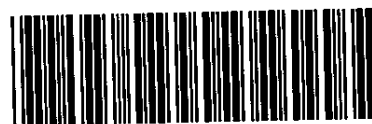


Company registration number 13213529 (England and Wales)

**MERSLEY FARM HOLDING LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2022**

THURSDAY



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COMPANIES HOUSE

## **Mersley Farm Holding Limited**

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## **Mersley Farm Holding Limited**

### **Company information**

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<b>Directors</b>	Mr B Edwards Mr CP Boswell Mr H Boswell Mrs JJ Boswell Mrs N Edwards
<b>Company Number</b>	13213529
<b>Registered Office</b>	Mersley Farm Newchurch Isle Of Wight United Kingdom PO36 0NR
<b>Auditor</b>	Old Mill Audit Limited Maltravers House Petters Way Yeovil Somerset BA20 1SH

## **Mersley Farm Holding Limited**

### **Strategic report**

**For the period 19 February 2021 to 30 June 2022**

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The directors present the strategic report for the period ended 30 June 2022.

The directors of Mersley Farm Holding Limited comply with their duty to promote the success of the company for the benefit of its stakeholders as a whole, having regard to:

#### **Fair review of the business**

The Group consists of Mersley Farm Holding Limited, The Garlic Farm (IOW) Limited, Little Mersley Limited and Wild Island Limited.

The Group's principal activities involve selling garlic, garlic-based food products and garlic seed direct to consumer and to retailers, operating a farm shop and licensed restaurant as well as offering holiday accommodation. It acquired Wild Island Limited during the period which is an Isle of Wight based small-batch producer of award-winning oils, dressings, and fruit vinegars.

The turnover for Group in the current financial reporting period has remained buoyant. The diversity of the Group activities have allowed it to benefit in many ways from the changing marketplace as a result of covid, despite some areas being compelled to close/restrict activities at times during the period in line with Government requirements. As with all businesses, however, margins are being reduced as costs and wages increase and there have been supply chain issues. With management's continued close review and control over all aspects of the business and continuing emphasis on customer satisfaction and customer retention we are confident of continued profitability in the future.

#### **Corporate governance statement**

We are proud to have submitted for BCORP certification in December 2022. This has involved applying very high standards of social and environmental responsibility to our business throughout this current reporting period and in prior years since our BCORP journey began in 2019.

Becoming a B Corp makes a business legally required to consider the impact of their decisions on their people, customers, suppliers, community, and the environment - rather than simply maximising profit for shareholders. As part of the BCorp journey, we have identified our core mission to create 'net positive' outcomes through efficiency with our planet's resources and respect for people around us. This are categorised and actioned under the following headings:

#### **PLANET: reducing waste, resource efficiency, environment & ecology, considered purchasing**

##### **Reducing Waste, Resource Efficiency, Environment & Ecology**

We have introduced many ways to measure and reduce the environmental footprint of the business and continue to seek more initiatives. Substantial investment in solar power energy, the introduction of environmentally friendly packaging and other products, the use of electric vehicles, and monitoring of landfill waste and recycling being some of the many achievements. We are also extremely proud that our farmland, home to our award winning Restaurant and Farm shop, is now certified organic, and will provide a source of organic garlic and meat for our customers to enjoy going forward.

##### **Considered Purchasing**

We have developed strong long term relationships with key suppliers and support many local businesses. We work with our suppliers to ensure they understand our values and adhere to our standards. We have a preference for local purchasing wherever possible.

#### **PEOPLE: financial security, wellness & safety, customers & community**

##### **Financial Security, Wellness & Safety**

We are committed to supporting our employees in many ways. We seek to make our workplace a more inclusive environment where diversity can thrive. We are a Living Wage Foundation Employer meaning that all over 18 year olds earn at least the Living Wage Foundation rate. We provide additional benefits to support health and wellbeing and look to provide support and training to create long term fulfilled members of staff. We regularly monitor staff engagement and attrition rates across the business.

