VITACRESS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Company Registration Number 06544254 (England and Wales)

Directors	G C De Sousa C Jinks A J Cooper V Dos Santos S D Rothwell PhD (Resigned 28/2/23)
Secretary	A J Cooper
Company registration number	06544254
Registered office	Lower Link Farm St Mary Bourne Andover Hampshire SP11 6DB United Kingdom
Senior Statutory auditor	Nikki Forster
Auditors	Ernst & Young LLP Grosvenor House Grosvenor Square Southampton Hampshire SO15 2BE United Kingdom
Bankers	Deutsche Bank AG, London
Trading subsidiaries	Vitacress Salads Limited Vitacress Kent Limited Vitacress Portugal SGPS SA VAISA Agricultura Intensiva SA Vitacress Portugal SA Euralface Agricultura Limitada Vitacress España SL Vitacress Herbs Limited Vitacress Real BV
Discontinued operations	Vitacress Nurseries (previously known as Wight Salads Group Limited) Margaret Nurseries San Martin SL Vitacress Sales Limited Vitacress Iberia S.L

The Directors have pleasure in presenting their strategic report, Directors' report and the audited consolidated financial statements for the Vitacress Group (the "Group" or "Vitacress") for the year ended 31 December 2023. Vitacress Limited ("the Company") is the RAR Group's holding company for all its fresh produce businesses and also provides certain services to Group companies, especially those in the UK.

Principal activity
The Group's principal activity is the growing, procurement, packing and marketing of fresh produce. The Company provides shared services to the business units in the finance, sales and IT areas and also manages the treasury requirements of all the UK businesses.

Vitacress' main operations are conducted through four businesses, namely, Vitacress Salads (watercress and leafy salads in the UK), Vitacress Portugal (watercress, baby leaf salads and other packaged fresh produce in Portugal and Spain, plus bulk leaf supply to the UK), Vitacress Herbs (fresh herbs in the UK), and Vitacress Real (fresh herbs in Benelux and Germany).

Vitacress also owns a 51% stake in a baby leaf salads grower in Spain (Vitacress España).

Each of the Vitacress companies has the following attributes in common:

- They are all based on excellence and integration of the supply chain, whether it is from open field farming, the Vitacress specialist watercress beds, covered tunnels, glasshouse nurseries or packing facilities.
- They all provide leading standards in terms of food safety, customer service, product quality, technical skills and environmental stewardship.
- They are all leaders in their chosen markets with expertise to develop innovation and drive forward the categories in which they operate.

Review of the business

In economic terms, the volatility of 2022 continued into 2023, with inflation, and in particular food inflation, climbing still higher as the year progressed. The supply shortages and volatility in energy prices witnessed in 2021 and 2022 eased as the year progressed, benefitting the supply chain, and inflation dropped too.

The economically challenging environment for consumers has also caused a shift in shopping patterns, which has benefitted a number of Vitacress categories, including the cut herb businesses, which saw strong year on year growth in all markets. In Portugal, market growth in salads remained robust throughout the year, especially in bowls, with Vitacress retaining its position as market leader. The UK Salads market remained broadly flat and the company started its supply to a new customer.

The Directors use a number of measures to monitor and benchmark the performance of the Group. They regard the following as the key financial indicators of performance:

- Revenue and revenue growth (2023: £173,404,000, 2022: £154,839,000 12% increase from 2022).
- EBITDA (Operating profit before RAR Management Charge and depreciation and amortisation) – measuring the cash generating potential of the Group's operations (2023: £5,961,000 2022: £2,859,000).
- Net cash flow from operating activities – measuring the performance in translating operating profit into cash flow through management of working capital (shown in Statement of Cash Flows on page 17).

The table below presents consolidated revenue and Earnings Before Interest, Tax, Depreciation and Amortisation charges ('EBITDA') data as reported to senior management during the year. These are the key financial measures used in assessing performance during the year.

	Revenue		EBITDA	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Salads	60,842	51,332	(4,616)	(4,635)
Portugal	30,943	30,847	2,625	1,470
Herbs	50,480	45,714	4,327	3,627
Real	30,237	26,884	2,107	1,580
Other operations	902	62	1,518	817
Total	**173,404**	**154,839**	**5,961**	**2,859**

Salad leaf crops are grown in southern England, Portugal and Spain for packing all year round as "ready to eat" products at the company's facilities at St Mary Bourne in England. Following a very challenging 2022, the business started its recovery in 2023. At the beginning of the year, as expected, the installation of new machinery was completed in the recently refurbished factory, and the integration of new equipment and new business progressed during the year. Legacy operational issues proved harder to overcome than expected and dragged on the overall profitability. The business performance gained momentum in the second half (with efficiency and profitability significantly up on the prior year) and additional efficiency projects are progressing on plan and expected to provide results in the coming year bringing the business back to its historic healthy performance and beyond.

