Knightwood Trust Farms Limited

Annual report and financial statements

Registered number 03197940

31 March 2023

Contents

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2023.

The company has taken the exemption from preparing a strategic report in accordance with section 414B of the Companies Act 2006 relating to small companies.

Principal activities

The principal activity of the company is farming on its estates in Surrey, the East Midlands and Yorkshire.

Future developments

The directors are pleased with the performance in the year and intend to continue with the principal activity of the company following the acquisition of a number of additional farms during the year.

Dividends

No dividends were declared or paid during the year *(2022: £nil)*. A dividend of £5,464,000 has been declared and paid since the year end (20*22: £nil)*.

Directors

The directors of the company at 31 March 2023, throughout the year and up to the date of signing the financial statements were:

C Garfoot
E A Bisson

Directors' indemnity insurance

The company maintained throughout the accounting period and at the date of signing of the financial statements continued to maintain Directors' and Officers' liability insurance in respect of itself and its directors. No indemnity is provided for the company's auditors.

Statement on disclosure of information to the auditors

The directors who are in office on the date of approval of these financial statements have confirmed that, far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Cooper Parry Group Limited will therefore continue in office.

Small companies' provisions

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

By order of the board

DocuSigned by:
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JWE Wild
Company Secretary

Date: 27 September 2023

Rowland Hall Farm
Newsholme
Howden
Goole
East Riding,
DN14 7JU

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Knightwood Trust Farms Limited

Opinion

We have audited the financial statements of Knightwood Trust Farms Limited (the 'company') for the year ended 31 March 2023, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Knightwood Trust Farms 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 director's 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

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

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

Independent auditor's report to the members of Knightwood Trust Farms Limited *(continued)*

Auditor's responsibilities for the audit of the financial statements

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

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

Our assessment focused on key laws and regulations the entity has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detect irregularity included, but was not limited to the following:

- obtaining an understanding of the company's policies and procedures and how the company has complied with these, through discussions and walkthrough testing of controls, including discussions with the Health and Safety Compliance manager for the company;
- obtaining an understanding of the company's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias, in particular the valuation of investment properties and stock carrying values.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims and reviewing legal and professional expenses;
- reviewing correspondence with HMRC and associated parties.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

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

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report to the members of Knightwood Trust Farms Limited

(continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Cooper Parry Group Limited

Alison Fovargue (Senior statutory auditor)

for and on behalf of

Cooper Parry Group Limited

Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 27 September 2023

Profit and loss account
for the year ended 31 March 2023

	2023 £000	2022 £000
Turnover	**2,963**	2,535
Cost of sales	**(807)**	(905)
Gross profit	**2,156**	1,630
Administrative expenses	**(996)**	(907)
Other operating income	**6,645**	6,626
Operating profit	**7,805**	7,349
Interest receivable and similar income	**107**	95
Interest payable and similar expenses	**(379)**	(162)
Profit before taxation	**7,533**	7,282
Tax on profit	**(1,659)**	(2,823)
Profit for the financial year	**5,874**	4,459

The accompanying notes form part of these financial statements.

In both the current and preceding year, the Company made no material acquisitions and had no discontinued operations.

There were no recognised gains and losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of comprehensive income has been presented.

Balance sheet
at 31 March 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Intangible assets	4		**30**		6
Biological assets	5		**5**		8
Investment properties	6		**13,300**		12,823
Tangible assets	7		**34,146**		28,170
Investments	8		**133**		133
			47,614		41,140
Current assets					
Stocks	9	**1,347**		755	
Debtors	10	**3,737**		3,089	
Cash at bank and in hand		**1,116**		1,875	
		6,200		5,719	
Creditors: amounts falling due within one year	11	**(697)**		(734)	
Net current assets			**5,503**		4,985
Total assets less current liabilities			**53,117**		46,125
Creditors: amounts falling due after more than one year	12		**(9,817)**		(9,975)
Provisions for liabilities	13		**(7,284)**		(6,008)
Net assets			**36,016**		30,142
Capital and reserves					
Called up share capital	15		**2,760**		2,760
Revaluation reserve			**5,877**		5,369
Profit and loss account			**27,379**		22,013
Shareholders' funds			**36,016**		30,142

The accompanying notes form part of these financial statements.

