

**Registered number: 00431776**

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

**Directors' report and financial statements  
for the year ended 30 September 2018**

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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 Farm
<b>Website</b>	<a href="http://www.blackbirdfarm.co.uk">www.blackbirdfarm.co.uk</a>

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

### **Contents**

	Page
<b>Strategic report</b>	<b>1 - 3</b>
<b>Directors' report</b>	<b>4 - 5</b>
<b>Independent auditors' report</b>	<b>6 - 8</b>
<b>Profit and loss account</b>	<b>9</b>
<b>Balance sheet</b>	<b>10</b>
<b>Statement of changes in equity</b>	<b>11</b>
<b>Statement of cash flows</b>	<b>12</b>
<b>Notes to the financial statements</b>	<b>13 - 29</b>

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

### **Strategic report for the year ended 30 September 2018**

#### **Introduction**

The principal activities of the company during the year were those of growing, storing and marketing of tree fruits and combinable crops along with the production and sale of lambs from our breeding 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**

##### *Chief Executive appointment*

The board of directors appointed Tim Malpas as Chief Executive Officer from 3 January 2019.

Tim joins the company from Wasing Park and Estate, where he has been for the past 6 years, and has knowledge and experience in residential and commercial property management. He has overseen the implementation of renewable energy solar sites, mineral extraction and the promotion of strategic land sales.

Tim has taken responsibility for the Farm and Built Estate. Our board believes Tim's history in land management, commitment to innovation and unique mix of skills and leadership qualities stand him in good stead for success in leading our business forward.

##### *Branding – Blackbird Farming*

The agreement to rebrand was taken in February 2018. Work has been carried out on creating the logo and a personality for the company and we are now using the trading name Blackbird Farming. Please take a look at the new website [www.blackbirdfarming.co.uk](http://www.blackbirdfarming.co.uk).

##### *Pears*

The 2018 harvest achieved 5,663 bins of Conference pears averaging a 92% grade out. This is the second largest recorded yield (6,495 in 2017, 5,084 in 2016 and 5,527 in 2015) but on a reduced hectareage due to the grubbing of land at Stones Farm for development. This indicates that if the orchards receive the relevant amount of rainfall throughout the season, good yields can be produced year on year with our growing techniques. No new orchards have been planted in the last year.

##### *Apples*

The Gala orchards were reduced by 9.62 ha before the 2018 harvest, removing poorer performing orchards and improving logistics. We invested in 5.68 ha of new orchards with a better clone, Royal Beaut. Even with the reduction of growing area 4,251.5 bins were achieved, 89.5 bins more than 2017. This was due mainly to Seedmill Gala achieving 214 bins per ha in its 4th year and being 13 ha in size. We hope to achieve similar results with the up and coming orchards leading to potentially more investment based on a strategic management plan. A further 10 ha will be grubbed before next season leaving us with only high performing Gala orchards on intensive systems with appropriate clones.

##### *Cherries*

The production of cherries in 2018 was severely reduced by natural weather events (e.g. the 'Beast from the East'). We picked 256 tonnes in 2018 (initial forecast was 600 tonnes) as opposed to 405 tonnes picked in 2017. Orchard locations have now been rationalised and the area reduced by 16.6 ha following grubbing. Greater attention to detail on the reduced area should improve yields and thereby reduce unit costs.

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

### **Strategic report (continued) for the year ended 30 September 2018**

#### *Arable*

The enterprise was underpinned in 2018 by a strengthening of commodity prices; a reflection of tighter stocks globally. Grains and pulses have both traded higher this year than last and have been further supported by a weakening pound. Oilseeds remain at 2017 price levels suppressed by plentiful imports from the southern hemisphere in the absence of a US-China trade deal. Despite the dry summer of 2018, wheat turned in respectable yields to average 9.73t/ha. Peas yielded 4.5t/ha and mustard, barley and soya were all grown successfully on value-added seed contracts. Total volume harvested was 5% over budgeted expectation. Securing further arable land in 2018 has added greater resilience to the enterprise in the face of future austerity measures in the support sector and our efforts continue to concentrate on reducing our fixed costs by investing to increase our productivity per labour unit.