## **Mersley Farm Holding Limited**

### **Strategic report**

**For the period 19 February 2021 to 30 June 2022**

---

#### **Customers & Community**

We understand that sustainability and quality are important to our customers and this is reflected in all our products and services. We interact with our local community in many ways. Serving on local committees or bodies to support local or Island wide initiatives, supporting local fundraising efforts, making a number of charitable donations and providing volunteers for local projects. As part of our commitment to the above and our BCORP values we have undertaken a pledge to invest at least 10% of net profits in projects that benefit people (our employees and our community) and planet (sustainability projects).

#### **Shareholders**

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

Consumer habits and trends are key drivers of demand for the products of the Group supplies. The group seeks to mitigate some of this risk through their holding of diverse yet related activities and sales channels. We have seen changes in consumer habits since the Covid-19 pandemic which have up to now had a positive overall impact on demand for the Groups products but anticipate that these habits will continue to evolve as a result of the increased cost of living.

In the short and medium term, the company faces risks related to the increasing cost of living and the impact this could have on consumer behaviour. The key risks facing the company are a possible reduction in sales volumes and therefore revenues. The directors will continue to monitor the situation closely and take mitigating action as appropriate.

In the short and medium term, the company faces risks related to the increasing cost of raw materials, labour costs and overheads in all areas of the business. The key risks facing the company are reductions in profit margins as a result of these increases in costs. The directors will continue to monitor the situation closely and take mitigating action as appropriate.

The Group faces ongoing risks from competitors in all areas of its business. The key risks facing the company are a possible reduction in sales volumes and therefore sales revenue. The Directors mitigate this risk by maintaining strong relationships with our customers via regular communication, continually investing in our brand, our site, in our systems and in our staff to ensure that a superior quality and differentiation of customer experience is delivered by all channels.

##### **Future Developments**

We remain very confident about the future prospect of the business. Our focus on being a purpose driven business founded on core values and held accountable by our ongoing commitment to accreditations like Bcorp we believe will allow the brand to continue to attract and retain customers. We will continue to make decisions with people, planet and profit in mind for the long term health of our business and all those impacted by it.

##### **Other performance indicators**

The business uses a number of financial KPIs (EBITDA, PBT, Turnover, labour ratios, basket spend etc) to assess the underlying performance of the business. The business also monitors a range of non-financial KPIs including customer feedback ratings, product returns, team satisfaction, retention & engagement, environmental measures, resource efficiency and waste.

On behalf of the board



Natasha Edwards

11-May-23

## **Mersley Farm Holding Limited**

### **Directors' report**

**For the period 19 February 2021 to 30 June 2022**

---

The directors present their annual report and financial statements for the period ended 30 June 2022.

#### **Principal activities**

The Groups principal activities involve selling garlic, garlic based food products and garlic seed via wholesale, retail and markets channels, small batch food manufacture, operating a farm shop and licensed restaurant as well as offering holiday accommodation.

#### **Results and dividends**

The results for the period are set out on page 9.

During the period directors have declared a dividend of £118,219.

The directors do not recommend payment of a further dividend.

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr B Edwards

Mr CP Boswell

Mr H Boswell

Mrs JJ Boswell

Mrs N Edwards

#### **Market value of land and buildings**

The directors are satisfied that the current market value of the company's property is substantially in excess of the carrying value.

#### **Employee involvement**

The group's policy is to consult and discuss with employees, through meetings to discuss matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Old Mill Audit Limited be reappointed as auditor of the company will be put at a General Meeting.

#### **Matters Covered in Strategic report**

Where necessary, disclosures relating to future developments have been made in the Group Strategic Report and have not been repeated here in accordance with applicable law and regulations.

