

**Registered number: 00431776**

**G. H. Dean & Co. Limited**

**Directors' report and financial statements  
for the year ended 30 September 2019**

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## **G. H. Dean & Co. Limited**

### **Company information**

<b>Directors</b>	E G Doubleday O P Doubleday (resigned 31 December 2018) C T M Motley (resigned 31 December 2018) T H Baily M W S Bax G L T Reutter
<b>Company secretary</b>	J A Hadlow
<b>Registered number</b>	00431776
<b>Registered office</b>	Hempstead Farm Hempstead Lane Tonge Sittingbourne Kent ME9 9BJ
<b>Independent auditors</b>	Chavereys Chartered Accountants and Statutory Auditors 2 Jubilee Way Faversham Kent ME13 8GD
<b>Trading name</b>	Blackbird Farming
<b>Website</b>	<a href="http://www.blackbirdfarming.co.uk">www.blackbirdfarming.co.uk</a>

## **G. H. Dean & Co. Limited**

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# **G. H. Dean & Co. Limited**

## **Strategic report for the year ended 30 September 2019**

### **Introduction**

The principal activities of the company during the period were those of growing, storing and marketing of tree fruits and combinable crops along with the breeding and sale of lambs from our flock. In addition to these main revenue streams, the company continues to develop its estate, including the promotion of land for residential development.

### **Business review**

#### **Pears**

The 2019 harvest achieved 4,798 bins of Conference pears averaging 61.50 bins per ha and achieving an 88% grade out to date. We are planting a further 7.45 ha of Conference pears located at Conyer where the smaller blocks of land are not suitable for arable cropping but provide ideal ground conditions for pear trees.

#### **Apples**

The 2019 harvest produced 2,996 bins of Gala averaging 146.12 bins per ha. The 13 ha planting at Seedmill is now producing 183.88 bins per ha in its 5th year.

#### **Cherries**

The production from the 2019 harvest was just over 338 tonnes. Unfortunately we suffered from a rain event which severely impacted on our early varieties. Returns were lower than expected due to high volumes of fruit on the market from mid-season.

#### **Arable**

The arable harvest yielded some 9,500 tonnes, consisting of wheat, barley, oilseed rape, peas, beans and soya. Our milling wheat, coming in at 11 tonnes per ha and feed at 10.5 tonnes per ha, were both well above the national average of 9 tonnes per ha. Wheat, barley and oilseed rape remain the three most popular crops grown in the UK.

#### **Sheep**

Good physical performance in the flock continues with our lambing percentage coming in at 183%. In 2019 2,755 finished lambs were sold averaging £81.33/head, (2018 - 2,553 lambs averaging £85.17/head). We have seen no real movement in prices over the two year period with the wholesale demand over the year remaining low and the exchange rate working against export trade.

#### **Land**

Our promotion of land for residential use continues, with various sites being promoted.

#### **Land disposal and purchase**

The board of directors approved the sale of 103 acres of land at Bicknor, an outlying block of grade 3 arable land, in July 2019 and the purchase of 56 acres at Hole Street Farm, Kingsdown, adjacent to Newbury Farm, in September 2019.

## **G. H. Dean & Co. Limited**

### **Strategic report (continued) for the year ended 30 September 2019**

#### **Principal risks and uncertainties**

Farming faces unavoidable risks from adverse climatic events and movements in global commodity prices for its products. The nature of farm support that we will receive outside the EU is currently uncertain. We may need to reassess our business plans once the new arrangements are clear; this could involve significant changes.

Possible changes in border control regimes may impact on business with respect to competition from imports and our ability to export. Our ability to attract seasonal harvest workers remains a key concern for us and the entire horticultural industry. Currently the majority of labour comes from Eastern Europe; what arrangements will be put in place when we are outside the EU are not known.

#### **Financial key performance indicators**

In relation to our main revenue streams, the key performance indicators that are used by management to appraise performance are:

##### ***Arable***

The farm uses CropBench+ to compare against up to 20 other similar businesses and hopes to gain more from this service as interest in its services increases locally.

