

**CASTLETON FRUIT LTD.**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**CASTLETON FRUIT LTD.**

**COMPANY INFORMATION**

<b>Directors</b>	Mr R J Mitchell Mr J J Waltham (appointed 1 January 2021)
<b>Company secretary</b>	Ms A Mitchell
<b>Registered number</b>	SC369372
<b>Registered office</b>	Castleton Farm Fordoun Laurencekirk AB30 1JX
<b>Independent auditors</b>	EQ Accountants LLP Chartered Accountants & Statutory Auditors 14 City Quay Dundee DD1 3JA

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Introduction**

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

**Business review**

We report a turnover of £13.4m, a decrease of 10% compared to 2020. The decrease in sales was across all fruit types, and directly related to poor sales performance in the market by our marketing co-operative.

Gross profit performance is directly attributable to the drop in turnover.

**Principal risks and uncertainties**

Whilst we continue to focus on investing and growing our family business, we must be conscious and prudent with regard to external pressures some of which are beyond our direct control.

Up until relatively recently, labour has been and continues to be the biggest risk facing the business; to plant, pick and pack our soft fruit. The business relies heavily on seasonal labour, primarily from overseas sources to fulfil these tasks. We have been fortunate to source some local labour however the majority still travel to the UK to work. The Ukraine conflict has resulted in additional countries being used to source labour for the UK seasonal workforce, and we have continued to invest in our facilities to provide leading conditions to improve the retention and attraction of workers to our farm.

The last 12 months have also seen rapidly rising costs of energy, across the board. However, the significant investments which we have made in biomass heating over the last 5 years now put us in a strong position to off-set some of the energy cost challenges being experienced by other growers. Some of our energy costs, e.g., fuel, are difficult to mitigate against but we will continue to invest in sustainable technologies to mitigate these pressures.

Our geographic location, and thereby crop timing in the marketplace, continues to be an advantage which we will develop. There is also increasing interest in food security and desire from consumers to consider the carbon footprint of the food which they consume. Whilst short-term opportunities may still be available, we are confident that the true cost of supply from overseas fruit sources, including sustainability food sourcing, will result in a re-alignment of consumer interest in UK-grown produce and thereby further opportunities for us going forwards.

The business strategy is to continue to focus on fruit crops which require less labour, which will result in a change of fruit mix, whilst at the same time exploring growing systems and potential longer-term automation solutions to mitigate increasing labour costs and reducing labour availability.

**Financial and other key performance indicators**

We aim to farm profitably, be environmentally and ethically sustainable and focus on improving positive and long-term mutually beneficial relationships with our team, customers and suppliers.

This report was approved by the board on 22 September 2022 and signed on its behalf.

**Mr R J Mitchell**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

**Directors' responsibilities statement**

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

**Principal activity**

The principal activity of the company is the operation of a soft fruit farm.

**Results and dividends**

The loss for the year, after taxation, amounted to £220,091 (2020 - profit £401,458).

Ordinary dividends were paid amounting to £56,000 (2020 - £60,000). The directors do not recommend payment of a final dividend.

**Directors**

The directors who served during the year were:

Mr R J Mitchell  
Mr J J Waltham (appointed 1 January 2021)

**Future developments**

Details of future developments can be found within the Strategic Report and form part of this report by the directors.

**Engagement with employees**

The Company's policy is to consult and discuss with employees at team meetings and through one to one meetings, matters likely to affect employees' interests.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

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

**Auditors**

The auditors, EQ Accountants LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 September 2022 and signed on its behalf.

Mr R J Mitchell

**Director**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASTLETON FRUIT LTD.**

**Opinion**

We have audited the financial statements of Castleton Fruit Ltd. (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, 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 2021 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 United Kingdom, including the Financial Reporting Council'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 other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASTLETON FRUIT LTD. (CONTINUED)**

**Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report 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 Directors' report.

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

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

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASTLETON FRUIT LTD. (CONTINUED)**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Douglas Rae (Senior statutory auditor)

for and on behalf of

**EQ Accountants LLP**

Chartered Accountants & Statutory Auditors

14 City Quay

Dundee

DD1 3JA

23 September 2022

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
Turnover	4	<b>13,364,968</b>	14,867,132
Cost of sales		<b>(13,585,935)</b>	(14,103,392)
<b>Gross (loss)/profit</b>		<b>(220,967)</b>	763,740
Administrative expenses		<b>(534,110)</b>	(589,449)
Other operating income	5	<b>540,222</b>	415,771
<b>Operating (loss)/profit</b>	6	<b>(214,855)</b>	590,062
Interest payable and similar expenses	10	<b>(72,403)</b>	(79,791)
<b>(Loss)/profit before tax</b>		<b>(287,258)</b>	510,271
Tax on (loss)/profit	11	<b>67,167</b>	(108,813)
<b>(Loss)/profit for the financial year</b>		<b>(220,091)</b>	401,458