The fresh herbs business based in Runcton in the south of England maintained its position as the market leader in the UK and demonstrated high product quality, customer service and product innovation to deliver a very strong operational performance. The business concentrated on its position as a trusted supplier, focusing on service and product quality and to help consumers elevate meals with fresh flavour.

Fresh cut herbs are also packed in the Netherlands at the partnership company Vitacress Real, where the business continued to grow its strong relationships with retail and food service partners across Northern Europe. During the year the company continued to win new business and delivered operational gains through the investments made in packing automation.

Leafy salads, watercress and fresh herbs grown in the Alentejo and Algarve regions of southern Portugal are also sold to customers in Portugal and Spain. The severe storms that struck the farms in Alentejo at the end of 2022 created a challenging start to the year. However, the Iberian market continued its healthy growth, growing 13.6% on 2022. During the year the business focused on improving efficiency throughout its operations, reducing complexity and delivering savings from its supply chain. The business also launched new products, including new bowls, contributing to sales growth and Vitacress remaining as brand leader in the category.

During 2023, Vitacress maintained its focus on its environmental framework, delivering projects to reduce plastic consumption and carbon emissions. The business also invested in a number of projects in Vitacress Portugal during the year to reduce its water consumption and reduce its dependency on local resources. Customers are also aligned to Vitacress' strategy and support the application to the Science Based Targets Initiative as part of the ambition to be a Net Zero Carbon business by 2040. Vitacress aims to become the most sustainable vertically integrated fresh produce business in Europe, the framework aligns with the Vitacress strategy to ensure it fulfils its environmental responsibilities for its people, customers, end-consumers and the planet.

Growing salad leaves and herbs in the Murcia region of Spain, where Vitacress has a 51% shareholding in Vitacress España, provides a range of sourcing options to enable year-round supply of consistent high-quality products regardless of the season.

Market value of land and buildings
The market and net book values of land and buildings, including glasshouses, is disclosed in note 14.

Results and movements in equity
The consolidated income statement for the year is set out on page 11. The Group loss after taxation amounted to £8,087,000; (2022: £8,362,000 loss). Total equity at 31 December 2023 was (£51,986,000); (2022: £50,872,000) and the movements are set out on page 15.

Future developments
The Group will continue to invest in capital and innovation, while focusing on quality, service and efficiency, with an overarching commitment to health and safety.

Stakeholders
The Board of Directors, in line with their duties under s172 of the Companies Act 2006, recognises that the long-term sustainable success of the company is dependent on the way it interacts with a large number of stakeholders.

At Vitacress we recognise that operating responsibly is a critical foundation to fostering our vision; to provide the freshest, tastiest, healthiest and most exciting produce throughout the year. This foundation is created through our shared values:

- Always deliver quality - We take pride in ensuring our product is of the best possible standard.
- Do the right thing – From the way we grow our product to the relationships we sustain with clients; everyone knows exactly what is going on. At the centre of everything is a trust that has been built over the years of excellent service.
- Nurture the future - We are focussed on always improving our offer and ourselves, leading the way forward.

Our responsibilities extend to our customers, colleagues, suppliers, the local community and the environment around us. We engage with our stakeholders in a variety of ways, including:

Our customers
- Working together to develop fresh, healthy and innovative product ranges to drive consumer demand.
- Supporting customer reviews and site visits conducted in open and transparent way through our customer focused technical and commercial teams.

Our colleagues
- The Group employs just over 1,600 staff across the UK, Portugal, Netherlands and Spain. We are committed to supporting our people, establishing and developing practices that attract and retain our workforce.
- We continue to implement programmes that support skills development and career progression in all the markets in which we operate through apprenticeship schemes, leadership programmes and professional development courses.
- Company forums on each site and an intranet.
- Subsidised staff canteen and investment in our facilities.

Our suppliers
- The Group is committed to the protection of individual rights, and we make sure our suppliers share our core principles. through the membership of key ethical platforms and professional bodies.
- Collaborating with our suppliers to promote innovation, ethical trading, sustainability, health & safety and the protection of human rights.
- We conduct regular visits of suppliers to ensure standards are achieved across our supply chain.

Our communities
- The Group supports employee volunteering schemes that give back to local charities and good causes.
- Employees raise money to help provide for community groups and charities.

Our environment
- Vitacress conduct business ethically, sustainably, safely, and socially. The business cares about the environment and people – working hard every day to minimise their environmental footprint, meet their obligations to Human Rights, educate and develop their employees and engage with local communities.