##### ***Fruit***

Planting dates, coupled with historic crop yield data, help provide future crop predictions. Harvest year management costings record net bin production costs and prices as a benchmark.

##### ***Sheep***

We use various key performance indicators, such as lambs reared per ewe and gross margin per ewe, to benchmark our flock's performance.

## **G. H. Dean & Co. Limited**

### **Strategic report (continued) for the year ended 30 September 2019**

#### **Financial risk management**

##### ***Price***

We use CRM Agri Commodities to assist in our grain marketing strategy. We are advised by them in trading 'options' as a risk management tool.

For fruit we have a long-term relationship with suppliers through involvement with our Producer Organisation and pre-season prices based on grade out are set.

##### ***Credit***

We have good relationships with our customers and have scheduled payments in place and deal with large established companies.

##### ***Liquidity***

We have a positive relationship with our bank and have an overdraft facility readily available.

##### ***Cashflow***

We take payments on account throughout the season, utilise our overdraft facility and have robust monthly cash management processes.

#### **Environment and sustainability**

We are aware of the increasing emphasis placed on 'natural capital'; land, soils, ecosystems, air and clean water, as agriculture looks to transition away from current support payments to a system that encourages both the protection of the environment and investment in new technology to improve productivity.

#### **Future developments**

The company continues to plant new orchards and phase out less productive orchards, thereby over time reducing our unit production costs.

The company will continue to improve farm facilities.

Promotion of land for residential development at several locations will continue.

## **G. H. Dean & Co. Limited**

### **Strategic report (continued) for the year ended 30 September 2019**

#### **COVID-19**

The impact of the coronavirus means that the company is faced with extraordinary circumstances which will affect the business in the coming year and beyond. The greatest risk is the uncertainty over the availability of labour for the upcoming harvest season. The company has taken proactive steps to recruit local and regional seasonal workers and is confident it can meet the necessary staffing levels whilst providing a safe place to work in line with current guidelines.


Although the supply chain and customers may struggle with labour and lead times, there is not expected to be an issue with moving produce and, at this stage, the directors are confident of managing these risks and having reforecast the forthcoming year expect a satisfactory return with no significant cashflow issues.

As the situation continues, it is clear that tenants will be affected and the company is taking steps to manage tenants and support them with the measures put in place by the government in response to the coronavirus.

The bank is fully supportive of the measures being taken and overall the board consider that they have taken all necessary steps to mitigate the uncertainty.

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

**E G Doubleday**  
Director  
Date:

  
5 June 2020

## **G. H. Dean & Co. Limited**

### **Directors' report for the year ended 30 September 2019**

The directors present their report and the financial statements for the year ended 30 September 2019.

Some items required to be included in the directors' report are set out in the strategic report in accordance with S. 414C(11) Companies Act 2006.

#### **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 £668,729 (2018 - £19,429,348).

The directors agreed that no final dividend will be paid in relation to the year.

#### **Directors**

The directors who served during the year were:

E G Doubleday  
O P Doubleday (resigned 31 December 2018)  
C T M Motley (resigned 31 December 2018)  
T H Bailly  
M W S Bax  
G L T Reutter

#### **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.



## **G. H. Dean & Co. Limited**

### **Directors' report (continued) for the year ended 30 September 2019**

#### **Post balance sheet events**


Since the balance sheet date, the company has renegotiated the bank loan which was repayable within 12 months. This amount will be repayable in December 2024.

#### **Auditors**

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

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

**E G Doubleday**  
Director  
Date:

  
5th June 2020

## **G. H. Dean & Co. Limited**

### **Independent auditors' report to the shareholders of G. H. Dean & Co. Limited**

#### **Opinion**

We have audited the financial statements of G. H. Dean & Co. Limited (the 'company') for the year ended 30 September 2019, which comprise the profit and loss account, balance sheet, statement of cash flows, statement of changes in equity and 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 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

## **G. H. Dean & Co. Limited**

### **Independent auditors' report to the shareholders of G. H. Dean & Co. Limited (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 on page 5, 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.

