Company Registration No. 02466472 (England and Wales)

Volmary Limited

Annual report and financial statements for the year ended 31 December 2019

Volmary Limited

Company information

Directors	Wayne Eady Christopher Finlay Frank Hudepohl
Company number	02466472
Registered office	Station Road Wisbech St Mary Wisbech Cambridgeshire PE13 4RY
Independent auditor	Saffery Champness LLP Suite C, Unex House Bourges Boulevard Peterborough Cambridgeshire PE1 1NG
Bankers	Santander UK plc 1-4 Long Causeway Peterborough Cambridgeshire PE1 1YD

Volmary Limited

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Strategic report
For the year ended 31 December 2019

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

Review of the business
During 2019, we have continued to invest in capital projects that improve efficiency and reduce our impact on the environment. For example, our Solar farm project has been completed on time and is online, contributing large amounts of the electricity we consume in a more sustainable way. We have also commissioned new trays for 2020 that use 100% recycled plastic and are fully recyclable, further reducing our impact on the environment. Our focus on asset utilisation has enhanced revenue and profit and we remain committed to improving further the greenhouse infrastructure as well as utilising fully our fixed cost personnel.

Principal risks and uncertainties
The key business risks and uncertainties associated with the Company relate to weather over the key spring sales season between March and May, as long periods of poor weather can significantly impact the total sales activity for the season. Supressed sales activity also increases the risk during our typical spring stock build up, peaking March, where we hold large amounts of stock for sales during April and May. To help mitigate the impact, management review production on a weekly basis to match as closely as possible to the forward order book taking account of existing residual stocks.

The Company's operations expose it to degrees of financial risk that include credit risk, liquidity risk, exchange rate and interest rate risk.

Credit risk
The company mainly trades with long standing customers. The nature of these relationships assists management in controlling its credit risk in addition to the normal credit management process. In order to minimise risk the company insures its debtors.

Liquidity risk
The directors control and monitor the company's cash flow on a weekly basis.

Exchange rate risk
The company buys a significant proportion of its key inputs in Euros. To help mitigate the risk management monitor exchange rates and undertake forward purchases as appropriate. In addition an increasing proportion of the company's sales are transacted in Euros which allow an element of self-hedging.

Interest rate risk
The company is exposed to interest rate fluctuations as the rate payable on its facilities are linked to the bank base rate. The directors carefully monitor cashflow to ensure that liabilities can be met as they fall due.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

On behalf of the board

Wayne Eady
Director
21 July 2020

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

Principal activities

The principal activity of the company continued to be that of the production and distribution of young plants.

Directors

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

Wayne Eady	
Christopher Finlay	
Frank Hudepohl	
James Banton	(Resigned 1 July 2020)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Post reporting date events

Exceptionally, Covid 19 has impacted on spring performance during 2020 and will damage margins. Sensible precautions and difficult decisions taken appear to have minimised the risks and impact and allowed operations to continue. The directors have prepared extensive forecasts which take account of various potential scenarios, and are satisfied the business has sufficient balance sheet strength and liquidity to continue operations.

The directors prudent approach to debt and working capital management has enabled continued capital investment in the business subsequent to the year end alongside the existing operations. The company relies on a combination of external debt, and a working capital facility advanced by its parent undertaking to support the seasonal strain on working capital inherent with the nature of the business and the industry in which it operates. The forecasts indicate that the company has adequate facilities in place to enable it to continue to meet its liabilities as they fall due, and accordingly the directors continue to adopt the going concern basis of accounting in preparing the accounts.

Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

Wayne Eady
Director

21 July 2020

Volmary Limited

Directors' responsibilities statement
For the year ended 31 December 2019

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 a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Opinion

We have audited the financial statements of Volmary Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 FRS 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 December 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.

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 year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 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 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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.