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors and were signed on its behalf by:

DocuSigned by:
Elizabeth Anne Bisson
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E A Bisson
Director

Date: 27 September 2023

Company registered number: 03197940

Statement of changes in equity

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2021	2,760	4,875	18,048	25,683
Total comprehensive income for the year				
Profit for the year	-	-	4,459	4,459
Transfer	-	494	(494)	-
Total comprehensive income for the year	-	494	3,965	4,459
Transactions with owners, recorded directly in equity				
Dividend paid	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 March 2022	**2,760**	**5,369**	**22,013**	**30,142**

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total Equity £000
Balance at 1 April 2022	2,760	5,369	22,013	30,142
Total comprehensive income for the year				
Profit for the year	-	-	5,874	5,874
Transfer	-	508	(508)	-
Total comprehensive income for the year	-	508	5,366	5,874
Transactions with owners, recorded directly in equity				
Dividend paid	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 March 2023	**2,760**	**5,877**	**27,379**	**36,016**

The accompanying notes form part of these financial statements.

Revaluation reserve

The revaluation reserve arises on the revaluation of the company's investment properties and relates to the excess over the historical cost of the properties at the date of acquisition by the company, less the attributable deferred tax arising should each property be disposed of at its fair value. Where in prior years temporary revaluation deficits on certain properties have been credited to retained earnings, the reversal of such temporary deficits is credited to retained earnings with any surplus on the valuation being added to the revaluation reserve, a non-distributable reserve. On the disposal of a property at a value in excess of the historical cost, a transfer is made of the attributable revaluation reserve to retained earnings.

Notes
(forming part of the financial statements)

1 Accounting policies

Knightwood Trust Farms Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 03197940 and the registered address is Rowland Hall, Newsholme, Howden, East Yorkshire, DN14 7JU.

The company is a wholly owned subsidiary of Knightwood Holdings (2011) Limited, its ultimate parent company. Knightwood Holdings (2011) Limited is exempt under Section 298 Companies Act 2006 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The Company is exempt by virtue of s399 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Section 1A of Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) and the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1. Measurement convention

The financial statements are prepared on the going concern basis under the historical cost convention except that investment property is held at fair value and movements in value reflected in the profit and loss account.

1.2. Going concern

The company meets its day to day working capital requirements and also provides funding to its subsidiary Knightwood Developments Limited by way of intercompany loan through use of the company's existing resources and bank facilities. £6,600,000 of the facility expires in October 2028 with the remainder expiring in December 2037.

The company's forecasts and projections, to 31 December 2024, have been updated and taking account of severe but plausible changes in operating performance, show that the company should be able to continue to operate within the level of its existing resources and facilities, including maintaining compliance with covenants, even after allowing for a substantial rise in tenant defaults. A substantial element of the company's projected expenditure is discretionary and could be suspended at short notice if this became necessary in the event of unforeseen circumstances.

A letter of support has been provided to confirm that companies connected via common directors and shareholders, will continue to provide financial support to allow the company to continue to trade and meet its financial obligations as they fall due, specifically for at least twelve months from the date of approving these financial statements.

After making reasonable enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3. Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3. Classification of financial instruments issued by the Company (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments.

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.5. Tangible fixed assets

Tangible fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings including fencing 3-50 years
- plant and machinery 3-10 years
- drainage 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6. Intangible assets

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Entitlements to Basic Payment Scheme payments – 3-5 years.

The basis for choosing these useful lives is based on the anticipated life of relevant grant programs at the date of acquisition.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

1.7. Biological assets

Biological assets comprise forestry managed on a commercial basis. The assets are stated at cost less accumulated depreciation and any accumulated impairment losses. In applying this model, felled timber is valued at the lower of cost and estimated selling price less costs to complete and sell, including restocking expenditure which the company is obliged to undertake under the terms of its felling licence. As the estimated resale price of the forestry is in excess of the costs to date, depreciation is provided at 0%.

1.8. Investment property

Investment properties are properties comprise properties held on farms which are surplus to operational requirements and are currently held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 of FRS 102 until a reliable measure of fair value becomes available.