#### *Sheep*

Good physical performance in the flock continued this year with our lambing percentage holding at 167% (final lambs sold/ewe). Finished lamb prices were down slightly on last year and the income level per ewe of £137/ewe (£147/ewe 2017) was further eroded by increased feed costs resulting from the extremely cold weather that typified much of the Spring in 2018. Grass growth was consequently slow and feed conversion efficiency of the concentrate fed fell away with lambs later to market as a result. We continue to integrate the enterprise within the arable rotation to the benefit of both in terms of animal and soil health and in turn financial gain. Our Countryside Stewardship Scheme has been rolled out until at least 2020 and will continue to underpin the enterprise, however, with the UK exporting 40% of its lamb each year, it is the enterprise that is most at risk from barriers to trade especially under a hard Brexit.

#### *Land*

Our promotion of land for residential use continues, with several sites already being promoted. We completed the sale of Stones Farm in March 2018 on satisfactory terms.

#### *Land purchase*

The board of directors approved the purchase of 383.12 acres of predominantly Grade II arable land at Leaveland Court and Wilgate Green from HRH The Prince of Wales and a further 19.47 acres at Bethel Row, Throwley from Mr N J Scut

### **Principal risks and uncertainties**

Farming faces unavoidable risks from adverse climatic events and movements in global commodity prices for its products. However, as observed last year, the greatest uncertainty that we face remains Brexit. We do not know what access we will have in the future to foreign casual labour that we need to harvest our fruit. The nature of farm support that we may receive outside the EU is largely unknown. Possible changes in border control regimes may impact on business with respect to competition from imports and our ability to export.

### **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*

Our direct involvement with the Agriculture and Horticulture Development Board as a Monitor Farm is giving us a useful platform for peer to peer group benchmarking. The farm uses CropBench+ to compare itself against up to 20 similar businesses and we hope to gain more from this service as interest in its use 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.

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

### **Strategic report (continued) for the year ended 30 September 2018**

#### *Sheep*

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

#### **Financial risk management**

##### *Price risk*

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 our involvement with our Producer Organisation and pre-season prices based on grade out are set.

##### *Credit risk*

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

##### *Liquidity risk*

We have a good relationship with our bank and have funding facilities readily available.

##### *Cashflow risk*

We take payments on account, we utilise our overdraft facility and conduct monthly cash management.

#### **Environment and sustainability**

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

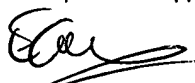
#### **Future developments**

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

The company aims to improve farm facilities, especially in relation to hostel accommodation for casual labour employed for harvest.

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

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



**E G Doubleday**  
**Director**

Date: 22 February 2019

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

### **Directors' report for the year ended 30 September 2018**

The directors present their report and the financial statements for the year ended 30 September 2018.

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.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £19,429,348 (2017 - £938,616).

On 22 February 2019 the directors agreed a final dividend for the year of £18 per share.

#### **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

#### **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.

#### **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 2018**

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

After the year end the company purchased several parcels of land amounting to £4.3m in total.

#### **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: 22 February 2019



## **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 2018, 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 2018 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 4, 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.



**Chaverays**  
Chartered Accountants  
and Statutory Auditors  
Faversham

10 June 2019

## G. H. Dean & Co. Limited

### Profit and loss account for the year ended 30 September 2018

	Note	2018 £	2017 £
Turnover	4	6,528,228	6,163,242
Cost of sales		(5,946,819)	(5,433,949)
<b>Gross profit</b>		<b>581,409</b>	<b>729,293</b>
Administrative expenses		(1,194,904)	(1,063,885)
Other operating income	5	959,272	874,528
Fair value movements (revaluation of investment property)		483,276	438,790
<b>Operating profit</b>	6	<b>829,053</b>	<b>978,726</b>
Profit on sale of freehold property	13	21,954,489	-
<b>Profit on ordinary activities before interest</b>		<b>22,783,542</b>	<b>978,726</b>
Income from fixed asset investments		50	-
Impairment of investments		(11,398)	727
Interest receivable and similar income		947	2
Interest payable	10	(50,534)	(25,149)
<b>Profit before tax</b>		<b>22,722,607</b>	<b>954,306</b>
Tax on profit	11	(3,293,259)	(15,690)
<b>Profit for the year</b>		<b>19,429,348</b>	<b>938,616</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

There was no other comprehensive income for 2018 (2017:£Nil).