Alistair Hunt (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

21 July 2020

Chartered Accountants
Statutory Auditors

Suite C, Unex House
Bourges Boulevard
Peterborough
Cambridgeshire
PE1 1NG

Volmary Limited

Statement of total comprehensive income
For the year ended 31 December 2019

	Notes		2019 £		2018 £
Turnover	4		9,719,538		8,351,541
Cost of sales			(7,697,634)		(6,854,994)
Gross profit			2,021,904		1,496,547
Distribution costs			(457,980)		(425,424)
Administrative expenses			(1,175,894)		(1,029,458)
Other operating income			20,966		24,196
Earnings before interest, tax, depreciation and amortisation		842,917		459,828	
Depreciation, amortisation, impairment and loss on disposal of fixed assets		(433,921)		(393,967)	
Operating profit	5		408,996		65,861
Interest receivable and similar income	8		3,647		4,517
Interest payable and similar expenses	9		(116,763)		(111,322)
Profit/(loss) before taxation			295,880		(40,944)
Taxation	10		(39,500)		-
Profit/(loss) for the financial year			256,380		(40,944)
Other comprehensive income					
Revaluation of tangible fixed assets			2,954,919		-
Tax relating to other comprehensive income			(202,304)		-
Total comprehensive income for the year			3,008,995		(40,944)

The income statement has been prepared on the basis that all operations are continuing operations.

Volmary Limited

Statement of financial position
As at 31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	11		34		126
Tangible assets	12		6,684,246		3,695,482
			6,684,280		3,695,608
Current assets					
Stocks	13	1,558,850		1,497,773	
Debtors	14	1,040,013		1,133,274	
Cash at bank and in hand		108,535		100,317	
		2,707,398		2,731,364	
Creditors: amounts falling due within one year	15	(2,668,433)		(2,739,463)	
Net current assets/(liabilities)			38,965		(8,099)
Total assets less current liabilities			6,723,245		3,687,509
Creditors: amounts falling due after more than one year	16		(2,533,520)		(2,709,083)
Provisions for liabilities	20		(202,304)		-
Net assets			3,987,421		978,426
Capital and reserves					
Called up share capital	24		100,000		100,000
Share premium account			55,137		55,137
Revaluation reserve			2,752,615		-
Other reserves			565,130		565,130
Profit and loss reserves			514,539		258,159
Total equity			3,987,421		978,426

The financial statements were approved by the board of directors and authorised for issue on 21 July 2020 and are signed on its behalf by:

Wayne Eady
Director

Company Registration No. 02466472

Volmary Limited

Statement of changes in equity
For the year ended 31 December 2019

	Share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£	£
Balance at 1 January 2018	100,000	55,137	-	565,130	299,103	1,019,370
Year ended 31 December 2018:						
Loss and total comprehensive income for the year	-	-	-	-	(40,944)	(40,944)
Balance at 31 December 2018	100,000	55,137	-	565,130	258,159	978,426
Year ended 31 December 2019:						
Profit for the year	-	-	-	-	256,380	256,380
Other comprehensive income:						
Revaluation of tangible fixed assets	-	-	2,954,919	-	-	2,954,919
Tax relating to other comprehensive income	-	-	(202,304)	-	-	(202,304)
Total comprehensive income for the year	-	-	2,752,615	-	256,380	3,008,995
Balance at 31 December 2019	100,000	55,137	2,752,615	565,130	514,539	3,987,421