Risk management objectives and policies

Operating risks
Vitacress operates in a challenging economic climate, in which inflationary pressure on costs must be balanced against the price expectations of our customers and competition within the market. The nature of the business, being the growing, procurement and supply of fresh produce, means the Group is always faced with the uncertainties of the weather and its impact upon both supply of product and the demand of the ultimate consumers. Accordingly, the Directors assess the key risks to the business as:

- Poor weather, reducing demand and depressing supply.
- Continued weakness of Sterling against the Euro.
- Continued pressure from the market to reduce prices.
- Weakness in demand due to the general economic climate, or other external factors (e.g., consumer trends).
- Higher input prices, increasing costs of production.
- Workplace health and safety.

The Directors are addressing these risks by:

- Continuing to optimise the balance between own-grown and third party procured sources of raw material.
- Hedging foreign currency and energy exposures where forecast.
- Reducing operating costs through capital investment and efficiency improvement initiatives.
- Focusing on the delivery of superior product quality and unique "points of difference" so as to differentiate our products from our competitors.
- Investment in training programmes and Health & Safety systems to develop safer working practices and track risks.

Financial risks
The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and market risk (specifically, interest rate risk and exchange rate risk). The Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group.

Credit risk
The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The Group continually monitors existing customer accounts and takes appropriate action where necessary to minimise any potential credit risk. In Vitacress Portugal, credit insurance is used to further mitigate credit risk, but this is not required in other regions due to the size and stability of the key customers.

Liquidity risk
The Group retains sufficient cash and overdraft facilities to ensure it has sufficient available funds for operations and planned expansions. The Group also has access to additional funding if required from its parent company. The Group uses a combination of term loans and overdrafts to manage its working capital requirements, which are strongly seasonal in nature.

Interest rate risk
The Group has interest bearing assets and interest-bearing liabilities. Interest bearing assets include cash balances, all of which earn interest at a floating rate. Interest bearing liabilities are all at floating rates.

Foreign exchange risk
The Group has a policy of covering forward its estimated net currency exposure on a rolling basis. These transactions are designated as hedging instruments and are deemed effective cash flow hedges and are accounted for in line with the policy for derivatives and hedge accounting detailed in note 30.

Approved by the board and signed on their behalf on: 28 March 2024

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A Cooper
Director

Directors
The Directors who held office during the year and up to the date of signing these financial statements are shown on page 1 of these financial statements.

Principal activity and results for the period
The principal activity of the Group and Company and the results for the period have not been presented in the Directors' report as they have been presented in the Strategic Report set out on pages 2-5.

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 prepared the Group and Parent Company Financial Statements in accordance with International Accounting Standards in conformity with Companies Act 2006. 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- provide additional disclosures when compliance with the specific requirements in International Accounting Standards in conformity with Companies Act 2006 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and Group's financial position and financial performance.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether applicable International Accounting Standards in conformity with Companies Act 2006 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 Group and 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

UK greenhouse gas emissions and energy use for 2023
The Group is required to report publicly on its UK energy use and Greenhouse Gas ("GHG") emissions under the Streamlined Energy & Reporting guidelines published by HM Government in 2019. The Group is focused on energy efficiency as part of its broader environmental strategy. The Directors' methodology for the reporting of GHG emissions data has used the following guidance: (i) HM Government Reporting Guidelines (2019); (ii) GHG Reporting Protocol – Corporate Standard; and (iii) 2020 UK Government Conversion Factors. The chosen intensity measurement ratio is total gross emissions in metric tonnes (CO2e) per £1,000 revenue reported in the year.

The Group are constantly looking at ways to improve efficiency, reduce consumption and identify more sustainable sources to reduce emissions. Examples of projects carried out include the installation of LED lighting with smart technology, changing crop lighting regimes, installation of more efficient refrigeration, more electric vehicle charging points, and the replacement of manufacturing equipment with newer equipment that is more efficient in its electricity consumption.

	2023	**2022**
Energy consumption used to calculate emissions (kWh)	65,698,613	69,013,455
Scope 1 emissions in metric tonnes CO_2e	10,360	10,538
Scope 2 emissions in metric tonnes CO_2e	430	1,576
Total gross emissions in metric tonnes CO_2e	10,793	12,130
Intensity ratio tonnes CO_2e per total £'000 revenue	0.10	0.13

Going Concern
At the year end, the Group's assets exceeded its liabilities by £51,986,000.

In preparing the financial statements the directors have had regard to the fact that the Company generated a pre-tax loss on continuing operations of £10,957,000 in the financial year ended 31 December 2023 (2022: £10,918,000).

At the beginning of the year, as expected, the installation of new machinery was completed in the recently refurbished factory, and the integration of new equipment and new business progressed during the year. Legacy operational issues proved harder to overcome than expected and dragged on the overall profitability. The business performance gained momentum in the second half (with efficiency and profitability significantly up on the prior year) and additional efficiency projects are progressing on plan and expected to provide results in the coming year bringing the business back to its historic healthy performance and beyond.
As the efficiency level continues to increase through-out 2024, as planned, the business is expected to fully return to its normal level of profitability.
The Directors continue to review existing forecasts, downside scenarios and our long-term strategy supply to our key customers.