The notes on pages 13 to 29 form part of these financial statements.

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

**Balance sheet**  
**as at 30 September 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	14	12,684,405	12,680,897
Investments	15	30,532	34,429
Investment property	16	18,066,676	17,583,400
		<u>30,781,613</u>	<u>30,298,726</u>
<b>Current assets</b>			
Stocks	17	2,120,512	2,168,947
Debtors: Amounts falling due within one year	18	14,013,296	1,519,136
Cash at bank and in hand		787,760	16,152
		<u>16,921,568</u>	<u>3,704,235</u>
Creditors: Amounts falling due within one year	19	(4,307,795)	(1,956,188)
<b>Net current assets</b>		<u>12,613,773</u>	<u>1,748,047</u>
<b>Total assets less current liabilities</b>		<u>43,395,386</u>	<u>32,046,773</u>
Creditors: Amounts falling due after more than one year	20	(1,394,497)	(1,500,000)
<b>Provisions for liabilities</b>			
Deferred tax	23	(2,714,523)	(2,601,738)
		<u>(2,714,523)</u>	<u>(2,601,738)</u>
<b>Net assets</b>		<u><u>39,286,366</u></u>	<u><u>27,945,035</u></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	39,243,019	27,901,688
		<u>39,286,366</u>	<u>27,945,035</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 February 2019.



**E G Doubleday**  
Director

The notes on pages 13 to 29 form part of these financial statements.

## G. H. Dean & Co. Limited

### Statement of changes in equity for the year ended 30 September 2018

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2016	43,021	326	27,164,803	27,208,150
Profit for the year	-	-	938,616	938,616
Dividends	-	-	(201,731)	(201,731)
At 1 October 2017	43,021	326	27,901,688	27,945,035
Profit for the year	-	-	19,429,348	19,429,348
Dividends	-	-	(8,088,017)	(8,088,017)
<b>At 30 September 2018</b>	<b>43,021</b>	<b>326</b>	<b>39,243,019</b>	<b>39,286,366</b>

The notes on pages 13 to 29 form part of these financial statements.

An amount included in dividends of £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 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	19,429,348	938,616
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	830,025	684,102
Impairment of investments	11,398	(727)
(Profit) on disposal of tangible fixed assets	(22,035,901)	(44,744)
Interest paid	50,534	25,149
Interest and dividends received	(997)	(2)
Increase in taxation provision	3,293,259	15,690
Decrease in stocks	48,436	94,205
(Increase) in debtors	(12,494,162)	(331,092)
Increase/(decrease) in creditors	263,061	(90,994)
Fair value adjustments	(483,276)	(438,790)
Corporation Tax paid	(39,223)	-
<b>Net cash generated from operating activities</b>	<b>(11,127,498)</b>	<b>851,413</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,366,762)	(2,756,448)
Proceeds from sale of tangible fixed assets	22,569,132	123,818
Purchase of unlisted and other investments	(7,501)	-
Interest received	947	2
Dividends received	50	-
<b>Net cash from investing activities</b>	<b>21,195,866</b>	<b>(2,632,628)</b>
<b>Cash flows from financing activities</b>		
New secured loans	-	1,500,000
Repayment of loans	(43,262)	-
Dividends paid	(8,088,017)	(201,731)
Interest paid	(50,533)	(25,149)
<b>Net cash used in financing activities</b>	<b>(8,181,812)</b>	<b>1,273,120</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,886,556</b>	<b>(508,095)</b>
Cash and cash equivalents at the beginning of the year	(1,098,796)	(590,700)
<b>Cash and cash equivalents at the end of the year</b>	<b>787,760</b>	<b>(1,098,795)</b>
<b>Cash and cash equivalents at the end of the year comprise:</b>		
Cash at bank and in hand	787,760	16,152
Bank overdraft	-	(1,114,947)
	<b>787,760</b>	<b>(1,098,795)</b>

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

### **Notes to the financial statements for the year ended 30 September 2018**

#### **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 Farm'.

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.