Other reserves
Reserves provided for by the Articles of Association

Balance at 31 December 2019 & 31 December 2018	565,130

Volmary Limited

Statement of cash flows
For the year ended 31 December 2019

	Notes	£	2019 £	£	2018 £
Cash flows from operating activities					
Cash generated from operations	31		598,045		503,028
Interest paid			(116,763)		(111,322)
Net cash inflow from operating activities			481,282		391,706
Investing activities					
Purchase of tangible fixed assets		(473,496)		(174,761)	
Proceeds on disposal of tangible fixed assets		2,035		-	
Interest received		3,647		4,517	
Net cash used in investing activities			(467,814)		(170,244)
Financing activities					
Proceeds from equipment finance loans		146,481		-	
Repayment of other borrowings		(80,000)		(27,000)	
Repayment of bank loans		(166,667)		(166,667)	
Payment of finance leases obligations		(25,610)		(7,322)	
Net cash used in financing activities			(125,796)		(200,989)
Net (decrease)/increase in cash and cash equivalents			(112,328)		20,473
Cash and cash equivalents at beginning of year			(79,665)		(100,138)
Cash and cash equivalents at end of year			(191,993)		(79,665)
Relating to:					
Cash at bank and in hand			108,535		100,317
Bank overdrafts included in creditors payable within one year			(300,528)		(179,982)

1 Accounting policies

Company information

Volmary Limited is a private company limited by shares incorporated in England and Wales. The registered office is Station Road, Wisbech St Mary, Wisbech, Cambridgeshire, PE13 4RY.

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 on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have had due regard to the impact of the COVID-19 pandemic on the financial performance and position of the company, having prepared forecasts through to 31 December 2022 which take prudent account of the anticipated impact of the pandemic. These forecasts indicate that the company will continue to have the ability to meet its liabilities as they fall due for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised once the risks and rewards of stocks have been passed onto the customer.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks	33% on cost

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

1 Accounting policies (continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land & buildings	2.5% - 5% on valuation
Assets under course of construction	Not depreciated
Plant and machinery	5% - 33% on cost
Greenhouses	5% - 10% on valuation
Motor vehicles	16.7% - 20% on cost
Fixed site equipment	5% - 33% on valuation

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 credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting end date, the company 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

1.7 Stocks

Stocks 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 stocks to their present location and condition.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (continued)

1.9 Financial assets

The company 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 company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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.

1 Accounting policies (continued)

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 company 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.

1.10 Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables 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 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 and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the company 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 company.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1 Accounting policies (continued)

1.13 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 company'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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. 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.

1.14 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 fixed 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.

1.15 Retirement benefits

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

1 Accounting policies (continued)

1.16 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 leases asset are consumed.

1.17 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.

Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.18 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 are included in the income statement for the period.

2 Change in accounting policy

Certain asset categories as shown in the Tangible Asset note were previously measured using the cost model and are now measured using the revaluation model. This has given rise to a gain on revaluation during the year amounting to £2,954,919 which has been recorded as other comprehensive income.

3 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 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.

Depreciation

The company accounts for depreciation in accordance with FRS 102. The depreciation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgments are made on the estimated useful life of the assets which are regularly reviewed to reflect the changing environment.

Stock

The company accounts for stocks in accordance with FRS 102. Judgements are made on the overheads attributed to the cost of production. Management believe that amounts apportioned are fair and reflective of the cost to produce finished produce. These judgements are reviewed regularly to reflect the changing environment.

The company also includes a provision for stock wastage. Management review the level and condition of stocks against the amount and timing of expected future sales to calculate an expected level of lost stock through wastage, which is provided for in the financial statements.

Bad debts

The company accounts for bad debts in accordance with FRS 102. Judgements are made on which balances within trade debtors require to be provided for. Management believe that provisions made are fair and reflective of their expectation of recoverability. These judgements are reviewed regularly to reflect the changing environment.

Deferred tax asset

The company has recognised a deferred tax asset in respect of unutilised losses carried forward for offset against future trading profits. Judgements are made on the expected future profits of the company and therefore the recoverability of this asset.

