

Registered number: 00538910

Chandler & Dunn Limited

Annual report and financial statements

For the Year Ended 11 October 2022

Chandler & Dunn Limited

Company Information

Directors	I S Chandler P D Chandler P S Dunn C P S Chandler R S Dunn M Chandler R J S Chandler A G S Dunn A E Dunn C S Dunn S J Dunn
Company secretary	P D Chandler
Registered number	00538910
Registered office	The Farm Office Lower Goldstone Ash Canterbury Kent CT3 2DY
Independent auditors	Kreston Reeves LLP Chartered Accountants & Statutory Auditor 37 St Margaret's Street Canterbury Kent CT1 2TU

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 9
Statement of income and retained earnings	10
Balance sheet	11
Statement of cash flows	12
Notes to the financial statements	13 - 28

Strategic report

For the Year Ended 11 October 2022

Introduction

The company has three primary enterprises all falling within the general heading of farming, all operated on an in-hand basis. In turnover order these are, fruit, livestock and arable. With the exception the livestock operation, produce is generally marketed through intermediaries. The livestock operation includes an element of direct sales through the in-house butchery at Goldstone.

Business review

The operation of all three enterprises are regularly reviewed to maximise efficiencies and minimise / mitigate risks.

Varietal changes continue to be implemented in the fruit enterprise to maximise price, grading outcomes, storage and quality. In addition, additional storage facilities are being constructed to provide marketing flexibility and achieve better prices.

The livestock enterprise has taken on a shop in the nearby town, as it is considered this will increase the customer base and spend.

The arable enterprise now works with another arable unit to achieve greater equipment and staff efficiencies.

In addition to the three core enterprises the board continue to look at the commercial merits of diversification and the best financial returns from physical assets and other resources. This includes the utilisation of residential property no longer required for farm workers.

Principal risks and uncertainties

The changes in direct and indirect government support have had a material impact on the profitability of the core enterprises.

The reported issues with labour supply and cost, continue to pose an economic risk, particularly for the fruit enterprise, which requires significant seasonal labour.

Input and commodity price fluctuations also pose a risk to all three enterprises, although the risk to the livestock enterprise is mitigated by direct selling,

Changes to weather patterns during the growing and harvest phases continue to impact yield, quality and ultimately profitability.

The directors continue to monitor key risk areas and implement mitigation measures, where practical and economic.

Financial key performance indicators

Enterprise income and profitability data

Cost comparison

Comparative cash and bank positions

Other key performance indicators

Yield and grade out data

Chandler & Dunn Limited

Strategic report (continued)
For the Year Ended 11 October 2022

This report was approved by the board on 19 June 2023 and signed on its behalf.

P D Chandler
Director

**Directors' report
For the Year Ended 11 October 2022**

The directors present their report and the financial statements for the year ended 11 October 2022.

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.

Results and dividends

The profit for the year, after taxation, amounted to £2,390,253 (2021 - £628,973).

The trading profit for the year includes a payment of £4,000 in relation to dividends paid on the Preference Shares, included as finance costs. Dividends of £5,000 on the "A" & "B" Ordinary Shares have also been paid. This leaves a profit of £2,385,253 to be added to the retained profits brought forward, resulting in retained profits of £10,086,396 to be carried forward to future accounting periods.

Directors

The directors who served during the year were:

I S Chandler
P D Chandler
P S Dunn
C P S Chandler
R S Dunn
M Chandler
R J S Chandler
A G S Dunn
A E Dunn
C S Dunn
S J Dunn

Additional information regarding directors

All the directors shown above held office throughout the year, and continue to do so.

P D Chandler, S J Dunn, A E Dunn and R J S Chandler retire by rotation at the Annual General Meeting, and being eligible, offer themselves for re-election.

Directors' report (continued)
For the Year Ended 11 October 2022

Covid-19

The directors and management team have and continue to monitor government advice and commentary from other relevant organisations, concerning the Covid-19 outbreak. Appropriate measures have been, and will continue to be, implemented to protect staff, customers and suppliers. Where appropriate, additional measures have and will be implemented, in order to mitigate any potential commercial impact on the trading activities of the company.

Future developments

During the 2022 accounting period the board secured an offer for 7 hectares of land, which will provide sufficient working capital to buy a significant area of land and orchards owned by the directors' pension scheme. The purchase of this land will eliminate a rental obligation and provided increased security for farming operations.

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, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 June 2023 and signed on its behalf.