**Notes to the financial statements  
for the year ended 30 September 2018**

**2. Accounting policies (continued)**

**2.3 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.4 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 2.7).

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 statement of comprehensive income.

**2.5 Investment property**

Investment property is carried at fair value determined annually 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 statement of comprehensive income.

**2.6 Valuation of investments**

Investments in subsidiaries and unlisted companies are measured at cost less accumulated impairment.

**2.7 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.

**Notes to the financial statements  
for the year ended 30 September 2018**

**2. Accounting policies (continued)**

**2.8 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.

**2.9 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.

**2.10 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.

**2.11 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 statement of comprehensive income 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.

**Notes to the financial statements  
for the year ended 30 September 2018**

**2. Accounting policies (continued)**

**2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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 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.

**2.13 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.

**2.14 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 is 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.

**2.15 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.

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 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 life 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.

#### 4. Turnover

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

	2018 £	2017 £
Farm produce	5,674,395	5,359,017
Subsidies	460,785	555,872
Miscellaneous	393,048	248,353
	<u>6,528,228</u>	<u>6,163,242</u>

#### 5. Other operating income

	2018 £	2017 £
Residential rents	660,677	647,587
Commercial rents	298,595	226,941
	<u>959,272</u>	<u>874,528</u>

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Research and development costs	14,676	5,969
Depreciation of tangible fixed assets	830,025	684,102
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	14,000	14,000
Defined contribution pensions	20,890	21,020
Fair value gain on investment property revaluation	(483,276)	(438,790)
	<u>          </u>	<u>          </u>

#### 7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	14,000	14,000
	<u>          </u>	<u>          </u>

#### 8. Employees

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

	2018 £	2017 £
Wages and salaries	1,764,808	1,558,095
Social security costs	151,143	143,469
Cost of defined contribution pension scheme	20,890	21,020
	<u>1,936,841</u>	<u>1,722,584</u>

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

	2018 No.	2017 No.
Administration	12	11
Farming	47	52
	<u>59</u>	<u>63</u>

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	321,602	159,564
Company contribution to defined contribution pension scheme	18,000	18,000
	<u>339,602</u>	<u>177,564</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of a defined contribution pension scheme.

The highest paid director received remuneration of £243,865 (2017 - £86,691).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,000 (2017 - £18,000).

#### 10. Interest payable and similar expenses

	2018 £	2017 £
Bank overdraft interest	13,756	13,436
Bank loan interest	36,778	11,713
	<u>50,534</u>	<u>25,149</u>

#### 11. Taxation

	2018 £	2017 £
<b>Corporation Tax</b>		
Current tax on profit for the year	3,177,469	36,218
Adjustments in respect of previous periods	3,005	-
<b>Total current tax</b>	<u>3,180,474</u>	<u>36,218</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	112,785	(20,528)
<b>Taxation on profit on ordinary activities</b>	<u>3,293,259</u>	<u>15,690</u>

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 11. Taxation (continued)

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

The tax assessed for the year is lower than (2017 - lower than) the standard rate of Corporation Tax in the UK of 19% (2017 - 19.5%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<b>22,722,607</b>	954,306
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2017 - 19.5%)	<b>4,317,296</b>	186,089
<b>Effects of:</b>		
Non-tax deductible impairment of investments	2,166	(142)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	75	-
Capital allowances for year in excess of depreciation	32,432	10,711
Adjustments to tax charge in respect of prior periods	3,005	-
Fair value adjustments not taxable	(91,822)	(85,564)
Adjustment to research and development tax credit leading to a (decrease) in the tax charge	(13,664)	(18,463)
Book profit on chargeable assets	(4,171,353)	(1,950)
Capital gains	3,110,746	1,950
Dividends from UK companies	(10)	-
Capitalised costs for which relief against trade profits is allowed	(8,397)	(56,413)
Deferred tax charge	112,785	(20,528)
<b>Total tax charge for the year</b>	<b>3,293,259</b>	15,690