#### **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.

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.

## **G. H. Dean & Co. Limited**

### **Independent auditors' report to the shareholders of G. H. Dean & Co. Limited (continued)**

#### **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.



Iain Morris FCA (senior statutory auditor)  
for and on behalf of

**Chavereys**  
Chartered Accountants  
and Statutory Auditors  
Faversham

Date:

10 June 2020

## G. H. Dean & Co. Limited

### Profit and loss account for the year ended 30 September 2019

	Note	2019 £	2018 £
Turnover	4	6,346,124	6,528,228
Cost of sales		(5,321,263)	(5,946,819)
<b>Gross profit</b>		<b>1,024,861</b>	<b>581,409</b>
Administrative expenses		(1,645,371)	(1,194,904)
Other operating income		1,844,251	959,272
Exceptional other operating income		-	21,954,489
Fair value movements		(159,344)	483,276
<b>Operating profit</b>	6	<b>1,064,397</b>	<b>22,783,542</b>
Income from fixed assets investments		35	50
Amounts written off investments		(46)	(11,398)
Interest receivable and similar income		4,358	947
Interest payable and similar expenses	10	(168,456)	(50,534)
<b>Profit before tax</b>		<b>900,288</b>	<b>22,722,607</b>
Tax on profit	11	(231,559)	(3,293,259)
<b>Profit for the year</b>		<b>668,729</b>	<b>19,429,348</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.

There was no other comprehensive income for 2019 (2018:£Nil).

The notes on pages 15 to 30 form part of these financial statements.

**G. H. Dean & Co. Limited**  
**Registered number:00431776**

**Balance sheet**  
**as at 30 September 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	17,396,443	12,684,405
Investments	14	30,686	30,532
Investment property	15	18,066,676	18,066,676
		<u>35,493,805</u>	<u>30,781,613</u>
<b>Current assets</b>			
Stocks	16	2,380,742	2,120,512
Debtors: Amounts falling due within one year	17	1,652,453	14,013,296
Cash at bank and in hand		586,380	787,760
		<u>4,619,575</u>	<u>16,921,568</u>
Creditors: Amounts falling due within one year	18	(3,842,010)	(4,307,795)
<b>Net current assets</b>		<u>777,565</u>	<u>12,613,773</u>
<b>Total assets less current liabilities</b>		<u>36,271,370</u>	<u>43,395,386</u>
Creditors: Amounts falling due after more than one year	19	(1,515,673)	(1,394,497)
<b>Provisions for liabilities</b>			
Deferred tax	23	(2,802,582)	(2,714,523)
		<u>(2,802,582)</u>	<u>(2,714,523)</u>
<b>Net assets</b>		<u>31,953,115</u>	<u>39,286,366</u>
<b>Capital and reserves</b>			
Called up share capital	24	43,021	43,021
Capital redemption reserve	25	326	326
Profit and loss account	25	31,909,768	39,243,019
		<u>31,953,115</u>	<u>39,286,366</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**E G Doubleday**  
Director

*EAD*  
*SLT Tmr 2020*

Date:

The notes on pages 15 to 30 form part of these financial statements.

## G. H. Dean & Co. Limited

### Statement of changes in equity for the year ended 30 September 2019

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>At 1 October 2017</b>	<b>43,021</b>	<b>326</b>	<b>27,901,688</b>	<b>27,945,035</b>
Profit for the year	-	-	19,429,348	19,429,348
Dividends	-	-	(8,088,017)	(8,088,017)
<b>At 1 October 2018</b>	<b>43,021</b>	<b>326</b>	<b>39,243,019</b>	<b>39,286,366</b>
Profit for the year	-	-	668,729	668,729
Dividends	-	-	(8,001,980)	(8,001,980)
<b>At 30 September 2019</b>	<b>43,021</b>	<b>326</b>	<b>31,909,768</b>	<b>31,953,115</b>

The notes on pages 15 to 30 form part of these financial statements.