The notes on pages 12 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021

		2021 £	2020 £
<b>Fixed assets</b>			
Tangible Fixed Assets	13	6,892,784	6,640,622
Investments	14	50	50
		<u>6,892,834</u>	<u>6,640,672</u>
<b>Current assets</b>			
Stocks	15	2,290,387	1,927,842
Debtors: amounts falling due within one year	16	1,346,549	769,158
Bank and cash balances		1,006	1,087
		<u>3,637,942</u>	<u>2,698,087</u>
Creditors: amounts falling due within one year	17	(2,739,603)	(3,086,690)
<b>Net current assets/(liabilities)</b>		<u>898,339</u>	<u>(388,603)</u>
<b>Total assets less current liabilities</b>		<u>7,791,173</u>	<u>6,252,069</u>
Creditors: amounts falling due after more than one year	18	(1,966,437)	(273,228)
<b>Provisions for liabilities</b>			
Deferred tax	20	(266,736)	(144,750)
		<u>(266,736)</u>	<u>(144,750)</u>
<b>Net assets</b>		<u><u>5,558,000</u></u>	<u><u>5,834,091</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	100	100
Profit and loss account	22	5,557,900	5,833,991
		<u><u>5,558,000</u></u>	<u><u>5,834,091</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 September 2022.

Mr R J Mitchell  
**Director**

The notes on pages 12 to 25 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2020</b>	<b>100</b>	<b>5,492,533</b>	<b>5,492,633</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	401,458	401,458
Dividends: Equity capital	-	(60,000)	(60,000)
<b>At 1 January 2021</b>	<b>100</b>	<b>5,833,991</b>	<b>5,834,091</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(220,091)	(220,091)
Dividends: Equity capital	-	(56,000)	(56,000)
<b>At 31 December 2021</b>	<b>100</b>	<b>5,557,900</b>	<b>5,558,000</b>

The notes on pages 12 to 25 form part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(220,091)	401,458
<b>Adjustments for:</b>		
Depreciation of tangible assets	745,110	722,740
Loss on disposal of tangible assets	-	(7,858)
Government grants	(65,485)	(78,583)
Interest paid	72,403	79,791
Taxation charge	(67,167)	108,813
(Increase) in stocks	(362,545)	(288,127)
(Increase) in debtors	(185,839)	(32,737)
(Increase) in amounts owed by associates	(202,399)	(4,794)
(Decrease) in creditors	(135,224)	(42,323)
Corporation tax (paid)/received	(64,453)	14,715
<b>Net cash generated from operating activities</b>	<b>(485,690)</b>	<b>873,095</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(997,272)	(544,106)
Sale of tangible fixed assets	-	27,333
<b>Net cash from investing activities</b>	<b>(997,272)</b>	<b>(516,773)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	441,757	(55,059)
Repayment of/new finance leases	-	(28,500)
Dividends paid	(56,000)	(60,000)
Interest paid	(72,403)	(79,791)
<b>Net cash used in financing activities</b>	<b>313,354</b>	<b>(223,350)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,169,608)</b>	<b>132,972</b>
Cash and cash equivalents at beginning of year	(497,284)	(630,256)
<b>Cash and cash equivalents at the end of year</b>	<b>(1,666,892)</b>	<b>(497,284)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,006	1,087
Bank overdrafts	(1,667,898)	(498,371)
	<b>(1,666,892)</b>	<b>(497,284)</b>

The notes on pages 12 to 25 form part of these financial statements.

**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	1,087	(81)	1,006
Bank overdrafts	(498,371)	(1,169,527)	(1,667,898)
Debt due after 1 year	(207,743)	(1,758,694)	(1,966,437)
Debt due within 1 year	(1,558,243)	1,316,937	(241,306)
	<u>(2,263,270)</u>	<u>(1,611,365)</u>	<u>(3,874,635)</u>

The notes on pages 12 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. General information**

Castleton Fruit Limited is a private company limited by shares, incorporated in Scotland with registration number SC369372. The registered office and principal place of business is Castleton Farm, Fordoun, Kincardineshire, AB30 1JX.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

**2.2 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies (continued)**

**2.3 Revenue**

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

**Sale of goods**

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

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

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Government grants**

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

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

**2.5 Finance costs**

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

**2.6 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies (continued)**

**2.7 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**2.8 Current and deferred taxation**

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies (continued)**

**2.9 Tangible fixed assets**

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following bases :-

Depreciation is provided on the following basis:

Freehold property	- 25 years straight line
Plant and machinery	- 20% reducing balance
Motor vehicles	- 20% reducing balance
Fixtures and fittings	- 20% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.10 Valuation of investments**

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

**2.11 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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

**2.12 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies (continued)**

**2.13 Financial instruments**

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

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

**2.14 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the company's accounting policies, the director is 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.