**Mersley Farm Holding Limited**

**Directors' report**

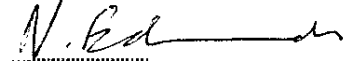
**For the period 19 February 2021 to 30 June 2022**

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**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



*Natasha Edwards*

*11-May-23*

## **Mersley Farm Holding Limited**

### **Directors' responsibilities statement**

**For the period 19 February 2021 to 30 June 2022**

---

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Mersley Farm Holding Limited**

### **Independent auditors report**

**For the period 19 February 2021 to 30 June 2022**

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#### **Qualified opinion on financial statements**

We have audited the financial statements of Mersley Farm Holding Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 June 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102.

In our opinion except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2022 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for qualified opinion**

A group restructure brought the company's subsidiary entities into audit requirements for the first time this year.

We were not appointed as auditor of the company until after 30 June 2022, and as such the audit team did not observe the counting of the physical stock held at the balance sheet date. We were unable to satisfy ourselves by alternative means concerning the stock value of £384,947, held by the group's trading subsidiaries at the balance sheet date of 30 June 2022. Consequently we were unable to determine whether any adjustment to this amount at 30 June 2022 was necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 group's and parent 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 auditor's 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial period 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.

**Mersley Farm Holding Limited**

**Independent auditors report**

**For the period 19 February 2021 to 30 June 2022**

---

**Matters on which we are required to report by exception**

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and in respect solely of the limitation on our work relating to inventory, described above:

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

In the light of the knowledge and understanding of the group and the parent company and their 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:

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

**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 auditor's 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.

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors> responsibilities. This description forms part of our auditor's 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 auditor's 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.

*Old Mill Audit Limited*

David Jones MSc ACA (Senior Statutory Auditor)  
For and on behalf of Old Mill Audit Limited  
Statutory Auditor

Date: **24/05/2023**

Maltravers House  
Petters Way  
YEOVIL  
Somerset  
BA20 1SH

**Mersley Farm Holding Limited**

**Group profit and loss account**

**For the period 19 February 2021 to 30 June 2022**

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	Notes	2022 £
Revenue	3	8,345,174
Cost of sales		(5,558,395)
<b>Gross profit</b>		<hr/> 2,786,779
Administrative expenses		(2,097,768)
Other operating income		40,973
<b>Operating profit</b>		<hr/> 729,984
Finance costs		-
<b>Profit before taxation</b>		<hr/> 729,984
Tax on profit	8	(328,004)
<b>Profit for the financial year</b>		<hr/> <hr/> 401,980

Total comprehensive income for the year is all attributable to the owner of the parent company.

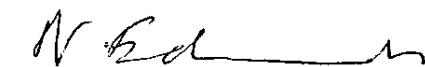
**Mersley Farm Holding Limited**

**Group balance sheet**

**For the period 19 February 2021 to 30 June 2022**

	Notes	2022 £
<b>Non-current assets</b>		
Goodwill	10	1,983,766
Property, plant and equipment	11	733,598
Investment property	12	<u>2,053,790</u>
		4,771,154
<b>Current assets</b>		
Inventories	15	384,947
Trade and other receivables	16	388,564
Cash and cash equivalents		<u>1,355,600</u>
		2,129,111
<b>Current liabilities</b>	17	<u>(1,183,632)</u>
<b>Net current assets/(liabilities)</b>		<u>945,479</u>
<b>Total assets less current liabilities</b>		5,716,633
<b>Provisions for liabilities</b>		
Deferred tax liability	19	(372,149)
<b>Net assets</b>		<u>5,344,484</u>
<b>Equity</b>		
Called up share capital	20	3,113,373
Share premium		1,947,350
Retained earnings	21	<u>283,761</u>
<b>Total equity</b>		<u>5,344,484</u>

The financial statements were approved by the board of directors and authorised for issue on the 11/5/2023 and are signed on its behalf by:



Natasha Edwards  
Director

Company registration no. 13213529

**Mersley Farm Holding Limited**

**Company balance sheet**


**For the period 19 February 2021 to 30 June 2022**

---

	Notes	2022 £
<b>Non-current assets</b>		
Investments	13	<u>7,928,659</u> 7,928,659
<b>Current assets</b>		
Cash and cash equivalents	5	
<b>Current liabilities</b>	17	<u>(2,988,212)</u>
<b>Net current assets/(liabilities)</b>		<u>(2,988,207)</u>
<b>Total assets less current liabilities</b>		<u>4,940,452</u>
<b>Net assets</b>		<u>4,940,452</u>
<b>Equity</b>		
Called up share capital	20	3,113,373
Share premium		1,947,350
Retained earnings	21	<u>(120,271)</u>
<b>Total equity</b>		<u>4,940,452</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's Loss for the period was £2,052.

The financial statements were approved by the board of directors and authorised for issue on the 11/5/2023 and are signed on its behalf by:



Natasha Edwards  
Director

Company registration no. 13213529

**Mersley Farm Holding Limited**

**Group statement of changes in equity**  
**For the period 19 February 2021 to 30 June 2022**

	Notes	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 19 February 2021		-		-	-
Share capital issued	20	3,113,373	1,947,350		5,060,723
Profit and total comprehensive income for the year				401,980	401,980
Dividends	9			(118,219)	(118,219)
Balance at 30 June 2022		3,113,373	1,947,350	283,761	5,344,484

**Mersley Farm Holding Limited**

**Company statement of changes in equity  
For the period 19 February 2021 to 30 June 2022**

	Notes	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 19 February 2021		-		-	-
Share capital issued	20	3,113,373	1,947,350		5,060,723
Profit and total comprehensive income for the year				(2,052)	(2,052)
Dividends	9			(118,219)	(118,219)
Balance at 30 June 2022		3,113,373	1,947,350	(120,271)	4,940,452

**Mersley Farm Holding Limited****Group statement of cash flows****For the period 19 February 2021 to 30 June 2022**

---

	Notes	2022 £
<b>Cash flows from operating activities</b>	<b>26</b>	<b>1,440,337</b>
Income taxes paid		
<b>Net cash (outflow)/inflow from operating activities</b>		<u><b>1,440,337</b></u>
<b>Investing activities</b>		
Purchase of business net of cash acquired	(4,971,171)	
Purchase of property, plant and equipment	(80,842)	
Interest received	29	
<b>Net cash (outflow)/inflow from investing activities</b>		<u><b>(5,051,984)</b></u>
<b>Financing activities</b>		
Issue of share capital	5,060,723	
Dividends issued	(118,219)	
<b>Net cash generated from/(used in) financing activities</b>		<u><b>4,942,504</b></u>
Cash and cash equivalents at beginning of the period		-
<b>Cash and cash equivalents at end of the period</b>		<u><u><b>1,355,600</b></u></u>
<b>Relating to:</b>		
Cash at bank and in hand		<b>1,355,600</b>



## **Mersley Farm Holding Limited**

### **Notes to the group financial statements**

**For the period 19 February 2021 to 30 June 2022**

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#### **1 Accounting policies Company information**

Mersley Farm Holding Limited ("the company") is a private company limited by shares, domiciled and incorporated in England and Wales. The registered office is Mersley Farm, Newchurch, Isle Of Wight, United Kingdom, PO36 0NR.

The group consists of Mersley Farm Holding Limited and all of its subsidiaries.

The company has produced financial statements for a long period for this, its first period of account, in order to align the financial year end with its subsidiary entities.

##### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

For the financial period ended 30 June 2022 The Garlic Farm (IOW) Limited, Little Mersley Limited and Wild Island Limited was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. A section 479A guarantee has been provided for these companies.

##### **1.2 Business combinations**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

### **1.3 Basis of consolidation**

The consolidated group financial statements consist of the financial statements of the parent company Mersley Farm Holding Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 June 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### **1.4 Going concern**

The Group's business activities, together with the factors likely to affect its future development, are described in the business review, starting on page 2. The Group has sufficient and stable financial resources and, as a consequence, the directors believe that the company is well placed to manage its business risks successfully, despite the uncertain economic outlook.