An amount included in dividends of £224,400 (2018: £112,800) remains unpaid at the year end due to the death of the shareholder.

## G. H. Dean & Co. Limited

### Statement of cash flows for the year ended 30 September 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	668,729	19,429,348
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	888,980	830,025
Amounts written off unlisted investments	46	11,398
Profit on disposal of tangible fixed assets	(935,106)	(22,035,901)
Interest paid	168,455	50,534
Interest received	(4,393)	(997)
Taxation charge	231,559	3,293,259
(Increase)/decrease in stocks	(260,228)	48,436
Decrease/(increase) in debtors	12,360,844	(12,494,162)
(Decrease)/increase in creditors	(73,758)	263,061
Increase in amount owed to group company	100	-
Fair value adjustments	159,344	(483,276)
Corporation Tax paid	(3,181,211)	(39,223)
<b>Net cash generated from operating activities</b>	<b>10,023,361</b>	<b>(11,127,498)</b>
<b>Cash flows from investing activities</b>		
Sale of BPS Entitlements	4,313	-
Purchase of tangible fixed assets	(6,100,363)	(1,366,762)
Sale of tangible fixed assets	1,430,138	22,569,132
Capital expenditure on investment properties	(159,344)	-
Purchase of unlisted investments	(100)	(7,501)
Purchase of investments in subsidiary companies	(100)	-
Interest received	4,358	947
Dividends received	35	50
<b>Net cash from investing activities</b>	<b>(4,821,063)</b>	<b>21,195,866</b>



# **G. H. Dean & Co. Limited**

## **Statement of cash flows (continued) for the year ended 30 September 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from financing activities</b>		
New secured loans	<b>4,000,000</b>	-
Repayment of loans	<b>(1,462,241)</b>	(43,262)
New finance leases	<b>229,000</b>	-
Dividends paid	<b>(8,001,980)</b>	(8,088,017)
Interest paid	<b>(168,457)</b>	(50,533)
<b>Net cash used in financing activities</b>	<b>(5,403,678)</b>	(8,181,812)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(201,380)</b>	1,886,556
Cash and cash equivalents at beginning of year	<b>787,760</b>	(1,098,796)
<b>Cash and cash equivalents at the end of year</b>	<b>586,380</b>	787,760
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>586,380</b>	787,760
	<b>586,380</b>	787,760

The notes on pages 15 to 30 form part of these financial statements.

## **G. H. Dean & Co. Limited**

### **Notes to the financial statements for the year ended 30 September 2019**

#### **1. General information**

G.H. Dean & Co. Limited is a private company, limited by shares and incorporated in England. The company also uses the trading name 'Blackbird Farming'.

The address of the registered office is Hempstead Farm, Hempstead Lane, Tonge, Sittingbourne, Kent, ME9 9BJ.

The nature of the company's operations and its principal activities are set out in the strategic report.

#### **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 financial statements are presented in pounds sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

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 company has not prepared group accounts as, in the opinion of the directors, the subsidiary company (dormant) can be excluded from consolidation on the basis that its inclusion is not material for the purpose of giving a true and fair view, S. 405 (2) Companies Act 2006.

##### **2.2 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

###### **Sale of goods**

Turnover 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 turnover 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.

###### **Rental income**

Turnover from rental investment property is recognised on a month by month basis in line with the terms of any relevant agreements with tenants.

## **G. H. Dean & Co. Limited**

### **Notes to the financial statements for the year ended 30 September 2019**

#### **2. Accounting policies (continued)**

##### **2.3 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, 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.

Tangible fixed assets include biological assets (see accounting policy 2.6).

Orchards and other equipment purchased through Producer Organisations but used by the company are not included in tangible fixed assets.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line or reducing balance basis.