Those estimates considered to involve a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows –

**Depreciation**

Depreciation is provided based on the estimated useful economic life of each class of assets, which is judgement exercised by management. Depreciation is taken to the profit and loss in order to write off the asset over its useful economic life.

**Stock valuation**

As set out in note 15, the Company has a year end crops in ground valuation of £1,008,562 (2020 - £941,552). This represents the valuation of crops growing in the ground at the year end and includes the cost of raw materials, labour and equipment for establishing these crops to the balance sheet date.

The cost of raw materials is directly attributable to the costs associated with plants, bed polythene and coir. Expenditure incurred in bringing the crop to its current condition includes the labour of cultivating the land, sowing, planting and the husbandry of those crops. The cost of labour is based upon timesheet and payroll data, which is all allocated to developing these crops.

Any impairment of the crop is also taken into account whereby any damaged or under-performing crops are removed and the valuation is impaired appropriately. It is not deemed practical to count the exact number of plants removed for these purposes and these plants are impaired over their useful estimated life.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Sale of goods	12,599,318	14,042,170
Rental income	765,650	824,962
	<u>13,364,968</u>	<u>14,867,132</u>

All turnover arose within the United Kingdom.

**5. Other operating income**

	2021 £	2020 £
Government grants receivable	113,474	198,301
Sundry income	426,748	217,470
	<u>540,222</u>	<u>415,771</u>

**6. Operating (loss)/profit**

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

	2021 £	2020 £
Exchange differences	<u>(42,162)</u>	<u>(19,451)</u>

**7. Auditors' remuneration**

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>11,000</u>	<u>12,000</u>

**Fees payable to the Company's auditor and its associates in respect of:**

	2021 £	2020 £
Audit-related assurance services	1,000	-
All other services	8,250	10,750
	<u>9,250</u>	<u>10,750</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	6,977,239	7,028,672
Social security costs	570,373	505,930
Cost of defined contribution scheme	23,974	186,708
	<u>7,571,586</u>	<u>7,721,310</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Direct Labour	335	330
Management	2	1
Administrative Staff	6	6
	<u>343</u>	<u>337</u>

**9. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	14,100	11,850
Company contributions to defined contribution pension schemes	-	80,000
	<u>14,100</u>	<u>91,850</u>

During the year retirement benefits were accruing to no directors (2020 - 1) in respect of defined contribution pension schemes.

**10. Interest payable and similar expenses**

	2021 £	2020 £
Bank interest payable	72,403	77,729
Other interest payable	-	2,062
	<u>72,403</u>	<u>79,791</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**11. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	(189,153)	69,744
<b>Deferred tax</b>		
Origination and reversal of timing differences	121,986	39,069
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(67,167)</u>	<u>108,813</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	<u>(287,258)</u>	<u>510,271</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(54,579)	96,951
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,197	7,122
Capital allowances for year in excess of depreciation	(125,329)	(17,905)
Non-taxable income	(12,442)	(14,931)
Book profit on chargeable assets	-	(1,493)
Changes in provisions leading to an increase (decrease) in the tax charge	121,986	39,069
<b>Total tax charge for the year</b>	<u>(67,167)</u>	<u>108,813</u>

**Factors that may affect future tax charges**

The only factors affecting tax charges are those imposed by HMRC.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**12. Dividends**

	2021 £	2020 £
Ordinary shares - Class A	28,000	28,000
Ordinary shares - Class B	28,000	28,000
Ordinary shares - Class C	-	2,000
Ordinary shares - Class D	-	2,000
	<u>56,000</u>	<u>60,000</u>