The directors are satisfied, based on current projections, that the Group has and will have, sufficient cash resources to meet its liabilities as they fall due for the period to 30 June 2024, being the going concern assessment period. As part of the review, the directors produced a forecast based on the current internal forecast for FY23 and long term planning targets for FY24 which cover the going concern period up to 30 June 2024.

### **1.5 Revenue**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Product sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rental income is recognised at the point of when guests have arrived at the property

### 1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

### 1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation. Freehold land is not depreciated. Otherwise depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Improvements to property	10% Straight line
Plant and equipment	25% Straight line
Fixture and fittings	25% - 33% Straight line
Motor Vehicles	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

### 1.8 Non-current investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

### 1.9 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

All of the groups tangible assets have ascertainable market value which is simple to determine. Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 1.10 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

The finance for deposits on consignment stocks are regarded effectively as being under the control of the company and are included within stock and creditors on the balance sheet, although legal title has not passed to the company. The creditor is secured directly on these vehicles.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

### 1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

### **1.12 Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Group balances are recognised at transaction price on the basis that they are in relation to trade activities and do not constitute financing transactions.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

## **Mersley Farm Holding Limited**

### **Notes to the group financial statements (Continued)** **For the period 19 February 2021 to 30 June 2022**

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#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables and loans from fellow group companies that are classified as debt, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### **1.13 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### **1.14 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

### 1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end. date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

## **Mersley Farm Holding Limited**

### **Notes to the group financial statements (Continued)** **For the period 19 February 2021 to 30 June 2022**

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#### **1.20 Parental Guarantee**

As for the period ended 30 June 2022, the company has provided a parental guarantee enabling The Garlic Farm (IOW) Limited (04340735), Little Mersley Limited (09306352) and Wild Island Limited (10059606) to be exempt from the audit requirement under the provisions of Section 479A of the Companies Act 2006 ("the act") relating to subsidiaries companies.

#### **2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment to assets, the board consider both internal and external sources of information such as market conditions and experience of recoverability. There have been no indicators of impairments identified during the financial period under review.

#### **Determination of residual values and useful economic life of property, plant and equipment and goodwill**

The group depreciates tangible fixed assets and amortises goodwill over their estimate useful economic lives, having regards to the anticipated residual value of the respective assets. The estimation of the useful economic lives of the assets is based on historic performance as well as expectations about future use, requiring estimates and assumptions to be applied.



**Mersley Farm Holding Limited**

**Notes to the group financial statements (Continued)**  
**For the period 19 February 2021 to 30 June 2022**

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**3 Revenue**

	2022
Revenue analysed by class of business	£
Product sales	7,789,625
Rental income	555,549
	<u>8,345,174</u>

	2022
Revenue analysed by geographical market	£
UK	8,329,793
Europe	15,381
	<u>8,345,174</u>

	2022
Other revenue	£
Grants received	<u>40,944</u>

**4 Operating profit**

	2022
Operating profit for the year is stated after charging/(crediting):	£
Government grants	(40,944)
(Profit)/loss on disposal of property, plant and equipment	-
Amortisation of intangible assets	(654,640)
Operating lease charges	<u>(33,239)</u>

**5 Auditor's remuneration**

	2022
	£
Fees payable to the company's auditor and associates:	
<b>For audit services</b>	16,920
Audit of the financial statements of the group and company	
<b>All other non-audit services</b>	-
	<u>16,920</u>

**Mersley Farm Holding Limited**

**Notes to the group financial statements (Continued)**  
**For the period 19 February 2021 to 30 June 2022**

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**6 Employees**

The average monthly number of persons (including directors) employed by the group during the period:

	2022
Managers & Finance	18
Operations	52
	<u>70</u>

Their aggregate remuneration comprised:

	2022
	£
Wages and salaries	1,947,137
Social security costs	118,299
Pension costs	22,887
	<u>2,088,323</u>

The company had no employees during the period.