P D Chandler
Director

Independent auditors' report to the members of Chandler & Dunn Limited

Qualified opinion

We have audited the financial statements of Chandler & Dunn Limited (the 'company') for the year ended 11 October 2022, which comprise the Statement of comprehensive income, balance sheet, the Statement of cash flows, the Statement of changes in equity and notes to the financial statements, including 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, except for the possible effects of the matter described in the basis of qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 11 October 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Due to the reasons set out below, we were unable to physically verify the stock of crops as at the year end. The stock recognised in the financial statements that relates to fruit crops totals £1,161,681, of this amount, £765,056 related to stored fruit. Picked fruit is stored in controlled atmosphere stores from picking, until the fruit leaves the farm. The stores are effectively sealed for this period and inspections are not possible as the controlled atmosphere environment is extremely hazardous. Making the stores accessible for a physical count would involve a direct significant cost in resetting the controlled environment, and would impact on the quality and storage life of the fruit, which would impact sales value. The remainder of the fruit stock totalling £396,625 relates to fruit which was still growing on the fruit trees at the year end.

Due to close involvement of the board together with their expertise, the directors are not of the opinion that the cost that would be incurred implementing significant controls and having a professional count the fruit growing at the year end would be beneficial to the company.

We were unable to satisfy ourselves by alternative means concerning the stock of these crops at 11 October 2022, which are included in the balance sheet at £1,161,681, by using other procedures.

Consequently we were unable to determine whether any adjustment to this amount was necessary.

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 Auditor 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.

Independent auditors' report to the members of Chandler & Dunn Limited (continued)

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.

As described in the Basis of qualified opinion on other matters prescribed by the Companies Act 2006 section of our report we have concluded that a material misstatement of the other information exists.

As described in the Basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the stock quantities of £1,382,717 held at 11 October 2022. We have concluded that where the other information refers to the stock value or related balances such as costs sales, it may be materially misstated for the same reason.

Qualified opinion on other matters prescribed by the Companies Act 2006

Except for the matter described in the Basis for qualified opinion, 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.

Independent auditors' report to the members of Chandler & Dunn Limited (continued)

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, 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.

Arising solely from the limitation on the scope of our work relating to stock, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 Chandler & Dunn Limited (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:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Statement of Recommended Practice, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. With the exception of stock, as set out in the basis for qualified opinion section of our report, we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety, anti-bribery and employment law) and fraud; and
- Further assessment of the company's compliance with laws and regulations was undertaken by ensuring the engagement team were made aware of the identified laws and regulations to ensure they remained alert to any indications of non-compliance;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing low level analytical procedures to any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditors' report to the members of Chandler & Dunn Limited (continued)

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

The prior period financial statements for the company for the period ended 11 October 2021 were not audited. Accordingly the corresponding figures presented as part of the financial statements of the company for the period ended 11 October 2022 are unaudited.

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 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.

Robert Sellers FCCA (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Chartered Accountants
Statutory Auditor

Canterbury

21 June 2023

Statement of income and retained earnings
For the Year Ended 11 October 2022

	Note	2022 £	2021 £
Turnover	4	5,743,448	5,546,003
Cost of sales		(4,784,440)	(4,481,640)
Gross profit		959,008	1,064,363
Distribution costs		(305,433)	(276,383)
Administrative expenses		(1,009,110)	(742,774)
Other operating income	5	2,669,921	474,448
Operating profit		2,314,386	519,654
Income from fixed assets investments		137,663	522,831
Interest receivable and similar income	10	14	1
Interest payable and similar expenses	11	(10,215)	(12,200)
Profit before tax		2,441,848	1,030,286
Tax on profit	12	(51,595)	(401,313)
Profit after tax		2,390,253	628,973
Retained earnings at the beginning of the year		7,701,143	7,077,170
		7,701,143	7,077,170
Profit for the year		2,390,253	628,973
Dividends declared and paid		(5,000)	(5,000)
Retained earnings at the end of the year		10,086,396	7,701,143

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of income and retained earnings.

The notes on pages 13 to 28 form part of these financial statements.

Balance sheet
As at 11 October 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	3,146,908	3,145,181
Investments	15	89,132	89,132
Investment property	16	2,875,000	2,745,000
		6,111,040	5,979,313
Current assets			
Stocks	17	1,810,218	1,584,225
Debtors: amounts falling due within one year	18	331,265	530,543
Cash at bank and in hand	19	3,467,707	1,278,863
		5,609,190	3,393,631
Creditors: amounts falling due within one year	20	(554,893)	(562,314)
Net current assets		5,054,297	2,831,317
Total assets less current liabilities		11,165,337	8,810,630
Creditors: amounts falling due after more than one year	21	(133,222)	(191,517)
Provisions for liabilities			
Deferred tax	24	(925,719)	(897,970)
		(925,719)	(897,970)
Net assets		10,106,396	7,721,143
Capital and reserves			
Called up share capital	25	20,000	20,000
Profit and loss account	26	10,086,396	7,701,143
		10,106,396	7,721,143

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 June 2023.