4 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Sales of goods	9,057,998	7,746,105
Royalty income	661,540	605,436
	9,719,538	8,351,541

	2019	2018
	£	£
Other significant revenue		
Interest income	3,647	4,517
Grants received	20,540	20,540

	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	9,160,390	7,895,517
Europe	559,148	456,024
	9,719,538	8,351,541

5 Operating profit

	2019	2018
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange losses	49,511	11,413
Government grants	(20,540)	(20,540)
Fees payable to the company's auditor for the audit of the company's financial statements	11,500	11,800
Depreciation of owned tangible fixed assets	422,448	387,887
Depreciation of tangible fixed assets held under finance leases	11,381	4,913
Loss on disposal of tangible fixed assets	3,787	-
Amortisation of intangible assets	92	1,167
Impairment of stocks recognised or reversed	53,409	(63,585)
Operating lease charges	33,147	29,964

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Production and distribuition	90	90
Sales	9	11
Administration	7	7
	106	108

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,486,740	2,237,476
Social security costs	203,132	166,402
Pension costs	92,226	78,793
	2,782,098	2,482,671

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	241,645	219,399
Company pension contributions to defined contribution schemes	55,996	58,506
	297,641	277,905

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 3).

7 Directors' remuneration (continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019	2018
	£	£
Remuneration for qualifying services	86,990	75,640
Company pension contributions to defined contribution schemes	40,000	42,498

8 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Other interest income	3,647	4,517

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	90,203	75,203
Other interest on financial liabilities	21,894	35,936
	112,097	111,139
Other finance costs:		
Interest on finance leases and hire purchase contracts	4,666	183
	116,763	111,322

10 Taxation

	2019	2018
	£	£
Deferred tax		
Adjustment in respect of prior periods	39,500	-

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

	2019	2018
	£	£
Profit/(loss) before taxation	295,880	(40,944)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	56,217	(7,779)
Tax effect of expenses that are not deductible in determining taxable profit	1,156	2,555
Tax effect of income not taxable in determining taxable profit	(1,053)	-
Tax effect of utilisation of tax losses not previously recognised	(67,588)	-
Change in unrecognised deferred tax assets	-	(6,247)
Adjustments in respect of prior years	39,500	-
Depreciation on assets not qualifying for tax allowances	11,065	10,992
Other tax adjustments	203	479
Taxation for the year	39,500	-

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019	2018
	£	£
Deferred tax arising on:		
Revaluation of tangible fixed assets	202,304	-

11 Intangible fixed assets

	Trademarks
	£
Cost	
At 1 January 2019 and 31 December 2019	4,880
Amortisation and impairment	
At 1 January 2019	4,754
Amortisation charged for the year	92
At 31 December 2019	4,846
Carrying amount	
At 31 December 2019	34
At 31 December 2018	126

12 Tangible fixed assets

	Freehold land & buildings	Assets under construction	Plant and machinery	Greenhouses	Motor vehicles	Fixed site equipment	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 January 2019	1,362,403	25,507	1,824,074	3,000,726	181,034	1,813,004	8,206,748
Additions	39,742	9,008	202,931	82,867	29,890	109,058	473,496
Disposals	-	-	-	-	(21,856)	-	(21,856)
Revaluation	66,217	-	-	-	-	-	66,217
Transfers	-	(25,507)	25,507	-	-	-	-
At 31 December 2019	1,468,362	9,008	2,052,512	3,083,593	189,068	1,922,062	8,724,605
Depreciation							
At 1 January 2019	388,483	-	988,364	1,730,310	124,050	1,280,059	4,511,266
Depreciation charged in the year	58,235	-	96,672	156,581	14,775	107,566	433,829
Eliminated in respect of disposals	-	-	-	-	(16,034)	-	(16,034)
Revaluation	(446,718)	-	-	(1,707,776)	-	(734,208)	(2,888,702)
At 31 December 2019	-	-	1,085,036	179,115	122,791	653,417	2,040,359
Carrying amount							
At 31 December 2019	1,468,362	9,008	967,476	2,904,478	66,277	1,268,645	6,684,246
At 31 December 2018	973,920	25,507	835,710	1,270,416	56,984	532,945	3,695,482

12 Tangible fixed assets (continued)

The carrying value of land and buildings not depreciated comprises:

	2019	2018
	£	£
Freehold	324,843	200,823

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019	2018
	£	£
Plant and machinery	158,045	14,683
Motor vehicles	31,667	38,333
	189,712	53,016
Depreciation charge for the year in respect of leased assets	11,381	4,913

The freehold land and buildings, fixed site equipment and greenhouses were last valued on 14 February 2019 by Savills (UK) Limited, this being the valuation upon which the amounts recorded above are based.