##### 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%.

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 12. Dividends

	2018 £	2017 £
Dividends in respect of Ordinary shares	<u>8,088,017</u>	<u>201,731</u>

#### Proposed dividends

On 22 February 2019 the directors proposed a dividend of £18.

#### 13. Exceptional item

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

#### 14. Tangible fixed assets

	Freehold and long-term leasehold property £	Plant and machinery £	Orchards (biological assets) £	Bulk bins £	Sheep flock (biological assets) £
<b>Cost or valuation</b>					
At 1 October 2017	11,531,680	4,535,677	2,053,352	302,013	166,934
Additions	333,259	971,629	44,194	17,680	-
Disposals	(52,500)	(841,212)	-	-	(34,308)
At 30 September 2018	<u>11,812,439</u>	<u>4,666,094</u>	<u>2,097,546</u>	<u>319,693</u>	<u>132,626</u>
<b>Depreciation</b>					
At 1 October 2017	1,883,269	2,604,794	1,183,108	237,588	-
Charge for the year on owned assets	322,951	330,235	146,378	30,461	-
Disposals	-	(394,791)	-	-	-
At 30 September 2018	<u>2,206,220</u>	<u>2,540,238</u>	<u>1,329,486</u>	<u>268,049</u>	<u>-</u>
<b>Net book value</b>					
At 30 September 2018	<u>9,606,219</u>	<u>2,125,856</u>	<u>768,060</u>	<u>51,644</u>	<u>132,626</u>
At 30 September 2017	<u>9,648,411</u>	<u>1,930,883</u>	<u>870,244</u>	<u>64,425</u>	<u>166,934</u>



## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2018

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

	<b>Total £</b>
<b>Cost or valuation</b>	
At 1 October 2017	18,589,656
Additions	1,366,762
Disposals	(928,020)
At 30 September 2018	<u>19,028,398</u>
<b>Depreciation</b>	
At 1 October 2017	5,908,759
Charge for the year on owned assets	830,025
Disposals	(394,791)
At 30 September 2018	<u>6,343,993</u>
<b>Net book value</b>	
At 30 September 2018	<u><u>12,684,405</u></u>
At 30 September 2017	<u><u>12,680,897</u></u>

Included in the value of freehold land and buildings is an amount of £5,418,018 which is in respect of 4,455 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.

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 15. Fixed asset investments

	Investment in subsidiary company £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 October 2017	30,000	10,513	40,513
Additions	-	7,501	7,501
At 30 September 2018	30,000	18,014	48,014
<b>Impairment</b>			
At 1 October 2017	-	6,084	6,084
Charge for the year	-	11,398	11,398
At 30 September 2018	-	17,482	17,482
<b>Net book value</b>			
At 30 September 2018	30,000	532	30,532
At 30 September 2017	30,000	4,429	34,429

#### Subsidiary undertaking

The following was a subsidiary undertaking of the company:

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

G.H. Dean (1920) Limited is a company incorporated in England.

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 16. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 October 2017	17,583,400
Surplus on revaluation	483,276
<b>At 30 September 2018</b>	<b>18,066,676</b>

The 2018 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.

#### 17. Stocks

	2018 £	2017 £
Consumables	134,429	111,466
Cultivations	77,234	130,591
Crops in store	1,866,849	1,886,390
Sheep (held for sale)	42,000	40,500
	<b>2,120,512</b>	<b>2,168,947</b>

Stock recognised in cost of sales during the year as an expense was £1,144,178 (2017 - £1,232,306) .

