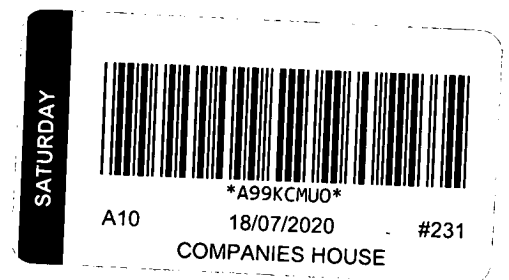


Registration number: 09488074

WITHERS FRUIT FARM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019



WITHERS FRUIT FARM LIMITED

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WITHERS FRUIT FARM LIMITED

COMPANY INFORMATION

Directors	G W Leeds
	Mrs B R Leeds
	R G Leeds
	N G Leeds
Registered office	Staverton Court Staverton Cheltenham Gloucestershire GL51 0UX
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham Gloucestershire GL51 0UX

WITHERS FRUIT FARM LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present their strategic report for the year ended 31 October 2019.

Principal activity

The principal activity of the company is the growing of soft fruit.

Fair review of the business

The results for the year, which are set out in the profit and loss account, show turnover of £11,086,490 (2018 - £9,599,859), an operating profit of £1,358,168 (2018 - operating loss of £462,852) and a profit before tax of £1,180,611 (2018 - loss before tax of £591,401). At 31 October 2019, the company had net assets of £3,813,763 (2018 - £2,842,211).

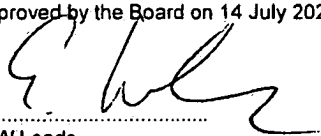
The results reflect the returns achieved by two very different soft fruit seasons. The 2018 soft fruit season was affected by unprecedented climatic conditions. A cold spring gave a late start to the 2018 season and was followed by hot conditions, which stressed plants and brought about a peak in production and oversupply in the market, with a resulting loss of quality increased pack house costs for sorting fruit. By contrast during the 2019 season, weather conditions were much more favourable for soft fruit and consequently the turnover, operating results and result before tax were significantly improved.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to: growing conditions, which have significant influence over the size and quality of soft fruit, which is mitigated by growing under poly tunnels; and the availability of seasonal labour to pick soft fruit and undertake other key tasks, which is mitigated by the skills and expertise that the company has developed for the recruitment of seasonal workers. During the COVID-19 pandemic, the company has successfully been able to secure seasonable labour to ensure that its operations are not significantly affected. Risks in relation to financial instruments are detailed in the Directors' Report.

Approved by the Board on 14 July 2020 and signed on its behalf by:


.....
G W Leeds
Director

WITHERS FRUIT FARM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present their report and the financial statements for the year ended 31 October 2019.

Directors of the company

The directors who held office during the year were as follows:

G W Leeds

Mrs B R Leeds

R G Leeds

N G Leeds (appointed 4 March 2019)

Financial instruments

The company's financial instruments comprise cash and liquid resources, and various other items such as trade debtors, trade creditors etc. that arise directly from its operations. The main purpose of these financial instruments is to finance the operations of the company. The main risks arising from the company's financial instruments are set out below.

Credit risk:

The company's principal financial assets are bank balances, cash, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The company's policies are aimed at minimising such losses through satisfactory credit worthiness procedures. The amounts presented in the balance sheet are, where appropriate, net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets and constantly monitors the company's trading results to ensure that the company can meet its future obligations as they fall due.

Cash flow risk:

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments. The company mitigates this by taking out a balance of borrowings with fixed rates or floating rates with a fixed margin.

Future developments

The company continues to prepare Monkton Farm in expanding its soft fruit business. This will produce primarily high quality sweet strawberries exclusive to the company's marketing agent with the first harvest at Monkton Farm being in 2021.

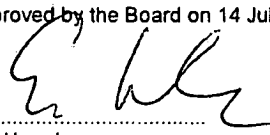
Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 14 July 2020 and signed on its behalf by:


.....
G W Leeds
Director

WITHERS FRUIT FARM LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

WITHERS FRUIT FARM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WITHERS FRUIT FARM LIMITED

Opinion

We have audited the financial statements of Withers Fruit Farm Limited (the 'company') for the year ended 31 October 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, 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 October 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

WITHERS FRUIT FARM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WITHERS FRUIT FARM LIMITED

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

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 auditor's report.

Use of this 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.