C P S Chandler
Director

P D Chandler
Director

The notes on pages 13 to 28 form part of these financial statements.

Statement of cash flows
For the Year Ended 11 October 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	2,390,253	628,973
Adjustments for:		
Depreciation of tangible assets	251,722	249,616
Loss on disposal of tangible assets	(2,181,160)	(33,727)
Interest paid	10,214	12,200
Interest received	(7,677)	(7,832)
Taxation charge	51,595	401,313
(Increase) in stocks	(225,995)	(54,406)
Decrease/(increase) in debtors	199,282	(183,181)
Increase in creditors	88,619	24,707
Net fair value (gains) recognised in P&L	(130,000)	(515,000)
Corporation tax (paid)	(75,368)	(37,086)
Net cash generated from operating activities	371,485	485,577
Cash flows from investing activities		
Purchase of tangible fixed assets	(504,071)	(266,397)
Sale of tangible fixed assets	2,431,782	39,500
Interest received	14	1
Income from investments	7,663	7,831
Net cash from investing activities	1,935,388	(219,065)
Cash flows from financing activities		
Repayment of loans	(80,214)	(92,744)
Repayment of/new finance leases	(22,601)	26,921
Dividends paid	(5,000)	(5,000)
Interest paid	(8,201)	(11,250)
HP interest paid	(2,013)	(950)
Net cash used in financing activities	(118,029)	(83,023)
Net increase in cash and cash equivalents	2,188,844	183,489
Cash and cash equivalents at beginning of year	1,278,863	1,095,374
Cash and cash equivalents at the end of year	3,467,707	1,278,863
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,467,707	1,278,863
	3,467,707	1,278,863

The notes on pages 13 to 28 form part of these financial statements.

Notes to the financial statements
For the Year Ended 11 October 2022

1. General information

Chandler & Dunn Limited is a private company limited by shares which was incorporated in England and Wales.

The company's registered office is The Farm Office, Lower Goldstone, Ash, Canterbury, CT3 2DY.

The financial statements are presented in pound Sterling, and rounded to the nearest pound.

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 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.

**Notes to the financial statements
For the Year Ended 11 October 2022**

2. Accounting policies (continued)

2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

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.

2.7 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 balance sheet date in the countries where the Company operates and generates income.

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

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

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

2.8 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.

**Notes to the financial statements
For the Year Ended 11 October 2022**

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 2% Straight line
Plant & machinery	- 15 - 30% 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.

2.9 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value 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 balance sheet date. Gains and losses on remeasurement are recognised in the Statement of income and retained earnings 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 first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

2.12 Debtors

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

2.13 Cash and cash equivalents

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

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

**Notes to the financial statements
For the Year Ended 11 October 2022**

2. Accounting policies (continued)

2.14 Creditors

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

2.15 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 balance sheet 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 Balance sheet.

2.16 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.

2.17 Dividends

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

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

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

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates. The following judgements have had the most significant impact on amounts recognised in the financial statements:

Investment properties

The company holds investment property with fair value of £2,875,000 at the year end (see note 16). In order to determine the fair value of investment property the directors have used a valuation technique based on comparable market data. The determined fair value of the investment property is most sensitive to fluctuations in the property market.

Notes to the financial statements
For the Year Ended 11 October 2022

4. Turnover

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

	2022 £	2021 £
Fruit	4,717,085	4,591,795
Arable	462,537	330,296
Livestock	563,426	613,655
Contract work, storage and keep	400	10,257
	<u>5,743,448</u>	<u>5,546,003</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	5,743,448	5,546,003
	<u>5,743,448</u>	<u>5,546,003</u>

5. Other operating income

	2022 £	2021 £
Other operating income	142,481	164,628
Net rents receivable	289,397	221,629
Ground rent receivable	12,281	14,192
Sundry income	14,255	11,460
Profit on disposal of tangible assets	2,142,547	-
Commissions receivable	68,960	62,539
	<u>2,669,921</u>	<u>474,448</u>

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	12,500	-
Non audit services	<u>28,488</u>	<u>47,535</u>

Notes to the financial statements
For the Year Ended 11 October 2022

7. Employees

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

	2022	2021
	£	£
Wages and salaries	<u>1,901,726</u>	<u>1,474,964</u>

The average monthly number of employees, including directors, during the year was 68 (2021 - 61).

8. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	<u>320,754</u>	<u>158,470</u>

The highest paid director received remuneration of £50,634 (2021 - £46,093).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2021 - £NIL).

9. Income from investments

	2022	2021
	£	£
Income from fixed asset investments	<u>(137,663)</u>	<u>(522,831)</u>

10. Interest receivable

	2022	2021
	£	£
Other interest receivable	<u>14</u>	<u>1</u>

Notes to the financial statements
For the Year Ended 11 October 2022

11. Interest payable and similar expenses

	2022	2021
	£	£
Bank interest payable	3,695	7,241
Other loan interest payable	13	9
Preference share dividends	4,000	4,000
Finance leases and hire purchase contracts	2,013	950
Other interest payable	494	-
	<u>10,215</u>	<u>12,200</u>

12. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	23,846	75,368
Adjustments in respect of previous periods	-	(158)
	<u>23,846</u>	<u>75,210</u>
Total current tax	<u>23,846</u>	<u>75,210</u>
Deferred tax		
Origination and reversal of timing differences	27,749	145,513
Changes to tax rates	-	180,590
Total deferred tax	<u>27,749</u>	<u>326,103</u>
Tax on profit	<u>51,595</u>	<u>401,313</u>

Notes to the financial statements
For the Year Ended 11 October 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£	£
Profit on ordinary activities before tax	<u>2,441,847</u>	<u>1,030,285</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	463,951	195,754
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	760	760
Capital allowances for year in excess of depreciation	(7,400)	(4,031)
Rollover relief on profit on disposal of fixed assets	(407,084)	-
Other timing differences leading to an increase (decrease) in taxation	14,470	220,712
Non-taxable income	(13,102)	(11,882)
Total tax charge for the year	<u>51,595</u>	<u>401,313</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Dividends

	2022	2021
	£	£
A ordinary shares	4,438	4,438
B ordinary shares	562	562
Preference shares	4,000	4,000
	<u>9,000</u>	<u>9,000</u>

Notes to the financial statements
For the Year Ended 11 October 2022

14. Tangible fixed assets

	Freehold property £	Plant & machinery £	Total £
Cost or valuation			
At 12 October 2021	2,833,119	2,836,717	5,669,836
Additions	274,215	229,855	504,070
Disposals	(210,360)	(121,534)	(331,894)
At 11 October 2022	<u>2,896,974</u>	<u>2,945,038</u>	<u>5,842,012</u>
Depreciation			
At 12 October 2021	359,778	2,164,877	2,524,655
Charge for the year on owned assets	27,440	149,717	177,157
Charge for the year on financed assets	-	74,564	74,564
Disposals	-	(81,272)	(81,272)
At 11 October 2022	<u>387,218</u>	<u>2,307,886</u>	<u>2,695,104</u>
Net book value			
At 11 October 2022	<u>2,509,756</u>	<u>637,152</u>	<u>3,146,908</u>
At 11 October 2021	<u>2,473,341</u>	<u>671,840</u>	<u>3,145,181</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Land and buildings	19,553	19,987
Plant and machinery	<u>154,217</u>	<u>227,481</u>
	<u>173,770</u>	<u>247,468</u>

Notes to the financial statements
For the Year Ended 11 October 2022

15. Fixed asset investments

	Unlisted investments £	Other fixed asset investments £	Total £
Cost or valuation			
At 12 October 2021	89,132	54,961	144,093
At 11 October 2022	89,132	54,961	144,093
Impairment			
At 12 October 2021	-	54,961	54,961
At 11 October 2022	-	54,961	54,961
Net book value			
At 11 October 2022	89,132	-	89,132
At 11 October 2021	89,132	-	89,132

16. Investment property

	Freehold investment property £
Valuation	
At 12 October 2021	2,745,000
Surplus on revaluation	130,000
At 11 October 2022	2,875,000

The 2022 valuations were made by the directors, on a fair value basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2022 £	2021 £
Historic cost	8,036	8,036
	8,036	8,036

Notes to the financial statements
For the Year Ended 11 October 2022

17. Stocks

	2022 £	2021 £
Livestock	286,380	260,563
Crops	1,265,559	1,113,879
Growing crops	117,158	91,761
Stores	141,121	118,022
	<u>1,810,218</u>	<u>1,584,225</u>

18. Debtors

	2022 £	2021 £
Trade debtors	81,255	103,666
Other debtors	78,579	153,325
Prepayments and accrued income	171,431	273,552
	<u>331,265</u>	<u>530,543</u>

19. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	3,467,707	1,278,863
	<u>3,467,707</u>	<u>1,278,863</u>

20. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	46,709	80,335
Trade creditors	260,654	257,037
Corporation tax	23,846	75,368
Other taxation and social security	82,713	57,878
Obligations under finance lease and hire purchase contracts	57,844	68,737
Accruals and deferred income	83,127	22,959
	<u>554,893</u>	<u>562,314</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 25.