**7 Directors' remuneration**

	2022
	£
Remuneration for qualifying services	<u>244,985</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3.

**8 Taxation**

	2022
	£
<b>Current tax</b>	
UK corporation tax on profits for the current period	304,386
<b>Deferred tax</b>	
Origination and reversal of timing differences	23,618
Total tax charge	<u>328,004</u>

**Mersley Farm Holding Limited**

**Notes to the group financial statements (Continued)**

**For the period 19 February 2021 to 30 June 2022**

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**8 Taxation (Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2022</b>
	<b>£</b>
Profit before taxation	729,984
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00%	138,697
Tax effect of expenses that are not deductible in determining taxable profit	36,804
Tax effect of income not taxable in determining taxable profit	(624)
Permanent capital allowances in excess of depreciation	(808)
Depreciation on assets not qualifying for tax allowances	-
Amortisation on assets not qualifying for tax allowances	124,382
Deferred Tax Movement	23,618
Fair value adjustment	5,935
Taxation charge	<u>328,004</u>

**9 Dividends**

During the period preference share dividends of £118,219 were distributed.

**Mersley Farm Holding Limited**

**Notes to the group financial statements (Continued)**  
**For the period 19 February 2021 to 30 June 2022**

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**10 Intangible Fixed Assets**  
**Group**

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 19 February 2021	-
Additions	2,638,406
At 30 June 2022	<u>2,638,406</u>
<b>Amortisation and impairment</b>	
At 19 February 2021	-
Amortisation charged in the period	654,640
At 30 June 2022	<u>654,640</u>
<b>Carrying amount</b>	
At 30 June 2022	<u><u>1,983,766</u></u>

**Company**

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 19 February 2021	
Additions	
At 30 June 2022	<u>-</u>
<b>Amortisation and impairment</b>	
At 19 February 2021	
Amortisation charged in the period	
At 30 June 2022	<u>-</u>
<b>Carrying amount</b>	
At 30 June 2022	<u><u>-</u></u>

**Mersley Farm Holding Limited**

**Notes to the group financial statements (Continued)**  
**For the period 19 February 2021 to 30 June 2022**

<b>11 Tangible Fixed Assets</b>	<b>Freehold Property £</b>	<b>Plant &amp; machinery £</b>	<b>Improvements to property £</b>
<b>Cost</b>			
At 19 February 2021	-	-	-
Additions		24,941	
Business combinations	564,789	85,088	21,572
Disposals			
At 30 June 2022	564,789	110,029	21,572
<b>Amortisation and impairment</b>			
At 19 February 2021	-	-	-
Depreciation charged in the period	-	46,648	1,902
At 30 June 2022	-	46,648	1,902
<b>Carrying amount</b>			
At 30 June 2022	564,789	63,381	19,670
	<b>Fixtures &amp; fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
At 19 February 2021	-	-	-
Additions	52,876	3,025	80,842
Business combinations	96,390	650	768,489
Disposals			-
At 30 June 2022	149,266	3,675	849,331
<b>Amortisation and impairment</b>			
At 19 February 2021	-	-	-
Depreciation charged in the period	66,245	938	115,733
At 30 June 2022	66,245	938	115,733
<b>Carrying amount</b>			
At 30 June 2022	83,021	2,737	733,598

The company does not have any property, plant and equipment.

**Mersley Farm Holding Limited**

**Notes to the group financial statements (Continued)**  
**For the period 19 February 2021 to 30 June 2022**

**11 Tangible Fixed Assets (Continued)**

Cost or valuation at 30 June 2022 is represented by:

	<b>Freehold Property</b>	<b>Plant &amp; machinery</b>	<b>Improvements to property</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Valuation 2021	520,479	-	-
Cost	44,310	110,029	21,572
	<u>564,789</u>	<u>110,029</u>	<u>21,572</u>

	<b>Fixtures &amp; fittings</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Valuation 2021	-	-	520,479
Cost	149,266	3,675	328,852
	<u>149,266</u>	<u>3,675</u>	<u>849,331</u>

Freehold property was valued on an open market basis on 11 March 2021 by Gully Howard.