.....
Julian Gaskell (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court
Staverton
Cheltenham
Gloucestershire
GL51 0UX

Date: 14/7/10

WITHERS FRUIT FARM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2019

	Note	2019 £	2018 £
Turnover	3	11,086,490	9,599,859
Cost of sales		<u>(8,898,624)</u>	<u>(9,201,635)</u>
Gross profit		2,187,866	398,224
Administrative expenses		(1,475,548)	(1,632,311)
Other operating income		<u>645,850</u>	<u>771,235</u>
Operating profit/(loss)	4	1,358,168	(462,852)
Interest payable and similar charges	5	<u>(177,557)</u>	<u>(128,549)</u>
Profit/(loss) before tax		1,180,611	(591,401)
Taxation	9	<u>(209,059)</u>	<u>137,814</u>
Profit/(loss) for the financial year		<u>971,552</u>	<u>(453,587)</u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

WITHERS FRUIT FARM LIMITED

(REGISTRATION NUMBER: 09488074)
BALANCE SHEET AS AT 31 OCTOBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	10	21,958	21,192
Tangible assets	11	11,725,200	11,396,244
Biological assets	12	597,180	1,009,603
		<u>12,344,338</u>	<u>12,427,039</u>
Current assets			
Stocks	13	161,381	105,275
Debtors	14	1,129,664	578,769
Cash at bank and in hand	15	2,389	703
		<u>1,293,434</u>	<u>684,747</u>
Creditors: Amounts falling due within one year	16	<u>(4,043,354)</u>	<u>(9,638,993)</u>
Net current liabilities		<u>(2,749,920)</u>	<u>(8,954,246)</u>
Total assets less current liabilities		9,594,418	3,472,793
Creditors: Amounts falling due after more than one year	16	(5,263,071)	(128,706)
Deferred tax liabilities	9	<u>(517,584)</u>	<u>(501,876)</u>
Net assets		<u>3,813,763</u>	<u>2,842,211</u>
Capital and reserves			
Called up share capital	20, 21	100	100
Capital redemption reserve	21	550,000	250,000
Profit and loss account	21	<u>3,263,663</u>	<u>2,592,111</u>
Total equity		<u>3,813,763</u>	<u>2,842,211</u>

Approved and authorised by the Board on 14 July 2020 and signed on its behalf by:



G W Leeds
 Director

WITHERS FRUIT FARM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2019

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 November 2018	100	250,000	2,592,111	2,842,211
Profit for the year	-	-	971,552	971,552
Purchase of own share capital	-	300,000	(300,000)	-
At 31 October 2019	<u>100</u>	<u>550,000</u>	<u>3,263,663</u>	<u>3,813,763</u>

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 November 2017	100	-	3,295,698	3,295,798
Loss for the year	-	-	(453,587)	(453,587)
Purchase of own share capital	-	250,000	(250,000)	-
At 31 October 2018	<u>100</u>	<u>250,000</u>	<u>2,592,111</u>	<u>2,842,211</u>

The notes on pages 11 to 24 form an integral part of these financial statements.

WITHERS FRUIT FARM LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit/(loss) for the year		971,552	(453,587)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	1,847,548	1,722,003
Profit on disposal of tangible assets		(64)	(2,946)
Finance costs	5	177,557	128,549
Income tax expense	9	209,059	(137,814)
		3,205,652	1,256,205
Working capital adjustments			
Increase in stocks		(56,106)	(20,574)
Increase in trade debtors		(681,944)	(18,343)
Decrease in trade creditors		(44,718)	(189,459)
Increase in deferred income, including government grants		134,793	-
Cash generated from operations		2,557,677	1,027,829
Income taxes received/(paid)		150,051	(139,135)
Net cash flow from operating activities		2,707,728	888,694
Cash flows from investing activities			
Acquisitions of tangible assets		(698,371)	(6,593,893)
Proceeds from sale of tangible assets		9,400	73,364
Acquisition of intangible assets		(8,464)	(19,260)
Acquisition of biological assets		(1,067,348)	(1,405,543)
Net cash flows from investing activities		(1,764,783)	(7,945,332)
Cash flows from financing activities			
Interest paid		(151,568)	(85,926)
Proceeds from bank borrowing draw downs		987,500	4,179,164
Repayment of bank borrowing		(16,460)	-
Advances of loans		-	1,098,920
Repayment of other borrowing		(1,098,920)	(301,966)
Payments to finance lease creditors		(168,931)	(149,883)
Net cash flows from financing activities		(448,379)	4,740,309
Net increase/(decrease) in cash and cash equivalents		494,566	(2,316,329)
Cash and cash equivalents at 1 November	15	(670,359)	1,645,970
Cash and cash equivalents at 31 October	15	(175,793)	(670,359)

The notes on pages 11 to 24 form an integral part of these financial statements.