Depreciation is provided on the following bases:

Freehold and leasehold property	- 5% straight line
Plant and machinery	- 5-10% straight line and 5-25% reducing balance
Bulk bins	- 20% straight line
Orchards (biological assets)	- 4-10% straight line
Sheep flock (biological asset)	- carried on a replacement cost basis

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 the profit and loss account.

##### **2.4 Investment property**

Investment property is carried at fair value determined annually by 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 the profit and loss account.

##### **2.5 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **2.6 Biological assets**

Biological assets are living plants or animals controlled by the company from which it expects to derive future economic benefits. These include sheep and orchards, which are measured under the cost model as required by paragraph 34.8 of FRS102.

##### **2.7 Stocks**

Agricultural produce harvested from the company's biological assets is valued at the balance sheet date at the lower of cost and estimated selling price less costs to complete and sell. Arable crops in the field at the year end are stated at the lower of cost and estimated selling price less costs to complete and sell, cost includes all materials, labour and machinery. In the opinion of the directors, these growing crops are not sufficiently developed at the year end to be considered as biological assets. Other stock items are valued at the lower of cost and net realisable value less any provision for impairment.

## **G. H. Dean & Co. Limited**

### **Notes to the financial statements for the year ended 30 September 2019**

#### **2. Accounting policies (continued)**

##### **2.8 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.

##### **2.9 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 the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **2.10 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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.

##### **2.11 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

## **G. H. Dean & Co. Limited**

### **Notes to the financial statements for the year ended 30 September 2019**

#### **2. Accounting policies (continued)**

##### **2.12 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if, and only if, certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### **2.13 EU agricultural support schemes**

Payments received under EU agricultural support schemes are recognised as income when the company has met all criteria which entitle it to the payments.

Amounts received under the Basic Payment Scheme are recognised on 31 December in the year of claim. No provision has been made for penalties arising from the failure to comply with 'cross compliance' conditions, as defined by the RPA, except for where notification has been received.

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

The company makes certain estimates and judgments regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. In future, actual experience may differ from these estimates. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining lives of the assets and projected disposal values.

##### *Investment property*

Such properties are included in these accounts at fair value, these values are obtained from a qualified valuer, however there is significant uncertainty in estimating the values.

##### *Stock*

Certain yields are estimated as crop is harvested from the field with adjustment made for drying. Estimation of yields can differ based upon the approach taken, however the directors believe that their approach takes account of waste, economic and environmental factors and gives a value in line with their expectations.

## **G. H. Dean & Co. Limited**

### **Notes to the financial statements for the year ended 30 September 2019**

#### **4. Turnover**

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Farm produce	<b>5,287,592</b>	5,674,395
Subsidies	<b>501,216</b>	460,785
Miscellaneous	<b>557,316</b>	393,048
	<b><u>6,346,124</u></b>	<b><u>6,528,228</u></b>

#### **5. Other operating income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Residential rents	<b>629,051</b>	660,677
Commercial rents	<b>294,923</b>	298,595
Profit on disposal of freehold property	<b>920,277</b>	-
Exceptional profit on disposal of freehold property	<b>-</b>	21,954,489
	<b><u>1,844,251</u></b>	<b><u>22,913,761</u></b>

#### **6. Operating profit**

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Research and development costs	<b>-</b>	14,676
Depreciation of tangible fixed assets	<b>888,980</b>	830,025
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<b>14,000</b>	14,000
Defined contribution pensions	<b>8,035</b>	20,890
Fair value loss/(gain) on investment property revaluation	<b>159,344</b>	(483,276)
	<b><u>1,070,359</u></b>	<b><u>875,315</u></b>

#### **7. Auditors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<b>14,000</b>	14,000

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2019

#### 8. Employees

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

	2019 £	2018 £
Wages and salaries	1,742,083	1,764,808
Social security costs	163,528	151,143
Cost of defined contribution pension scheme	8,035	20,890
	<u>1,913,646</u>	<u>1,936,841</u>