Notes to the financial statements
For the Year Ended 11 October 2022

21. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Bank loans	-	46,588
Net obligations under finance leases and hire purchase contracts	53,222	64,929
Share capital treated as debt	80,000	80,000
	<u>133,222</u>	<u>191,517</u>

The company's bank facilities are secured on various parcels of the company's freehold land.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2022	2021
	£	£
Repayable other than by instalments	80,000	80,000
	<u>80,000</u>	<u>80,000</u>

22. Loans

Analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year		
Bank loans	46,709	80,335
	<u>46,709</u>	<u>80,335</u>
Amounts falling due 1-2 years		
Bank loans	-	46,588
	<u>-</u>	<u>46,588</u>
	<u>46,709</u>	<u>126,923</u>

Notes to the financial statements
For the Year Ended 11 October 2022

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	59,440	69,030
Between 1-5 years	53,232	64,935
	<u>112,672</u>	<u>133,965</u>

24. Deferred taxation

	2022 £
At beginning of year	(897,970)
Charged to profit or loss	(27,749)
At end of year	<u><u>(925,719)</u></u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(226,661)	(235,155)
Revaluation of investment property	(699,058)	(662,815)
	<u><u>(925,719)</u></u>	<u><u>(897,970)</u></u>

Notes to the financial statements
For the Year Ended 11 October 2022

25. Share capital

	2022 £	2021 £
Shares classified as equity		
Allotted, called up and fully paid		
17,750 (2021 - 17,750) A ordinary shares of £1.00 each	17,750	17,750
2,250 (2021 - 2,250) B ordinary shares of £1.00 each	2,250	2,250
	<u>20,000</u>	<u>20,000</u>
	2022 £	2021 £
Shares classified as debt		
Allotted, called up and fully paid		
80,000 (2021 - 80,000) Preference shares shares of £1.00 each	<u>80,000</u>	<u>80,000</u>

The preference shares are repayable at par in the event of the company being wound-up.

The rights attached to the preference shares (non-equity interests) are as follows:-

- i) The holders of the preference shares are entitled to a fixed dividend of 5% per annum on the capital paid up.
- ii) In a winding up the holders are entitled to repayment of capital before any return of capital is made to the holders of any other shares, but have no further right of participation in either profits or assets.

26. Reserves

Profit & loss account

The profit and loss account reserves include non-distributable reserves totalling £2,171,649 (2021 - £2,074,149), which represents the fair value movement of investment properties, less the associated deferred tax liability on this movement.

Notes to the financial statements
For the Year Ended 11 October 2022

27. Analysis of net debt

	At 12 October 2021 £	Cash flows £	New finance leases £	At 11 October 2022 £
Cash at bank and in hand	1,278,863	2,188,844	-	3,467,707
Debt due after 1 year	(126,588)	46,588	-	(80,000)
Debt due within 1 year	(80,335)	33,626	-	(46,709)
Finance leases	(133,665)	81,089	(58,490)	(111,066)
	<u>938,275</u>	<u>2,350,147</u>	<u>(58,490)</u>	<u>3,229,932</u>

28. Capital commitments

At 11 October 2022 the Company had capital commitments as follows:

	2022 £	2021 £
Contracted for but not provided in these financial statements	<u>367,283</u>	<u>-</u>

29. Commitments under operating leases

At 11 October 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	30,650	30,650
Later than 5 years	33,000	33,000
	<u>63,650</u>	<u>63,650</u>

Notes to the financial statements
For the Year Ended 11 October 2022

30. Related party transactions

During the year the company carried out periodic transactions in the normal course of trade with related parties. The value of the transactions were:-

	2022 £	2021 £
Rental income received from directors and close family	15,900	16,200
Rental paid to directors and close family	13,685	13,685
Rental paid to entities controlled by key management personnel	78,975	63,650
Sales to entities controlled by key management personnel	900	-
Purchases from entities controlled by key management personnel	5,442	4,032
Amounts due from directors and close family	300	-
Amounts due from entities controlled by key management personnel	1,080	-
Amounts due to entities controlled by key management personnel	15,325	210
Share of profits from entities of which the entity has control	<u>7,663</u>	<u>7,831</u>

Key management personnel

All directors who have authority and responsibility for planning, directing and controlling the activities of the entity are considered to be key management personnel.

31. Controlling party

There is no ultimate controlling party of the company.

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