An impairment loss of £nil (2017 - £42,044) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

All items of stock held by the company are 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 2018

#### 18. Debtors

	2018 £	2017 £
Trade debtors	303,583	175,813
Other debtors	13,709,713	1,343,323
	<u>14,013,296</u>	<u>1,519,136</u>

An impairment loss of £15,797 (2017 - £45,756) 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.

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

	2018 £	2017 £
Bank overdraft	-	1,114,947
Bank loans	62,241	-
Trade creditors	754,112	585,553
Amounts owed to group undertakings	30,000	30,000
Corporation Tax	3,177,469	36,218
Taxation and social security	41,760	90,018
Other creditors	143,262	29,078
Accruals and deferred income	98,951	70,374
	<u>4,307,795</u>	<u>1,956,188</u>

On 22 February 2019 the directors agreed a final dividend for the year of £18 per share.

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

	2018 £	2017 £
Bank loan	1,394,497	1,500,000
	<u>1,394,497</u>	<u>1,500,000</u>

The company has multiple loans with, ultimately, the Royal Bank of Scotland Group plc. These loans total £1,456,738 at the year end. The final repayment is due in 2032. The interest rate for all loans is 2% above the UK base rate.

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

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 21. Loan

Analysis of the maturity of loans is given below:

	2018 £	2017 £
<b>Amounts falling due within one year</b>		
Bank loan	62,241	-
	<u>62,241</u>	<u>-</u>
<b>Amounts falling due 1-2 years</b>		
Bank loan	62,241	-
	<u>62,241</u>	<u>-</u>
<b>Amounts falling due 2-5 years</b>		
Bank loan	822,178	917,760
<b>Amounts falling due after more than 5 years</b>		
Bank loan	510,078	582,240
	<u>1,456,738</u>	<u>1,500,000</u>

The company has multiple loans with, ultimately, the Royal Bank of Scotland Group plc. These loans total £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 all loans is 2% above the UK base rate.

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 22. Financial instruments

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at fair value through the profit and loss account	532	4,429
Financial assets that are equity instruments measured at cost less impairment	30,000	30,000
Financial assets that are debt instruments measured at amortised cost	303,583	175,813
	<u>334,115</u>	<u>210,242</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(2,384,112)</u>	<u>(3,259,578)</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.

Financial assets that are equity instruments measured at cost less impairment comprise investment in a subsidiary company and cash.

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

#### 23. Deferred taxation

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

	2018 £	2017 £
At beginning of year	2,601,738	2,622,266
Charged to the profit and loss account	112,785	(20,528)
<b>At end of year</b>	<u>2,714,523</u>	<u>2,601,738</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	487,665	443,109
Tax losses carried forward	(28,722)	(28,722)
Investment property revaluation	2,255,580	2,187,351
	<u>2,714,523</u>	<u>2,601,738</u>

## G. H. Dean & Co. Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 24. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
430,214 (2017 - 430,214) Ordinary shares of £0.10 each	<b>43,021</b>	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 £20,890 (2017 - £21,020). Contributions totalling £nil (2017 - £1,174) 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 2018**

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

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

Goods and services were acquired during the year from Bax Farm totalling £98,358 (2017: (£194,009)), of which £95,798 (2017: (£38,125)) was due by the company at the balance sheet date.

All transactions were carried out at market value.

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

Goods were acquired during the year from Bax Farm Juice Limited totalling £nil (2017: £50), of which £nil (2017: £nil) was due to Bax Farm Juice Limited at the balance sheet date.

Goods and services were supplied during the year to Bax Farm Farm Juice Limited totalling £213 (2017: £279), of which £131 (2017: £nil) 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 a prior period 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 rent was charged of £12,200 and a management fee of £833. At the balance sheet date, the amount due to Radfield Limited was £120,481.

During the year the company provided Radfield with a loan of £7,619. There are no terms attached to this and the amount is repayable upon demand.

Dividends were paid during the year to the directors totalling £2,702,688 (2017: £199,864).

Key management personnel

In the opinion of the directors, the key management personnel of the company are the directors.

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

After the year end the company purchased several parcels of land amounting to £4.3m in total.

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

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