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

	2019 No.	2018 No.
Administration	11	12
Farming	47	47
	<u>58</u>	<u>59</u>

#### 9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	95,838	321,602
Company contribution to defined contribution pension scheme	4,500	18,000
	<u>100,338</u>	<u>339,602</u>

#### 10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	303	13,756
Mortgage interest payable	127,611	36,778
Other interest payable	40,542	-
	<u>168,456</u>	<u>50,534</u>

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2019

#### 11. Taxation

	2019 £	2018 £
<b>Corporation Tax</b>		
Current tax on profit for the year	139,758	3,177,469
Adjustments in respect of previous periods	3,742	3,005
<b>Total current tax</b>	<b>143,500</b>	<b>3,180,474</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	88,059	112,785
<b>Taxation on profit on ordinary activities</b>	<b>231,559</b>	<b>3,293,259</b>

#### Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of Corporation Tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	900,287	22,722,607
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2018 - 19%)	171,055	4,317,296
<b>Effects of:</b>		
Non-tax deductible impairment of investments	9	2,166
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	29	75
Capital allowances for year in excess of depreciation	(35,732)	32,432
Adjustments to tax charge in respect of prior periods	3,742	3,005
Fair value adjustments not taxable	30,275	(91,822)
Adjustment to research and development tax credit leading to a (decrease) in the tax charge	-	(13,664)
Book profit on chargeable assets	(176,851)	(4,171,353)
Capital gains	161,373	3,110,746
Dividends from UK companies	(7)	(10)
Capitalised costs for which relief against trade profits is allowed	(10,393)	(8,397)
Deferred tax charge	88,059	112,785
<b>Total tax charge for the year</b>	<b>231,559</b>	<b>3,293,259</b>



## **G. H. Dean & Co. Limited**

### **Notes to the financial statements for the year ended 30 September 2019**

#### **11. Taxation (continued)**

##### **Factors that may affect future tax charges**

Unrelieved farming trading losses of £151,169 are carried forward and are available to reduce the taxation liability in respect of future trading profits. These are recognised as a deferred tax asset at 19% as they are expected to be utilised by 31 March 2020.

In 2015 the Government announced legislation setting the Corporation Tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. In 2016 the Government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%. In 2019 the Government announced plans to freeze the main rate of Corporation Tax at 19% but, at the date of the signing of these accounts, this is yet to be substantively enacted.

#### **12. Exceptional item**

During the prior year, the company sold certain freehold property during the year and realised a book profit of £21,954,489.

**G. H. Dean & Co. Limited**

**Notes to the financial statements  
for the year ended 30 September 2019**

**13. Tangible fixed assets**

	Freehold and long-term leasehold property £	Plant and machinery £	Orchards (biological assets) £	Bulk bins £	Sheep flock (biological assets) £	Total £
<b>Cost or valuation</b>						
At 1 October 2018	11,812,439	4,666,094	2,097,546	319,693	132,626	19,028,398
Additions	4,993,170	1,013,773	54,700	-	38,720	6,100,363
Disposals	(121,693)	(666,789)	(162,380)	-	-	(950,862)
At 30 September 2019	16,683,916	5,013,078	1,989,866	319,693	171,346	24,177,899
<b>Depreciation</b>						
At 1 October 2018	2,206,220	2,540,238	1,329,486	268,049	-	6,343,993
Charge for the year on owned assets	338,040	369,460	130,646	26,115	-	864,261
Charge for the year on financed assets	-	24,719	-	-	-	24,719
Disposals	-	(328,379)	(123,138)	-	-	(451,517)
At 30 September 2019	2,544,260	2,606,038	1,336,994	294,164	-	6,781,456
<b>Net book value</b>						
At 30 September 2019	14,139,656	2,407,040	652,872	25,529	171,346	17,396,443
At 30 September 2018	9,606,219	2,125,856	768,060	51,644	132,626	12,684,405

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2019

#### 13. Tangible fixed assets (continued)

Included in the value of freehold land and buildings is an amount of £9,225,689 (2018: £5,418,018) which is in respect of 1,594 ha (2018: 1,802 ha) of land comprising farmland, marshland, orchards and land prepared for development. The directors are satisfied that the market value of the land is in excess of its carrying value in the accounts.