The directors consider there has been no material change in fair value since the last valuation was carried out.

**12 Investment property**

	<b>Total £</b>
<b>Fair Value</b>	
Business combinations	2,053,790
At 30 June 2022	<u>2,053,790</u>
<b>Net Book Value</b>	
At 30 June 2022	<u>2,053,790</u>

Fair Value at 30 June 2022 is represented by:

	<b>£</b>
Valuation in 2021	2,021,665
Cost	32,125
	<u>2,053,790</u>

Investment property was valued on an open market basis on 11 March 2021 by Gully Howard.

The directors consider there has been no material change in fair value since the last valuation was carried out.

**Mersley Farm Holding Limited**

**Notes to the group financial statements (Continued)**  
**For the period 19 February 2021 to 30 June 2022**

**13 Fixed asset investments**

	Notes	Group £	Company £
Investments in subsidiaries	14	-	7,928,659

**Movements in non-current investments**  
**Company**

	Shares in Subsidiaries £
<b>Cost or valuation</b>	
Addition	7,928,659
At 30 June 2022	<u>7,928,659</u>
<b>Carrying amount</b>	
At 30 June 2022	<u>7,928,659</u>

**14 Subsidiaries**

Details of the company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	Direct	%Held Indirect
The Garlic Farm (IOW) Limited	Mersley Farm, Newchurch, Isle Of Wight, United Kingdom, PO36 0NR	Ordinary	100	-
Little Mersley Limited		Ordinary	-	100
Wild Island Limited		Ordinary	100	-

**15 Inventories**

	Group 2022 £	Company 2022 £
Finished goods	<u>384,947</u>	<u>-</u>

**16 Trade and other receivables**

	Group 2022 £	Company 2022 £
<b>Amounts falling due within one year:</b>		
Trade receivables	168,896	-
Amounts owed by group undertakings	-	-
Other receivables	79,732	-
Prepayments and accrued income	<u>139,936</u>	<u>-</u>
	<u>388,564</u>	<u>-</u>

**Mersley Farm Holding Limited**

**Notes to the group financial statements (Continued)**  
**For the period 19 February 2021 to 30 June 2022**

**17 Trade and other payables**

		<b>Group 2022 £</b>	<b>Company 2022 £</b>
<b>Amounts falling due within one year:</b>			
Trade payables		222,277	-
Amounts owed to group undertakings			2,868,073
Corporation tax		228,781	-
Social security and other taxes		41,893	-
VAT		53,739	-
Other payables		298,193	118,219
Directors' current accounts		46,121	-
Accruals and deferred income	<b>19</b>	292,628	1,920
		<u>1,183,632</u>	<u>2,988,212</u>

**18 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	<b>Group 2022 £</b>	<b>Company 2022 £</b>
Deferred chargeable gains	342,594	-
Accelerated capital allowances	29,555	-
	<u>372,149</u>	<u>-</u>

**19 Deferred income**

	<b>Group 2022 £</b>	<b>Company 2022 £</b>
Other deferred income	<u>116,523</u>	<u>-</u>

Deferred income represents advanced bookings for accommodation and events which are due to take place after the 30th of June 2022.



**Mersley Farm Holding Limited**

**Notes to the group financial statements (Continued)**  
**For the period 19 February 2021 to 30 June 2022**

**20 Share capital**

<b>Group and company</b>	<b>2022</b>	<b>2022</b>
	<b>Number</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
Ordinary "A" shares of £1 each	40	40
Ordinary "B" shares of £1 each	60	60
Preference shares of £1 each	<u>3,113,273</u>	<u>3,113,273</u>
	<u>3,113,373</u>	<u>3,113,373</u>

Ordinary A shares carry full voting, full equity and dividend rights.