1.9. Stocks

Stocks of growing crops are stated at the lower of cost and net realisable value. The cost of growing crops includes materials, labour, and farm overheads. Net realisable value is the estimated proceeds from the sale of stock items (net of trade discounts but before settlement discounts) less all further costs to completion and less all costs to be incurred in marketing, selling and distributing directly related to the items in question.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10. Impairment excluding stocks, investment properties and deferred tax assets.

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11. Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12. Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.13. Turnover

Turnover, which excludes value added tax, represents the fair value of consideration received for goods and services supplied. Turnover also includes rents and service charge income receivable on the accruals basis. Included within farming turnover are amounts receivable under the Basic Payment Scheme, being a European grant for agricultural businesses. This turnover is recognised once all performance criteria of the grant are met.

1.14. Other operating income

Other operating income includes both gains arising from the revaluation of investment properties and profit arising on the disposal of fixed assets.

1.15. Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

1.16. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Charges for amounts payable in respect of tax losses surrendered to the company or credits for amounts receivable in respect of tax losses surrendered by the company and utilised by other group companies are recognised in the year to which they relate.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not provided for on differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. In addition, deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Notes *(continued)*

1 Accounting policies *(continued)*

1.16. Taxation (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Notes

2 Auditors' remuneration

Auditor's remuneration:

	2023 £000	2022 £000
Audit of these financial statements	**11**	10

3 Average employee numbers

The average monthly number of employees of the company during the year, other than the directors, was 2, all of whom were employed in farming *(2022: 3)*.

4 Intangible assets

	Entitlements £000
Cost:	
At 1 April 2022	222
Additions	31
At 31 March 2023	253
Accumulated amortisation:	
At 1 April 2022	216
Charge for the year	7
At 31 March 2023	223
Net book value:	
At 31 March 2023	**30**
At 31 March 2022	6

Notes *(continued)*

5 Biological assets

	Forestry £000
Cost:	
At 1 April 2022	8
Grant received during the year	(3)
At 31 March 2023	5
Accumulated amortisation:	
At 1 April 2022 & 31 March 2023	-
Net book value:	
At 31 March 2023	5
At 31 March 2022	8

6 Investment properties

	£000
Valuation:	
At 1 April 2022	12,823
Disposals	(850)
Transfer to fixed assets	(9)
Movement in fair value	1,336
At 31 March 2023	**13,300**
Historic cost	5,850

The freehold investment properties are tenanted properties located on the company's estates and were valued at their open market value as at 31 March 2023 based on an assessment of current and future rental yields, and the underlying capital value that might be realised on a disposal. The director responsible for the valuation is a qualified chartered surveyor. The increase in value of the investment properties of £1,336,000 *(2022: increase of £1,064,000)* has been incorporated in these financial statements.

Notes *(continued)*

7 Tangible assets

	Freehold land and buildings £000	Drainage £000	Plant and machinery £000	Total £000
Cost:				
At 1 April 2022	27,430	120	1,193	28,743
Additions	5,850	-	319	6,169
Disposals	(14)	-	(192)	(206)
Transfer from investment properties	9	-	-	9
At 31 March 2023	33,275	120	1,320	34,715
Accumulated depreciation:				
At 1 April 2022	32	113	428	573
Charge for the year	6	4	118	128
Disposals	-	-	(132)	(132)
At 31 March 2023	38	117	414	569
Net book value:				
At 31 March 2023	**33,237**	**3**	**906**	**34,146**
At 31 March 2022	27,398	7	765	28,170

8 Investments

	2023 £000	2022 £000
Subsidiary companies	-	-
Capital contribution arising on grant of interest free loan to subsidiary	**133**	133
Total investments	**133**	133

The company holds one £1 share (the entire issued share capital) of Knightwood Developments Limited, whose principal activity is property development. Knightwood Developments Limited is incorporated in England and Wales and its registered office is at Rowland Hall, Newsholme, Howden, East Yorkshire DN14 7JU. The company previously made an interest free loan to this company which was recognised at the fair value based on an imputed interest rate, with the interest receivable treated as a capital contribution. The loan has since been repaid.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Notes *(continued)*