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Staverton Court
Staverton
Cheltenham
Gloucestershire
GL51 0UX

The principal place of business is:

Withers Farm
Burtons Lane
Wellington Heath
Ledbury
Herefordshire
HR8 1NF

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources and availability of funding to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

2 Accounting policies (continued)

Judgements

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land, over their estimated useful lives, as follows:

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

2 Accounting policies (continued)

Asset class	Depreciation method and rate
Freehold buildings	25 years straight line
Plant and machinery	3.33 - 25% straight line; 15-20% reducing balance

Biological assets

Biological assets are measured at cost less depreciation. Cost includes direct costs together with direct and indirect overheads incurred in bringing fruit plants to their state and condition at the end of the year. Fair value is not used to measure the carrying amount of biological assets as the directors consider that the information required to reliably estimate fair value is not available. Depreciation is provided, on a straight line basis, so as to write off the cost of biological assets over their estimated useful life of 1 - 2 years.

Intangible assets

Separately acquired intangible assets are included at cost and amortised over their estimated useful economic life. Provision is made for any impairment.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Basic payment entitlement	5 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

2 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term, unless there is reasonable certainty that ownership will pass in which case these assets are depreciated over their useful lives. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019	2018
	£	£
Sale of goods	<u>11,086,490</u>	<u>9,599,859</u>

The analysis of the company's turnover for the year by market is as follows:

	2019	2018
	£	£
United Kingdom	<u>11,086,490</u>	<u>9,599,859</u>

4 Operating profit/(loss)

Arrived at after charging/(crediting):

	2019	2018
	£	£
Depreciation expense - tangible fixed assets	360,079	327,172
Depreciation expense - biological fixed assets	1,479,771	1,389,263
Amortisation expense	7,698	5,568
Foreign exchange gains	-	(21)
Operating lease expense - property	119,000	144,000
Operating lease expense - plant and machinery	<u>1,649</u>	<u>1,565</u>

5 Interest payable and similar expenses

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

5 Interest payable and similar expenses (continued)

	2019 £	2018 £
Interest on bank overdrafts and borrowings	139,582	74,000
Preference share dividends	25,989	42,623
Interest on obligations under finance leases and hire purchase contracts	11,986	11,926
	<u>177,557</u>	<u>128,549</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	3,766,281	4,154,785
Social security costs	302,461	342,385
Pension costs, defined contribution scheme	27,795	24,005
	<u>4,096,537</u>	<u>4,521,175</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Production	145	166
Administration and support	15	14
	<u>160</u>	<u>180</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration:	21,129	49,197
Contributions paid to money purchase schemes	260	592
	<u>21,389</u>	<u>49,789</u>

During the year the number of directors who were receiving benefits was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

8 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	<u>9,500</u>	<u>8,750</u>

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

9 Taxation

Tax charged/(credited) in the profit and loss account

	2019 £	2018 £
Current taxation		
UK corporation tax	212,355	(111,874)
UK corporation tax adjustment to prior periods	<u>(19,002)</u>	<u>(36,547)</u>
	193,353	(148,421)
Deferred taxation		
Arising from origination and reversal of timing differences	<u>15,706</u>	<u>10,607</u>
Tax expense/(receipt) in the income statement	<u><u>209,059</u></u>	<u><u>(137,814)</u></u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit/(loss) before tax	<u>1,180,611</u>	<u>(591,401)</u>
Corporation tax at standard rate	224,316	(112,366)
Effect of expense not deductible in determining taxable profit (tax loss)	6,401	13,657
Decrease in UK and foreign current tax from adjustment for prior periods	(19,002)	(36,547)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(2,657)</u>	<u>(2,558)</u>
Total tax charge/(credit)	<u><u>209,058</u></u>	<u><u>(137,814)</u></u>

Deferred tax

Deferred tax assets and liabilities

	Liability £
2019	
Difference between accumulated depreciation and amortisation and capital allowances	<u>517,584</u>
2018	
Difference between accumulated depreciation and amortisation and capital allowances	<u>502,876</u>

10 Intangible assets

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

10 Intangible assets (continued)

	BPS entitlements £
Cost	
At 1 November 2018	34,260
Additions acquired separately	<u>8,464</u>
At 31 October 2019	<u>42,724</u>
Amortisation	
At 1 November 2018	13,068
Amortisation charge	<u>7,698</u>
At 31 October 2019	<u>20,766</u>
Carrying amount	
At 31 October 2019	<u><u>21,958</u></u>
At 31 October 2018	<u><u>21,192</u></u>