The valuation represents the fair value of the freehold interest with vacant possession.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Freehold land & buildings	Fixed site equipment	Greenhouses
Carrying amount			
At 31 December 2019	955,427	534,437	1,196,702

13 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	1,558,850	1,497,773

14 Debtors

Amounts falling due within one year:	2019 £	2018 £
Trade debtors	890,512	921,933
Other debtors	87,613	97,122
Prepayments and accrued income	61,888	74,719
	1,040,013	1,093,774

Amounts falling due after more than one year:	2019 £	2018 £
Deferred tax asset (note 21)	-	39,500
Total debtors	1,040,013	1,133,274

Trade debtors disclosed above are measured at amortised cost.

15 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	17	467,195	346,649
Obligations under finance leases	18	44,260	15,033
Loans from group undertakings	17	80,000	80,000
Trade creditors		488,505	486,678
Trade balances with group entities		1,167,954	1,456,577
Other taxation and social security		113,489	106,438
Derivative financial instruments	19	71,428	-
Government grants	22	20,540	20,540
Accruals and deferred income		215,062	227,548
		2,668,433	2,739,463

16 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	17	1,666,665	1,833,332
Obligations under finance leases	18	116,089	24,445
Loans from group undertakings	17	590,000	670,000
Government grants	22	160,766	181,306
		2,533,520	2,709,083

17 Loans and overdrafts

	2019 £	2018 £
Bank loans	1,833,332	1,999,999
Bank overdrafts	300,528	179,982
Loans from group undertakings	670,000	750,000
	2,803,860	2,929,981
Payable within one year	547,195	426,649
Payable after one year	2,256,665	2,503,332

The company's bank facilities are secured by means of a fixed and floating charge over the assets of the company and a first legal charge over the company's freehold property.

The bank loan is repayable over 6 years in instalments of £41,667 per quarter from March 2016. The interest rate in respect of this loan facility is held at 1.75% above LIBOR.

Loans from group undertakings is a loan from the company's ultimate parent company which carries an interest rate of 3% over EURIBOR. The loan amount was £750,000 and is repayable in instalments of £20,000 per quarter from 31 March 2019 with the balance due on 31 December 2022. The lender has a debenture over the company's assets ranking after the first legal charge held by the company's bankers.

18 Finance lease obligations

	2019	2018
Future minimum lease payments due under finance leases:	£	£
Within one year	44,330	15,033
In two to five years	116,019	24,445
	160,349	39,478

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Financial instruments

	2019	2018
	£	£
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Derivative financial liabilities	71,428	-

20 Provisions for liabilities

		2019	2018
	Notes	£	£
Deferred tax liabilities	21	202,304	-

21 Deferred taxation

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

	Liabilities 2019	Liabilities 2018	Assets 2019	Assets 2018
Balances:	£	£	£	£
Tax losses	-	-	-	39,500
Revaluations	202,304	-	-	-
	202,304	-	-	39,500

21 Deferred taxation (continued)

Movements in the year:	2019 £
Asset at 1 January 2019	(39,500)
Charge to profit or loss	39,500
Charge to other comprehensive income	202,304
Liability at 31 December 2019	202,304

22 Government grants

Deferred income is included in the financial statements as follows:

	2019 £	2018 £
Current liabilities	20,540	20,540
Non-current liabilities	160,766	181,306
	181,306	201,846

The deferred income shown in the balance sheet relates to two government grants received by the company.

The first grant was received to help fund the construction of the Fenland School of Horticulture which is based at Volmary Ltd's Station Road site and is operated by the company for training horticultural staff and local school children. This grant is being released to the income statement over a period of 10 years.

