>1,649,230</u>	<u>4,329,776</u>	<u>5,390,968</u>
DEPRECIATION			
At 1 January 2022	203,712	1,023,356	2,204,960
Charge for year	104,084	468,816	418,541
Eliminated on disposal	-	-	(3,432)
Eliminated on revaluation	(67,567)	(142,478)	(140,018)
At 31 December 2022	<u>240,229</u>	<u>1,349,694</u>	<u>2,480,051</u>
NET BOOK VALUE			
At 31 December 2022	<u>1,409,001</u>	<u>2,980,082</u>	<u>2,910,917</u>
At 31 December 2021	<u>1,445,518</u>	<u>2,927,282</u>	<u>2,698,501</u>

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

11. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Assets under Construction £	Totals £
COST OR VALUATION			
At 1 January 2022	193,867	225,502	10,922,698
Additions	79,397	-	725,720
Disposals	(101,356)	-	(106,536)
Reclassification/transfer	-	(225,502)	-
At 31 December 2022	171,908	-	11,541,882
DEPRECIATION			
At 1 January 2022	153,733	-	3,585,761
Charge for year	25,718	-	1,017,159
Eliminated on disposal	(101,356)	-	(104,788)
Eliminated on revaluation	-	-	(350,063)
At 31 December 2022	78,095	-	4,148,069
NET BOOK VALUE			
At 31 December 2022	93,813	-	7,393,813
At 31 December 2021	40,134	225,502	7,336,937

Cost or valuation at 31 December 2022 is represented by:

	Freehold property £	Greenhouses £	Plant and machinery £	Motor vehicles £	Totals £
Valuation in 2019	512,934	1,707,777	734,208	-	2,954,919
Valuation in 2022	67,567	142,478	140,018	-	350,063
Cost	1,068,729	2,479,521	4,516,742	171,908	8,236,900
	1,649,230	4,329,776	5,390,968	171,908	11,541,882

12. STOCKS

	2022 £	2021 as restated £
Stocks	1,647,518	1,662,980

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 as restated £
Trade debtors	480,827	1,006,360
Other debtors	66,656	14,098
Prepayments and accrued income	198,051	199,945
	745,534	1,220,403

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021 as restated
	£	£
Bank loans and overdrafts (see note 16)	383,428	323,428
Hire purchase contracts (see note 17)	33,829	31,045
Trade creditors	555,906	551,469
Amounts owed to group undertakings	856,526	1,109,856
Social security and other taxes	46,179	45,291
VAT	51,674	80,586
Other creditors	45,323	65,765
Accruals and deferred income	141,611	297,189
	<u>2,114,476</u>	<u>2,504,629</u>

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

	2022	2021 as restated
	£	£
Bank loans (see note 16)	3,599,810	3,218,018
Hire purchase contracts (see note 17)	32,934	64,307
Other creditors	99,146	119,686
Amounts owed to group undertakings	350,000	430,000
	<u>4,081,890</u>	<u>3,832,011</u>

16. LOANS

	2022	2021
£	£	
Bank loans	3,983,238	3,541,446
Loans from group undertakings	430,000	510,000
	<u>4,413,238</u>	<u>4,051,446</u>
Payable within one year	463,428	403,428
Payable after one year	<u>3,949,810</u>	<u>3,648,018</u>

The company's bank facilities are secured by means of a fixed and floating charge over the assets of the company and a first legal charge over the company's freehold property.

One new loan was taken out in the year with Santander Bank. Both loans are repayable over 5 years in quarterly instalments of £15,000. The interest rates in respect of these loans are the aggregate of a margin of 2.75% and the Bank of England Base Rate.

The two Santander bank loans are repayable over 5 years in quarterly instalments of £17,857.14 and 8,333.33. The interest rates in respect of these loans are the aggregate of a margin of 2.75% and the Bank of England Base Rate.

The Santander bank loan is repayable over 5 years in instalments of £43,833 per quarter from Nov 2020. The interest rate in respect of this loan facility is held at 2.30% above LIBOR.

The CBIL loan is repayable over 5 years in instalments of £10,833 per quarter from Oct 2020. The interest rate in respect of this loan facility is held at 3.5% over base rate.

Loans from group undertakings is a loan from the company's ultimate parent company which carries an interest rate of 3% over EURIBOR. This loan was due for repayment on 31 December 2022 but has been extended. The remaining balance is repayable in instalments of £20,000 per quarter from 31 December 2022 to 31 December 2027. The lender has a debenture over the company's assets ranking after the first legal charge held by the company's bankers.

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

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2022	2021 as restated
	£	£
Net obligations repayable:		
Within one year	33,829	31,045
Between one and five years	<u>32,934</u>	<u>64,307</u>
	<u>66,763</u>	<u>95,352</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

	Non-cancellable operating leases	
	2022	2021 as restated
	£	£
Within one year	39,861	23,782
Between one and five years	<u>27,666</u>	<u>26,253</u>
	<u>67,527</u>	<u>50,035</u>

18. PROVISIONS FOR LIABILITIES

	2022	2021 as restated
	£	£
Deferred tax	<u>332,027</u>	<u>272,320</u>
		Deferred tax
		£
Balance at 1 January 2022		272,320
Credit to Income Statement during year		(27,809)
Deferred tax on revaluation		<u>87,516</u>
Balance at 31 December 2022		<u>332,027</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2022	2021 as restated
Number:	Class:	Nominal value:	£	£
110,000	Ordinary	50p	55,000	55,000
90,000	Ordinary A	50p	<u>45,000</u>	<u>45,000</u>
			<u>100,000</u>	<u>100,000</u>

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

20. CAPITAL COMMITMENTS

	2022	2021 as restated
	£	£
Contracted but not provided for in the financial statements	<u>55,795</u>	<u>144,755</u>

21. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

	2022	2021 as restated
	£	£
Sales	112,800	176,013
Purchases	2,843,386	2,870,445
Amount due to related party	<u>1,173,281</u>	<u>1,499,795</u>

Entities under common control

	2022	2021 as restated
	£	£
Purchases	915,461	1,230,278
Amount due to related party	<u>33,245</u>	<u>40,061</u>

During the year, a total of key management personnel compensation of £ 267,528 (2021 - £ 212,037) was paid.

22. ULTIMATE CONTROLLING PARTY

The ultimate parent company is Volmary GmbH, a company registered in Germany. The results and financial position of Volmary Limited are consolidated into the group accounts of Volmary GmbH, copies of which can be obtained from the registered office at Kaldenhofer Weg 70, Postfach 2721, 48155 Munster, Germany.

The ultimate controlling party is Hubertus Volmary.

23. GOVERNMENT GRANTS

Deferred income is included in the financial statements as follows:

	2022	2021
£	£	£
Current Liabilities	20,540	20,540
Non-current liabilities	<u>99,146</u>	<u>119,685</u>
	<u>119,686</u>	<u>140,266</u>

The deferred income shown in the balance sheet relates to two government grants received by the company.

The first grant was received to help fund the construction of the Fenland School of Horticulture which is based at Volmary Ltd's Station Road site and is operated by the company for training horticultural staff and local school children. This grant is being released to the income statement over a period of 10 years.

The second grant, received in 2017, is in relation to the building of the new reservoir on the existing premises. This grant is being released to the income statement over a period of 20 years.

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