11 Tangible assets

	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 November 2018	7,718,428	4,570,252	12,288,680
Additions	615,978	82,393	698,371
Disposals	<u>-</u>	<u>(11,715)</u>	<u>(11,715)</u>
At 31 October 2019	<u>8,334,406</u>	<u>4,640,930</u>	<u>12,975,336</u>
Depreciation			
At 1 November 2018	33,393	859,043	892,436
Charge for the year	53,912	306,167	360,079
Eliminated on disposal	<u>-</u>	<u>(2,379)</u>	<u>(2,379)</u>
At 31 October 2019	<u>87,305</u>	<u>1,162,831</u>	<u>1,250,136</u>
Carrying amount			
At 31 October 2019	<u><u>8,247,101</u></u>	<u><u>3,478,099</u></u>	<u><u>11,725,200</u></u>
At 31 October 2018	<u><u>7,685,035</u></u>	<u><u>3,711,209</u></u>	<u><u>11,396,244</u></u>

Included within the net book value of land and buildings above is £8,247,101 (2018 - £7,685,035) in respect of freehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £	2018 £
Plant and machinery	<u>455,880</u>	<u>544,948</u>

Restriction on title and pledged as security

Land and buildings with a carrying amount of £8,247,101 (2018 - £7,685,035) has been pledged as security for the company's bank borrowings.

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

11 Tangible assets (continued)

Plant and machinery with a carrying amount of £455,880 (2018 - £544,948) has been pledged as security for the related finance lease and hire purchase liabilities.

12 Biological assets

	Fruit plants £
Cost	
At 1 November 2018	1,288,494
Additions	1,067,348
Disposals	(1,523,770)
At 31 October 2019	<u>832,072</u>
Depreciation	
At 1 November 2018	278,891
Charge for the year	1,479,771
Disposals	(1,523,770)
At 31 October 2019	<u>234,892</u>
Carrying amount	
At 31 October 2019	<u>597,180</u>
At 31 October 2018	<u>1,009,603</u>

13 Stocks

	2019 £	2018 £
Raw materials and consumables	78,869	66,085
Apple stocks	<u>82,512</u>	<u>39,190</u>
	<u>161,381</u>	<u>105,275</u>

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

14 Debtors

	2019 £	2018 £
Trade debtors	678,135	240,590
Amounts owed by related parties	8,386	-
Other debtors	64,103	132,168
Prepayments	361,162	57,084
Corporation tax asset	17,878	148,927
Total current trade and other debtors	1,129,664	578,769

15 Cash and cash equivalents

	2019 £	2018 £
Cash on hand	1,736	606
Cash at bank	653	97
	2,389	703
Bank overdrafts	(178,182)	(671,062)
Cash and cash equivalents in statement of cash flows	(175,793)	(670,359)

16 Creditors

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	17	2,728,815	8,818,077
Trade creditors		420,208	352,925
Amounts due to related parties		444,335	204,253
Social security and other taxes		55,800	55,021
Other creditors		72,353	128,314
Accrued expenses		109,488	80,403
Corporation tax liability		212,355	-
		4,043,354	9,638,993
Due after one year			
Loans and borrowings	17	5,128,278	128,706
Deferred income	18	134,793	-
		5,263,071	128,706

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

17 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
Bank borrowings	52,213	4,179,164
Bank overdrafts	178,182	671,062
Finance lease liabilities	98,420	168,931
Redeemable preference shares	2,400,000	2,700,000
Other borrowings	-	1,098,920
	<u>2,728,815</u>	<u>8,818,077</u>
	2019 £	2018 £
Non-current loans and borrowings		
Bank borrowings	5,097,991	-
Finance lease liabilities	30,287	128,706
	<u>5,128,278</u>	<u>128,706</u>

Finance lease liabilities

Obligations under finance leases are secured over the related assets.

Redeemable preference shares

The redeemable preference shares have a carrying amount of £2,400,000 (2018 - £2,700,000) and are denominated in sterling. The amount comprises of 2,400,000 (2018 - 2,700,000) redeemable preference shares of £1 each. The redeemable preference shares carry a right to a fixed dividend of 1% per annum from 25 April 2018 (having previously been 2% per annum) and are redeemable, on such terms and conditions as the directors shall determine, by the holders or the company on the giving of 3 months written notice. The redeemable preference shares have no voting rights and the holders are not entitled to receive notice of or attend or vote at any general meeting of the company. On a winding up or repayment of capital, the holders shall have priority on the assets available for distribution over any other class of shares, for payment of the capital paid on the redeemable preference shares and a sum equal to the arrears or deficiency of dividend on the redeemable preference shares; the redeemable preference shares do not confer the right to any further or other participation in the profits or assets of the company.