Accordingly, the Directors have formed a judgement, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in business and meet its liabilities as they fall due for the foreseeable future, with the Directors reviewing the going concern assessment prepared for the period until 30 June 2025. The Group maintains a Shareholder that is supportive of the Group's plans and has the headroom for additional funding if required.

Dividends
A final dividend for 2023 has not been proposed prior to the approval of these financial statements and there is no intention to declare such a dividend.

Directors' and officers' indemnity insurance
The Company has taken out insurance to indemnify, against third party proceedings, the Directors of the Company whilst serving on the board of the Company and of any subsidiary. This cover also indemnifies those employees of the Group who serve on the boards of subsidiaries. The cover subsisted throughout the year and remains in place at the date of this report.

Employees
The Group's policy is to encourage employee involvement, thereby improving Group performance through regular meetings. Information on matters of concern to employees is given through staff newsletters, employee forums, management meetings and regular team briefings, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

The Group gives full consideration to applications for employment from people with a disability, where the requirements of the job can be adequately fulfilled by a person with a disability. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues, and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a person with a disability should, as far as possible, be identical to that of a person who does not have a disability.

Political and charitable donations
During the financial year the Group made donations to UK and Portuguese registered charities of £19,737 (2022: £41,345).

Disclosure of information to auditors
In so far as the Directors in office at the date of approval of this report are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors
The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the board and signed on their behalf on: 28 March 2024

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A Cooper
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITACRESS LIMITED

Opinion

We have audited the financial statements of Vitacress Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Income statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes 1 to 34, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements 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 group 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; 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 set out on pages 6 to 8, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are UK Adopted accounting standards and the Companies Act 2006 and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including, health and safety, data protection, anti-bribery and corruption.
- We understood how Vitacress Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with HMRC regarding tax compliance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and assessed overstatement of revenue throughout the period, to meet targets, to be a fraud risk. Our procedures to address management override involved testing journals that met specific criteria, identified through our planned analytics procedures. We also incorporated data analytics into our testing of revenue recognition, along with gross margin analysis, and performed cash anchor testing. We tested specific transactions back to source documentation, ensuring appropriate authorisation of the transactions.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a focus on compliance with the accounting and regulatory frameworks through obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation including tax computations and returns and corroborated that dividend payments complied with the relevant legal requirements.

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

Use of our report

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

DocuSigned by:
Ernst & Young LLP
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Nikki Forster (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton

Date: 30 March 2024

Consolidated income statement for the year ended 31 December 2023

	Notes	2023	2022
		£'000	£'000
Continuing operations			
Revenue	*5*	173,404	154,839
Raw materials and consumables		(71,931)	(63,411)
Gross Profit		101,473	91,428
Production, distribution, and administration expenses		(112,349)	(105,945)
Other operating expenses		(265)	(479)
Other operating income	*8*	4,501	5,726
Operating loss		(6,640)	(9,270)
Financial expenses	*10*	(4,317)	(1,712)
Financial income	*10*	-	64
(Loss) / profit before tax from continuing operations		(10,957)	(10,918)
Income tax gain / (expense)	*13*	2,885	2,575
(Loss) / profit after tax for the year from continuing operations		(8,072)	(8,343)
Discontinued operations			
(Loss) / gain after tax for the year from discontinued operations	*12*	(15)	(19)
Loss for the year		(8,087)	(8,362)
Attributable to:			
Owners of the Company		(8,644)	(8,590)
Non-controlling interests		557	228
		(8,087)	(8,362)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income for the year ended 31 December 2023

	Group 2023	Group 2022
	£'000	£'000
(Loss) / Profit for the year	(8,087)	(8,362)
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	(357)	869
Revaluation of non-current assets	-	1,855
Deferred tax on revaluation of non-current assets	57	(512)
Cash flow hedging (net of tax)	(239)	411
Other comprehensive (loss) / income, net of tax	(539)	2,623
Total comprehensive loss for the year, net of tax	(8,626)	(5,739)
Total comprehensive (loss) / income for the year attributable to:		
Owners of the parent	(9,120)	(6,790)
Non-controlling interest	494	1,051
	(8,626)	(5,739)

The tax relating to each component of other comprehensive income is disclosed in note 28.