Ordinary B shares carry voting rights on those matters that require a special resolution, equity and dividend rights.

The remaining share classes do not carry voting rights.

**21 Retained earnings**

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

**22 Controlling party**

The company is owned by a number of private shareholders and companies, none of whom own more than 20% of the issued share capital of the company. Accordingly there is no parent entity nor ultimate controlling party.

**23 Business combinations**

On 25 March 2021, the group acquired 100% of the issued capital of The Garlic Farm (IOW) Limited and indirectly Little Mersley Limited.

In calculating the goodwill arising on acquisition, the fair value of net assets of The Garlic Farm (IOW) Limited and Little Mersley Limited have been assessed and adjustments from book value have been made where necessary.

<b>Net assets acquired</b>	<b>Book Value</b>	<b>Adjustments</b>	<b>Fair Value</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Property, plant and equipment	2,816,404	-	2,816,404
Inventories	257,747	-	257,747
Trade and other receivables	2,115,069	13,534	2,128,603
Cash and cash equivalents	1,171,681		1,171,681
Trade and other payables	(743,306)	(364,423)	(1,107,729)
Total identifiable net assets	<u>5,617,595</u>	<u>(350,889)</u>	<u>5,266,706</u>
Goodwill			2,562,008
Total consideration			<u>7,828,714</u>

## Mersley Farm Holding Limited

### Notes to the group financial statements (Continued) For the period 19 February 2021 to 30 June 2022

#### 23 Business combinations (Continued)

The adjustments arising on acquisition were in respect of the following:

- Corporation tax adjustment to include the liability at the date of acquisition.
- Fair value of debtors at date of acquisition

On 9 February 2022, the group acquired 100% of the issued capital of Wild Island Limited  
In calculating the goodwill arising on acquisition, the fair value of net assets of Wild Island Limited have been assessed and adjustments from book value have been made where necessary.

Net assets acquired	Book Value £	Adjustments £	Fair Value £
Property, plant and equipment	6,808	-	6,808
Inventories	-	8,919	8,919
Trade and other receivables	6,404	910	7,314
Cash and cash equivalents	1,761	-	1,761
Trade and other payables	(322)	-	(322)
Total identifiable net assets	14,651	9,829	24,480
Goodwill			75,465
Total consideration			99,945

The adjustments arising on acquisition were in respect of the following:

- Corporation tax adjustment to include the liability at the date of acquisition.
- Fair value of debtors at acquisition date

#### 24 Capital and other commitments

The group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payments due	£
Not later than one year	21,272
Later than one year and not later than five years	-
Later than five years	-

## Mersley Farm Holding Limited

### Notes to the group financial statements (Continued) For the period 19 February 2021 to 30 June 2022

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#### 25 Related party transactions

##### Group

During the period the group entered into trading transactions with an entity under common control. The group sold goods and services totalling £389,863 and purchased goods totalling £331,279. At the balance sheet date, the group owed £44,378 to the entity under common control.

During the period the group paid rent totalling £2,105 an entity under common control.  
During the period the group paid rent totalling £60,195 to another related party.

At the balance sheet date the group owed £11,501 to Directors.

##### Company

The company has taken exemption under S33.1A of FRS102 from disclosing transactions with wholly owned subsidiary entities.

#### 26 Cash generated from group operations

	2022
	£
Profit/(loss) before taxation	729,984
<b>Adjustments for:</b>	
Taxation charged	(328,004)
Depreciation charges	115,733
Amortisation charges	654,640
Finance income	(29)
<b>Movements in working capital:</b>	
Increase in deferred tax liability	372,149
Increase in inventory	(118,282)
Increase in trade and other receivables	(36,692)
Decrease in trade and other payables	50,838
<b>Cash generated from operations</b>	<b>1,440,337</b>

#### 27 Analysis of changes in net debt

	At 9 February 2021	Cash flows	Acquired	At 30 June 2022
Cash at bank and in hand	-	182,158	1,173,442	1,355,600