All of the fixed assets of the company are used to secure borrowing by way of debentures, fixed charges, floating charges and negative pledges.

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

	2019 £	2018 £
Plant and machinery	399,112	-
	<u>399,112</u>	<u>-</u>

#### 14. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 October 2018	30,000	18,014	48,014
Additions	100	100	200
At 30 September 2019	<u>30,100</u>	<u>18,114</u>	<u>48,214</u>
<b>Impairment</b>			
At 1 October 2018	-	17,482	17,482
Charge for the year	-	46	46
At 30 September 2019	<u>-</u>	<u>17,528</u>	<u>17,528</u>
<b>Net book value</b>			
At 30 September 2019	<u>30,100</u>	<u>586</u>	<u>30,686</u>
At 30 September 2018	<u>30,000</u>	<u>532</u>	<u>30,532</u>

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2019

#### 14. Fixed asset investments (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
G.H. Dean (1920) Limited	Dormant	Ordinary	100%
Blackbird Farming Limited	Dormant	Ordinary	100%

The aggregate of the share capital and reserves as at 30 September 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	profit/(loss) £
G.H. Dean (1920) Limited	30,000	-
Blackbird Farming Limited	100	-

#### 15. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 October 2018	18,066,676
Capital improvements	159,344
Deficit on revaluation	(159,344)
<b>At 30 September 2019</b>	<b>18,066,676</b>

The 2019 valuations were made by MWS Bax FRICS FAAV (director), on an open market value for existing use basis.

The historic cost of individual investment properties is unknown as they have been acquired from 1947 onwards in combination with other property used in the trade of the company.

All of the property of the company is used to secure borrowing by way of debentures, fixed charges, floating charges and negative pledges.

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2019

#### 16. Stocks

	2019 £	2018 £
Consumables	183,778	134,429
Cultivations	77,176	77,234
Crops in store	2,087,388	1,866,849
Sheep (held for sale)	32,400	42,000
	<u>2,380,742</u>	<u>2,120,512</u>

Stock recognised in cost of sales during the year as an expense was £744,750 (2018 - £1,144,178).

All items of stock held by the company are used to secure borrowings by way of debentures, fixed charges, floating charges and negative pledges

#### 17. Debtors

	2019 £	2018 £
Trade debtors	187,785	303,583
Other debtors	1,464,668	13,709,713
	<u>1,652,453</u>	<u>14,013,296</u>

An impairment loss of £11,847 (2018 - £15,797) was recognised against trade debtors.

All of the debtors of the company are used to secure borrowing by way of debentures, fixed charges, floating charges and negative pledges.

#### 18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans	2,662,241	62,241
Trade creditors	498,678	754,112
Amounts owed to group undertakings	30,100	30,000
Corporation Tax	139,758	3,177,469
Other taxation and social security	90,265	41,760
Obligations under finance lease and hire purchase contracts	45,583	-
Other creditors	255,572	143,262
Accruals and deferred income	119,813	98,951
	<u>3,842,010</u>	<u>4,307,795</u>

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2019

#### 19. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans	1,332,256	1,394,497
Net obligations under finance leases and hire purchase contracts	183,417	-
	<u>1,515,673</u>	<u>1,394,497</u>

The company has multiple loans with, ultimately, the Royal Bank of Scotland Group plc. These loans total £3,994,497 (2018: £1,456,738) at the year end. The final repayment is due in 2032. The interest rate for the loans is a mix of 2% and 2.5% above the Bank of England base rate.

The borrowing is secured via debentures, fixed charges, floating charges and negative pledges over all the assets of the company.