All total comprehensive income is attributable to equity shareholders.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 December 2023

	Notes	2023	2022
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	*14*	84,245	85,238
Right-of use assets	*15*	10,965	9,423
Other investments		92	81
Goodwill	*16*	17,198	17,198
Other intangible assets	*17*	2,695	2,494
Deferred tax assets	*28*	9,488	5,911
Other non-current assets		976	330
Total non-current assets		125,659	120,675
Current assets			
Inventories	*19*	7,160	7,223
Biological assets	*20*	3,894	3,995
Loans to Group companies	*26*	-	-
Trade and other receivables	*21*	14,337	15,991
Derivative financial instruments	*26*	1	249
Cash and cash equivalents	*22*	4,501	3,470
Total current assets		29,893	30,928
Total assets		155,552	151,603
Equity and liabilities			
Capital and reserves			
Share capital	*23*	(59,942)	(49,942)
Revaluation reserve	*24*	(6,745)	(7,041)
Cash flow hedge reserve	*24*	57	(182)
Other reserve	*24*	(315)	(315)
Foreign currency translation reserve	*24*	(1,246)	(1,540)
Accumulated losses		19,533	11,242
Total equity attributable to owners of the parent		(48,658)	(47,778)
Non-controlling interests		(3,328)	(3,094)
Total equity		(51,986)	(50,872)
Non-current liabilities			
Borrowings	*26*	(39,441)	(30,840)
Deferred tax liabilities	*28*	(9,023)	(8,952)
Other non-current liabilities		(80)	(111)
Total non-current liabilities		(48,544)	(39,903)
Current liabilities			
Borrowings	*26*	(26,065)	(33,762)
Trade and other payables	*27*	(28,883)	(27,064)
Derivative financial instruments	*26*	(74)	(2)
Total current liabilities		(55,022)	(60,828)
Total liabilities		(103,566)	(100,731)
Total equity and liabilities		(155,552)	(151,603)

The accompanying notes form an integral part of these consolidated financial statements. The financial statements were approved by the board of directors and authorised for issue on ....28 March 2024.......... and were signed on its behalf by:

....

A Cooper
Director
Vitacress Limited
Registered number: 06544254

Company statement of financial position as at 31 December 2023

	Notes	**2023**	**2022**
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	*14*	127	202
Right-of-use assets	*15*	370	707
Investments	*18*	65,577	65,577
Intangible assets	*17*	2,157	2,037
Loans to Group companies	*26*	105	107
Deferred tax assets	*28*	12	-
Total non-current assets		68,348	68,630
Current assets			
Loans to Group companies	*26*	54,614	44,036
Trade and other receivables	*21*	4,238	3,732
Cash and cash equivalents	*22*	1,993	1,339
Corporation tax	*26*	32	15
Derivative financial asset	*26*	1	247
Total current assets		60,878	49,369
Total assets		129,226	117,999
Equity and liabilities			
Capital and reserves			
Share capital	*23*	(59,942)	(49,942)
Cash flow hedge reserve	*24*	(1)	1
Retained earnings		(18,783)	(17,649)
Total equity		(78,726)	(67,590)
Non-current liabilities			
Borrowings	*26*	(30,228)	(22,845)
Deferred Tax	*28*	-	(35)
Total non-current liabilities		(30,228)	(22,880)
Current liabilities			
Borrowings	*26*	(16,572)	(25,210)
Trade and other payables	*27*	(3,700)	(2,319)
Derivative financial liability	*26*	-	-
Total current liabilities		(20,272)	(27,529)
Total liabilities		(50,500)	(50,409)
Total equity and liabilities		(129,226)	(117,999)

The accompanying notes form an integral part of these financial statements. The financial statements were approved by the board of directors and authorised for issue on ...28 March 2024.., and were signed on its behalf by:

....
A Cooper - Director
Vitacress Limited
Registered number: 06544254

Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital	Revaluation reserve	Cash flow hedge reserve	Other reserve	Foreign currency translation reserve	Accumulated losses	Total attributable to owner of parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	**49,942**	**6,642**	**(229)**	**315**	**821**	**(2,923)**	**54,568**	**2,043**	**56,611**
Profit for the year	-	-	-	-	-	(8,590)	(8,590)	228	(8,362)
Other comprehensive income /(cost):									
Cash flow hedging	-	-	548	-	-	-	548	-	548
Deferred tax on cashflow hedging	-	-	(137)	-	-	-	(137)	-	(137)
Reserves transfer	-	(271)	-	-	-	271	-	-	-
Revaluation of non-current assets	-	911	-	-	-	-	911	944	1,855
Deferred tax on revaluation of non-current assets	-	(241)	-	-	-	-	(241)	(271)	(512)
Exchange differences on translating foreign operations	-	-	-	-	719	-	719	150	869
Total other comprehensive income/(loss) for the year	-	399	411	-	719	271	1,800	823	2,623
Dividend	-	-	-	-	-	-	-	-	-
Balance at 31 December 2022	**49,942**	**7,041**	**182**	**315**	**1,540**	**(11,242)**	**47,778**	**3,094**	**50,872**
(Loss) / Profit for the year	-	-	-	-	-	(8,644)	(8,644)	557	(8,087)
Other comprehensive income/(cost):									
Cash flow hedging	-	-	(320)	-	-	-	(320)	-	(320)
Deferred tax on cashflow hedging	-	-	81	-	-	-	81	-	81
Reserves transfer	-	(296)	-	-	-	353	57	-	57
Exchange differences on translating foreign operations	-	-	-	-	(294)	-	(294)	(63)	(357)
Total other comprehensive income/(loss) for the year	-	(296)	(239)	-	(294)	353	(476)	(63)	(539)
Dividend	-	-	-	-	-	-	-	(260)	(260)
Share issue	10,000	-	-	-	-	-	10,000	-	10,000
Balance at 31 December 2023	**59,942**	**6,745**	**(57)**	**315**	**1,246**	**(19,533)**	**48,658**	**3,328**	**51,986**