**13. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 January 2021	3,966,708	5,812,395	283,668	36,572	10,099,343
Additions	-	978,642	18,630	-	997,272
At 31 December 2021	<u>3,966,708</u>	<u>6,791,037</u>	<u>302,298</u>	<u>36,572</u>	<u>11,096,615</u>
<b>Depreciation</b>					
At 1 January 2021	233,191	3,047,590	161,758	16,182	3,458,721
Charge for the year on owned assets	68,204	646,272	26,556	4,078	745,110
At 31 December 2021	<u>301,395</u>	<u>3,693,862</u>	<u>188,314</u>	<u>20,260</u>	<u>4,203,831</u>
<b>Net book value</b>					
At 31 December 2021	<u>3,665,313</u>	<u>3,097,175</u>	<u>113,984</u>	<u>16,312</u>	<u>6,892,784</u>
<b>At 31 December 2020</b>	<u>3,733,517</u>	<u>2,764,805</u>	<u>121,910</u>	<u>20,390</u>	<u>6,640,622</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Fixed asset investments

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 January 2021	50
At 31 December 2021	50

15. Stocks

	2021 £	2020 £
Raw materials and packaging stock	1,224,902	960,446
Crops in ground	1,008,562	941,552
Goods for resale	56,923	25,844
	<u>2,290,387</u>	<u>1,927,842</u>

16. Debtors

	2021 £	2020 £
Trade debtors	144,339	156,421
Amounts owed by associated undertakings	207,193	4,794
Other debtors	330,531	260,038
Prepayments and accrued income	475,333	347,905
Tax recoverable	189,153	-
	<u>1,346,549</u>	<u>769,158</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**17. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Bank overdrafts	1,667,898	498,371
Bank loans	241,306	1,558,243
Trade creditors	619,786	772,231
Corporation tax	-	64,453
Other taxation and social security	48,437	48,021
Other creditors	3,573	7,416
Accruals and deferred income	158,603	137,955
	<u>2,739,603</u>	<u>3,086,690</u>

The bank loans and overdraft are secured by a floating charge over the Company's assets and standard securities over certain assets held by the Company and a related party.

Bank loans of £375,688 (Loan 1) and £188,825 (Loan 2) were borrowed in a previous period. The year end 2021 carrying amounts are £168,924 (2020 - £202,930) and £38,819 (2020 - £63,056) respectively. Both are subject to monthly instalments and final repayment for Loan 1 in March 2026 and Loan 2 in June 2023. Two further loans of £1,000,000 each were taken out in December 2021 and are subject to monthly instalments with a final repayment in December 2031. There were no payments against these new loans by the year end. All loans attract various LIBOR related interest rates.

**18. Creditors: Amounts falling due after more than one year**

	2021 £	2020 £
Bank loans	1,966,437	207,743
Government grants received	-	65,485
	<u>1,966,437</u>	<u>273,228</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**19. Loans**

Analysis of the maturity of loans is given below:

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Bank loans	241,306	1,558,243
<b>Amounts falling due 1-2 years</b>		
Bank loans	235,446	61,593
<b>Amounts falling due 2-5 years</b>		
Bank loans	672,659	135,006
<b>Amounts falling due after more than 5 years</b>		
Bank loans	1,058,332	11,144
	<u>2,207,743</u>	<u>1,765,986</u>

**20. Deferred taxation**

	2021 £
At beginning of year	(144,750)
Charged to profit or loss	(121,986)
<b>At end of year</b>	<u>(266,736)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	<u>(266,736)</u>	<u>(144,750)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
80 (2020 - 80) Ordinary A shares of £1.00 each	80	80
10 (2020 - 10) Ordinary B shares of £1.00 each	10	10
5 (2020 - 5) Ordinary C shares of £1.00 each	5	5
5 (2020 - 5) Ordinary D shares of £1.00 each	5	5
	<hr/>	<hr/>
	<b>100</b>	<b>100</b>
	<hr/>	<hr/>

**22. Reserves**

**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**23. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £23,974 (2020 - £186,708). Contributions totalling £Nil (2020 - £Nil) were payable to the fund at the reporting date and are included in creditors.

**24. Commitments under operating leases**

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	2,405	-
Later than 1 year and not later than 5 years	3,939	-
	<hr/>	<hr/>

**25. Related party transactions**

During the year, Castleton Fruit Ltd made sales of £250,337 (2020 - £109,323) to and purchases of £131,130 (2020 - £156,700) from a partnership in which Mr R J Mitchell holds an interest. The net amount due from the partnership at the year end was £207,193 (2020 - £4,794).

Key management personnel include the directors and senior managers who together have authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management personnel for services provided to the Company during the period, was £33,228 (2020 - £171,864). £18,713 (2020 - £Nil) of these services were provided by a company where Mr J Waltham holds a majority shareholding. The net amount due to that company at the year end was £2,160. (2020 - £Nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**26. Controlling party**

The ultimate controlling party is Mr R J Mitchell.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.