The second grant, received in 2017, is in relation to the building of the new reservoir on the existing premises. This grant is being released to the income statement over a period of 20 years.

23 Retirement benefit schemes

	2019	2018
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	92,226	78,793

The company operates defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the company in independently administered funds.

There were no outstanding contributions at the balance sheet date (2018: £Nil).

24 Share capital

	2019	2018
	£	**£**
Ordinary share capital		
Issued and fully paid		
90,000 Ordinary 'A' shares of 50p each	45,000	45,000
110,000 Ordinary shares of 50p each	55,000	55,000
	100,000	100,000

The rights attaching to the respective classes of shares can be found in the company's articles of association. All share capital is owned by Volmary GmbH at the balance sheet date, therefore the respective rights of the shares do not affect where income or capital is distributed.

25 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	**£**
Within one year	41,396	33,147
Between two and five years	32,205	41,833
	73,601	74,980

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019	2018
	£	£
Acquisition of tangible fixed assets	39,515	55,763

27 Events after the reporting date

The coronavirus outbreak subsequent to the year end date may have a significant impact on the fair value of certain fixed assets carried under the revaluation model. It is too early to assess or estimate the likely financial effect of the pandemic on the valuation, and accordingly any entry for diminution in value will be made in the financial statements for the subsequent period.

This represents a non-adjusting event occurring after the end of the reporting period, and accordingly this has no impact on the fair value of tangible fixed assets carried under the revaluation model which was determined as at 31 December 2019.

28 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel, including directors, is as follows.

	2019	2018
	£	£
Aggregate compensation	387,497	333,005

Transactions with related parties

	Sales		Purchases	
	2019	2018	2019	2018
	£	£	£	£
Entities with control, joint control or significant influence over the company	418,271	340,687	2,177,593	1,914,542
Entities under common control	-	-	803,041	590,735

28 Related party transactions (continued)

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2019 £	2018 £
Entities with control, joint control or significant influence over the company	1,802,058	2,138,712
Entities under common control	35,896	58,475

Included in the above, is a loan from Volmary GmbH with an outstanding balance of £670,000 (2018: £750,000) which is secured by a fixed charge on the land and buildings which is fully subordinated to the bank.

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2019 £	2018 £
Entities with control, joint control or significant influence over the company	12,164	110,619

29 Ultimate controlling party

The ultimate parent company is Volmary GmbH, a company registered in Germany. The results and financial position of Volmary Limited are consolidated into the group accounts of Volmary GmbH, copies of which can be obtained from the registered office at Kaldenhofer Weg 70, Postfach 2721, 48155 Munster, Germany.

The ultimate controlling party is Hubertus Volmary.

30 Analysis of changes in net debt

	1 January 2019	Cash flows	31 December 2019
	£	£	£
Cash at bank and in hand	100,317	8,218	108,535
Bank overdrafts	(179,982)	(120,546)	(300,528)
	(79,665)	(112,328)	(191,993)
Borrowings excluding overdrafts	(2,749,999)	246,667	(2,503,332)
Obligations under finance leases	(39,478)	(120,871)	(160,349)
	(2,869,142)	13,468	(2,855,674)

31 Cash generated from operations

	2019	2018
	£	£
Profit/(loss) for the year after tax	256,380	(40,944)
Adjustments for:		
Taxation charged	39,500	-
Finance costs	116,763	111,322
Investment income	(3,647)	(4,517)
Loss on disposal of tangible fixed assets	3,787	-
Amortisation and impairment of intangible assets	92	1,167
Depreciation and impairment of tangible fixed assets	433,829	392,800
Movements in working capital:		
Increase in stocks	(61,077)	(303,400)
Decrease/(increase) in debtors	53,761	(214,741)
(Decrease)/increase in creditors	(220,803)	581,881
Decrease in deferred income	(20,540)	(20,540)
Cash generated from operations	598,045	503,028