Company statement of changes in equity for the year ended 31 December 2023

	Share capital	Cash flow hedge reserve	Retained earnings	Total parent equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2022	**49,942**	**(6)**	**15,898**	**65,834**
Profit for the year*	-	-	1,751	1,751
Other comprehensive income:				
Cash flow hedging	-	5	-	5
Balance at 31 December 2022	**49,942**	**(1)**	**17,649**	**67,590**
Profit for the year*	-	-	1,134	1,134
Other comprehensive income:				
Cash flow hedging	-	2	-	2
Share issue	10,000	-	-	10,000
Balance at 31 December 2023	**59,942**	**1**	**18,783**	**78,726**

The accompanying notes form an integral part of these financial statements.

*As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income and related notes to the financial statements have not been presented. The Company's profit for the period was £1,134,000 (2022: profit £1,751,000).

Statement of cash flows for the year ended 31 December 2023

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Receipts from customers	181,782	164,039	-	-
Payments to suppliers	(127,978)	(117,560)	(1,335)	(1,962)
Payments related to employees	(46,184)	(42,616)	(2,986)	(3,371)
Net (payments to)/receipts from Group companies	215	(1,292)	6,074	4,796
Operating cash flow	7,835	2,571	1,753	(537)
Tax (payments)/receipt	168	175	30	18
Net cash generated from/ (used in) operating activities	8,003	2,746	1,783	(519)
Cash flows from investing activities				
Purchase of property, plant and equipment	(7,858)	(14,894)	(99)	(74)
Purchase of intangible assets	(336)	(882)	(133)	(707)
Proceeds from sale of property, plant and equipment	99	23	-	-
Interest and similar income from Group companies	-	-	3,148	1,203
Interest and similar income from external	1	25	-	-
Dividends (paid)/received	(262)	-	760	1,500
Granted loan repayment received	-	-	-	-
Loans granted to Group companies	-	-	(13,847)	(16,695)
Loans repayments received from Group companies	-	-	3,271	1,169
Net cash (used in)/generated from investment activities	(8,356)	(15,728)	(6,900)	(13,604)
Cash flows from financing activities				
Payment of lease liabilities *	(4,522)	(3,664)	(301)	(231)
Loans obtained from Group companies	723	11,211	-	10,500
Loan repayments to Group companies	(5,000)	(7,510)	(5,000)	(7,510)
Loans obtained from external parties	10,129	15,632	10,007	13,179
Loan repayments to external parties	(6,115)	(2,301)	(5,993)	(2,301)
Interest and similar costs to Group companies	(622)	(134)	(443)	(83)
Interest and similar costs to external parties	(3,226)	(1,219)	(2,499)	(998)
Capital contribution	10,000	-	10,000	-
Net cash generated from/ (used in) financing activities	1,366	12,015	5,771	12,556
Net decrease) / increase in cash and cash equivalents	1,013	(967)	654	(1,567)
Cash and cash equivalents at the beginning of the year	3,470	4,404	1,339	2,906
Effect of exchange rates on cash and cash equivalents	18	33	-	-
Cash and cash equivalents at the end of the year	4,501	3,470	1,993	1,339

*The Group has classified both principal portion and interest portion of lease payments within financing activities in accordance with IFRS16.50 and the company's policy on classification of interest paid.

1. General information and statement of compliance with IFRS

Vitacress Limited (the "Company") is a limited company incorporated and domiciled in the UK. The principal activity of the Company and its subsidiaries (the "Group") is the growing, procurement, packing and marketing of fresh produce.

The Consolidated financial statements of the Group have been prepared in accordance with UK adopted international accounting standards, and with those parts of the Companies Act 2006 applicable to companies reporting under IAS.

On publishing the Parent company financial statements together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes as part of these approved financial statements.

The address of the registered office is set out on the Company information page 1.