Bank borrowings

A bank loan with a carrying amount at the year end of £4,178,527 is denominated in Sterling with an interest rate of 1.35% per annum over the Bank of England base rate. The loan is repayable from thirty six months after draw down, with the final instalment due in January 2043. The repayment terms comprise monthly repayments, including interest, of £18,886 with amounts due after more than five year by instalments of £3,584,444. The bank loan is secured by legal mortgages over the company's freehold property and by a legal mortgage over freehold property owned by one of the directors.

A bank loan with a carrying amount at the year end of £971,677 is denominated in Sterling with an interest rate of 2.75% per annum over the Bank of England base rate. The loan is repayable monthly with the final instalment due in June 2029. The repayment terms comprise monthly repayments, including interest, of £7,151 with amounts due after more than five year by instalments of £640,505. The bank loan is secured by fixed and floating charges over the assets of the company and by a guarantee of £500,000 from a director of the company.

The bank overdraft is secured by a fixed and floating charge over the assets of the company and by a legal mortgage over the company's freehold property.

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

18 Deferred income

	Government grants
	£
At 1 November 2018	-
Receivable in the year	134,793
Released to profit and loss in the year	-
At 31 October 2019	<u>134,793</u>

Grant for Monkton reservoir

The company received a grant for a reservoir at Monkton which is accounted for under the accruals model. £Nil was released to the profit and loss in relation to this grant and the carrying value in deferred income at the end of the year was £134,793.

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £27,795, (2018 - £24,005).

20 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary 'A' shares of £1 each	58	58	58	58
Ordinary 'B' shares of £1 each	40	40	40	40
Ordinary 'C' shares of £1 each	1	1	1	1
Ordinary 'D' shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The different classes of share referred to above carry separate rights to dividends but, in all other significant respects, rank pari passu.

21 Reserves

Called up share capital

Represents the issued equity share capital of the company.

Profit and loss account

Represents cumulative profits or losses, net of dividends paid and other adjustments.

Capital redemption reserve

Represents the reserve arising from the redemption of preference shares.

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

22 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	102,976	180,974
Later than one year and not later than five years	30,578	133,460
	<u>133,554</u>	<u>314,434</u>

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	126,191	120,176
Later than one year and not later than five years	89,312	172,605
	<u>215,503</u>	<u>292,781</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £120,176 (2018 - £145,565).

23 Related party transactions

Summary of transactions with key management

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 7 to the financial statements.

Transactions with directors

Preference dividends paid to the directors during the year amounted to £25,989 (2018 - £42,623). Amounts due from the directors at 31 October 2019 totalled £8,386 (2018 - £nil) with amounts due to the directors of £444,335 (2018 - £204,253). During the year, the company repurchased 300,000 (2018 - 250,000) preference shares of £1 each from a director at par value.

	At 1 November 2018 £	Advances to directors £	At 31 October 2019 £
2019			
R G Leeds			
2019 advance with no conditions	-	8,386	8,386

Transactions with related entities

At the end of the year, an amount of £59,663 (2018 - £79,663) was due to a related entity, in which the directors of the company are also directors of and shareholders in.

WITHERS FRUIT FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

24 Financial instruments

Categorisation of financial instruments

	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost	<u>683,135</u>	<u>277,965</u>
	<u>683,135</u>	<u>277,965</u>
Financial liabilities measured at amortised cost	<u>8,903,479</u>	<u>4,564,815</u>
	<u>8,903,479</u>	<u>4,564,815</u>

Items of income, expense, gains or losses

	Income £	Expense £	Net gains £	Net losses £
2019				
Financial liabilities measured at amortised cost	<u>-</u>	<u>165,571</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>165,571</u>	<u>-</u>	<u>-</u>
2018				
Financial liabilities measured at amortised cost	<u>-</u>	<u>116,623</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>116,623</u>	<u>-</u>	<u>-</u>

The total interest income for financial assets not measured at fair value through profit or loss is £Nil (2018 - £Nil).
The total interest expense for financial liabilities not measured at fair value through profit or loss is £165,571 (2018 - £116,623).

25 Control

The company is controlled by G W Leeds.