#### 20. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Bank loan	2,662,241	62,241
	<u>2,662,241</u>	<u>62,241</u>
<b>Amounts falling due 1-2 years</b>		
Bank loan	62,241	62,241
	<u>62,241</u>	<u>62,241</u>
<b>Amounts falling due 2-5 years</b>		
Bank loan	801,663	822,178
<b>Amounts falling due after more than 5 years</b>		
Bank loan	468,352	510,078
	<u>3,994,497</u>	<u>1,456,738</u>

The company has multiple loans with, ultimately, the Royal Bank of Scotland Group plc. These loans total £3,994,497 (2018: £1,456,738) at the year end. The schedule of loan repayments is disclosed in the note, with the final repayment due in 2032. The interest rate for the loans is a mix of 2% and 2.5% above the Bank of England base rate.

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2019

#### 21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	45,583	-
Between 1-5 years	183,417	-
	<u>229,000</u>	<u>-</u>

#### 22. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at fair value through the profit and loss account	586	532
Financial assets that are debt instruments measured at amortised cost	774,165	13,591,343
Financial assets that are equity instruments measured at cost less impairment	30,100	30,000
	<u>804,851</u>	<u>13,621,875</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(5,127,660)</u>	<u>(2,483,063)</u>

Financial assets measured at fair value through the profit and loss account comprise unlisted investments.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and cash.

Financial assets that are equity instruments measured at cost less impairment comprise investment in subsidiary companies.

Financial liabilities measured at amortised cost comprise trade creditors, bank loan, amounts owed to group undertakings, other creditors, finance leases and accruals.

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2019

#### 23. Deferred taxation

Deferred tax is provided for at a rate of Corporation Tax at 19% (2017 - 19%) as set out below:

	2019 £	2018 £
At the beginning of the year	(2,714,523)	(2,601,738)
Charged to the profit and loss account	(88,059)	(112,785)
<b>At end of year</b>	<b>(2,802,582)</b>	<b>(2,714,523)</b>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	575,724	487,665
Tax losses carried forward	(28,722)	(28,722)
Investment property revaluation	2,255,580	2,255,580
	<b>2,802,582</b>	<b>2,714,523</b>

#### 24. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
430,214 (2018 - 430,214) Ordinary shares of £0.10 each	43,021	43,021

#### 25. Reserves

##### *Capital redemption reserve*

This reserve records the nominal value of shares repurchased by the company.

##### *Profit and loss account*

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

#### 26. 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 £8,035 (2018 - £20,890). Contributions totalling £nil (2018 - £nil) were payable to the fund at the balance sheet date.



## **G. H. Dean & Co. Limited**

### **Notes to the financial statements for the year ended 30 September 2019**

#### **27. Related party transactions**

Bax Farm is a business operated by O P Doubleday, a director of the company until 31 December 2018.

Goods and services were sold to Bax Farm during the year totalling £86,183 (2018: £nil). Goods and services were received during the year from Bax Farm totalling £nil (2018: £98,358). At the balance sheet date, £7,312 (2018: £95,798) was due by the company.

All transactions were carried out at market value.

Bax Farm Juice Limited is a company owned by O P Doubleday and his family.

Goods and services were supplied during the year to Bax Farm Juice Limited totalling £200 (2018: £213), of which £nil (2018: £131) was due to the company at the balance sheet date.

All transactions were carried out at market value.

Radfield Limited is a company which is under the control of the directors. In 2017, the company granted a 29 year lease to Radfield Limited on an arms length basis for an annual rent of £12,200. During the year, a management fee was charged of £833 (2018: £833). At the balance sheet date, the amount due to Radfield Limited was £140,586 (2018: £142,872).

Dividends were paid during the year to serving directors totalling £2,244,600 (2018: £2,702,688).

Key management personnel includes the directors. The remuneration of key management personnel during the year was £167,576 (2018: £339,602).

#### **28. Post balance sheet events**

Since the balance sheet date, the company has renegotiated the loan which was formerly repayable within 12 months. This amount will be repayable in December 2024.

#### **29. Controlling party**

The company is controlled by the shareholders. There is no ultimate controlling party.