2. New and change in accounting policy

2.1 New and amended standards adopted by the Group

There are no standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2023 that would be expected to have a material impact on the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

At the date of authorisation of these Financial Statements, the following amendments were effective:
- Amendments to IFRS 1, IFRS 9 Financial Instruments and IAS 41 Agriculture.
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use
- Amendments to IAS 37 - Onerous Contracts: Cost of Fulfilling a Contract

These amendments have no impact on the Financial Statements of the Group for the year ended 31st December 2023. The Group intends to use the practical expedients in future periods if they become applicable.

3. Significant accounting policies

3.1 Basis of preparation

The Consolidated Financial Statements are presented in the currency GBP, which is also the functional currency of the Company. The functional currency of the entities in the Group has remained unchanged during the reporting period. All financial information presented in GBP has been rounded to the nearest thousand.

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain properties and land, biological assets and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. A summary of the Group accounting policies, which have been consistently applied across the Group, is set out below.

Going concern

The appropriateness of using the going concern basis is a key judgment in preparing the financial statements. The Directors are confident that the Group has adequate funding in place to support its future operations.

During the year the business completed the installation and integration of new machinery in the recently refurbished factory. Legacy operational issues proved harder to overcome than expected and dragged on the overall profitability. The business performance gained momentum in the second half (with efficiency and profitability significantly up on the prior year) and additional efficiency projects are progressing on plan and expected to provide results in the coming year bringing the business back to its historic healthy performance and beyond.

The Directors continue to review existing forecasts, downside scenarios and our long-term strategy supply to our key customers. A future, material impact is considered remote when taking into account the significant capital investment, efficiency improvement initiatives plan to reduce operational costs and to optimise procurement process on raw materials. The Group also has headroom for additional funding from its parent company to provide further working capital if required. Therefore, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in business and meet its liabilities as they fall due for the foreseeable future, with the Directors reviewing the going concern assessment prepared for the period ending 30 June 2025. The Group maintains a Shareholder that is supportive of the Group's plans and has the headroom for additional funding if required.

3. Significant accounting policies – continued

3.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Vitacress Limited obtains and exercises control through more than half the voting rights for all its subsidiaries. All subsidiaries have a reporting date of 31 December.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance, based on their respective ownership interests.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation of wholly owned subsidiaries.

3.2.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.3 Business combinations

Business combinations are accounted for using the acquisition method under the revised IFRS 3 Business Combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed, including contingent liabilities, in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

3.4 Goodwill

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount is recognised immediately in the income statement as negative goodwill.

Differences between the cost of acquisition of investments in foreign subsidiaries and the fair value of their identifiable assets and liabilities as at the date of acquisition are recorded in their functional currencies and translated to the Group's functional currency at the exchange rates as of the Statement of Financial Position date. Exchange differences arising on this translation are recorded in equity as 'Translation reserves'.

Where the fair value of the identifiable assets and liabilities of Group companies exceeds the cost of the investments in these companies as of the date of their acquisition, the difference is recognised directly in the income statement or Statement of Comprehensive income.

3. Significant accounting policies – continued

3.4 Goodwill - continued

Goodwill is not amortised but is subject to impairment tests at least annually. Impairment losses identified are immediately recorded in the income statement and are not subsequently reversed.

Goodwill arising on acquisitions prior to the date of transition to IFRS is maintained at the amounts recorded. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 Foreign currency translation

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate and forward contracts). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in the income statement.

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with a functional currency other than GBP (the Group's presentational currency) are translated into GBP upon consolidation.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentational currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit and loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate.

3.6 Revenue recognition

The Group is in the business of growing, procurement, packing and marketing of fresh produce including watercress, baby leaf salads, herbs and other packaged fresh produce. Revenue from contracts with customers are recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. The Group has concluded that it is the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer.

3.6.1 Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 60 days upon invoicing.

3. Significant accounting policies – continued

3.6 Revenue recognition - continued

3.6.2 Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of salads provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Right of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates
The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

3.7 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of any identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, the same as useful economic lives of property, plant and equipment in note 14.1.

If ownership of the lease asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 3.14

3. Significant accounting policies – continued

3.7 Leases - continued

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group’s lease liabilities are included in borrowings (see Note 26).

iii) Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. If lease contracts include extension and termination options, the Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

iv) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that met the low-value exemption criteria. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Rental income from the operating leases of the Group’s properties is recognised on a straight-line basis over the term of the relevant lease.

3.8 Borrowing costs

Borrowing costs on loans obtained are recognised in the income statement on an accruals basis at the implicit interest rate. Where direct or specific capital borrowing costs are incurred for the acquisition of a qualifying assets, these are capitalised. Where specific borrowing is not being utilised or readily identifiable, indirect borrowing costs are calculated using the weighted average cost method. No qualifying assets reported during the year, and therefore no borrowing costs have been capitalised in the period.