9 Stocks

	2023 £000	2022 £000
Harvested crops held for sale	**183**	75
Work in progress	**1,164**	680
	1,347	755

10 Debtors

	2023 £000	2022 £000
Amounts falling due within one year:		
Trade debtors	**373**	286
Amounts owed by group undertakings	**2,882**	2,056
Amounts owed by related parties	**36**	-
Taxation and social security	**-**	41
Corporation tax	**256**	522
Prepayments and accrued income	**190**	184
	3,737	3,089

An amount of £1,740,000 *(2022: £1,441,000)* was owed by the company's subsidiary and £1,142,000 *(2022: £615,000)* was owed by the company's parent company. These amounts are unsecured, repayable on demand and interest is charged at rates linked to bank base rate plus a margin of 3%.

11 Creditors: amounts falling due within one year

	2023 £000	2022 £000
Bank loans and overdrafts	**184**	182
Trade creditors	**220**	356
Other taxation and social security	**8**	3
Amounts due to related parties	**47**	-
Amounts due to group companies	**5**	
Other creditors	**56**	59
Accruals and deferred income	**177**	134
	697	734

The bank loans are secured by charges over the company's property and are shown net of unamortised arrangement fees of £2,000 *(2022: £2,000).* Interest is charged at the Bank of England base rate plus margins between 0.95% – 2.00%.

Amounts due to related parties are unsecured trading balances, interest free and settled regularly.

Amounts owed to group undertaking are unsecured trading balances, interest free and settled at regular intervals.

Notes *(continued)*

12 Creditors: amounts falling due after more than one year

	2023 £000	2022 £000
Amounts falling due:		
After more than one year	**9,858**	10,022
Less issue costs	**(41)**	(47)
Bank loans	**9,817**	9,975

The maturity profile of the company's bank loans as at the year-end was:

	2023 £000	2022 £000
Amounts falling due:		
Less than one year	**186**	184
After more than one year but less than two years	**191**	184
After more than two years but less than five years	**605**	552
After more than five years	**9,062**	9,286
Gross debt	**10,044**	10,206
Issue costs	**(43)**	(49)
Net debt	**10,001**	10,157

The bank loans are secured by charges over the company's property and are shown net of unamortised arrangement fees of £43,000 *(2022: £49,000).* £6,600,000 of the loans due after more than five years is due for repayment in a single instalment in October 2028, while the balance is repaid by way of equal quarterly instalments combining principal and interest, with the final instalment due December 2037. Interest is charged at the Bank of England base rate plus margins between 0.95% – 2.00%.

13 Provisions for liabilities

	Environmental Provisions £000	Deferred tax £000	Total £000
At 1 April 2022	7	6,001	6,008
Utilised in the period	(5)	-	(5)
Profit and loss account	-	1,281	1,281
At 31 March 2023	**2**	**7,282**	**7,284**

The environmental provisions relate to liabilities on land owned by the company which are expected to be settled within the next year.

Notes *(continued)*

14 Deferred taxation

The deferred tax provision has been recognised assuming a tax rate of 25%. The balance at the year end and movements in the year comprised:

	Accelerated capital allowances £000	Rolled over Gains £000	Investment Properties £000	Total £000
At 1 April 2022	192	4,389	1,420	6,001
Profit and loss account	38	1,090	153	1,281
At 31 March 2023	**230**	**5,479**	**1,573**	**7,282**

15 Capital and reserves

Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
2,760,000 *(2022: 2,760,000)* ordinary shares of £1 each	**2,760**	2,760

16 Post balance sheet events

In August 2023, a bank loan of £4,000,000 was taken out by the company, net of arrangement fees of £30,000. The bank loan is secured by charges over the company's property. The loan is due for repayment in a single instalment in August 2043. Interest is charged quarterly at normal commercial rates.

17 Ultimate holding company

The company's immediate parent company is Knightwood Holdings (2011) Limited. a company incorporated in England & Wales. A copy of the financial statements of Knightwood Holdings (2011) Limited can be obtained from its registered office at Rowland Hall Farm, Newsholme, Goole DN14 7JU. The ultimate controlling party of that company are the Trustees of the Knightwood Trust.