3.9 Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to an expense item are recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Government grants related to the purchase, construction or acquisition of non-current assets are recognised as deferred revenue in the Consolidated Statement of Financial Position and transferred to the income statement in proportion to the depreciation of the subsidised property, plant and equipment.

3. Significant accounting policies – continued

3.10 Retirement benefit costs

The Group provides post-employment benefits through defined contribution retirement benefit plans. Payments to defined contribution retirement benefit plans are recognised as an expense when the relevant employees have rendered service entitling them to the contributions.

3.11 Taxation

Income tax expense is determined based on the taxable income of the companies included in the consolidation and includes deferred taxation.

3.11.1 Current tax

Current tax is based on taxable profit/loss for the year (which differs from accounting profit/loss) of the companies included in the consolidation. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.11.2 Deferred tax

Deferred tax is calculated using the Statement of Financial Position method and reflects the timing differences between the carrying amounts of assets and liabilities for financial reporting and their income tax bases. Deferred tax assets and liabilities are not recognised on timing differences resulting from goodwill and from the initial recognition of assets or liabilities unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only when there is reasonable expectation that there will be sufficient future taxable income against which to use them. The carrying amount of deferred tax assets are reviewed at the end of each reporting period 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.

3.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in Other Comprehensive Income (such as the revaluation of land) or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.12 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in the income statement to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in the income statement. There is an annual transfer between the revaluation reserve and retained earnings of the additional depreciation arising from the revaluation. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated. All other classes of property, plant and equipment excluding land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

3. Significant accounting policies - continued

3.12 Property, plant and equipment - continued

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful economic lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Tangible fixed assets such as land and buildings, plant and equipment are initially recorded at cost, less accumulated depreciation, and impairment losses.

3.13 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives when the asset is brought into use. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.14 Impairment of tangible and intangible assets other than goodwill

Assets are assessed for impairment at each Statement of Financial Position date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement.

The recoverable amount of an asset is the higher of its net realisable value and its value in use. Net realisable value is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable parties, less costs of sale. Value in use is the present value of future cash flows from the continued use of an asset and its sale at the end of its useful life.

Impairment losses recognised in prior years are reversed when there are indications that the impairment losses no longer exist or have decreased. The reversal of impairment losses is recorded in the income statement. However, reversal of an impairment loss is recognised up to the amount that would have been recognised (net of depreciation or amortisation) had no impairment loss been recognised for that asset in prior years.

3.15 Biological assets

Growing crops are valued at fair value less costs to sell. Fair value is based on market prices of each crop less transport and other costs necessary to get the crop to market.

Biological assets are non-depreciable and the fair value changes are included in the income statement. These assets are classified as current assets because their life cycle is less than 12 months.

3. Significant accounting policies - continued

3.16 Inventories

Raw materials are stated at the lower of cost and net realisable value. Cost is determined using a weighted average cost method and includes the purchase price and all the expenses incurred to their reception into the warehouse.

Work in progress and finished goods are valued at the lower of production cost and net realisable value. Cost includes the cost of raw materials incorporated, direct labour and production overheads.

Net realisable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses. Accumulated inventory impairment losses reflect the difference between cost and net realisable value of inventories, as well as estimated impairment losses due to slow turnover, obsolescence and deterioration of inventories.

3.17 Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition and management expect to complete a sale within one year from the date of classification. Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.18 Investments

Investments in subsidiary companies are stated at cost less any provision for impairment in value.

3.19 Financial assets and liabilities

3.19.1 Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments, as appropriate. The Company determines the classification of its financial instruments at initial recognition and, where allowed and appropriate re-evaluates this designation at each financial year-end. A financial asset is generally derecognised when the contract that gave rise to it is settled, sold, cancelled, or expires.

In the current period the Company holds financial assets at amortised cost, financial assets at fair value through OCI and financial assets at fair value through profit and loss.

3.19.1.1 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance sheet date. Such assets are recognised at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

3.19.1.2 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3. Significant accounting policies - continued

3.19 Financial assets and liabilities – continued

3.19.1.2 Impairment of financial assets -continued

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.19.2 Financial liabilities
Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial liabilities are recognised initially, they are measured at fair value, and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Company determines the classification of its financial instruments at initial recognition and, where allowed and appropriate re-evaluates this designation at each financial year-end. A financial liability is generally derecognised when the contract that gave rise to it is settled, sold, cancelled or expires.

The Company's financial liabilities include trade and other payables, loans and derivative financial instruments.

3.19.2.1 Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, 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.

4.1 Critical judgements in applying accounting policies

4.1.1 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern considering that the Group has profitable operations and have adequate resources, including funding, to supports its future operations. Accordingly, going concern assumption is appropriate, also refer to note 3.1.

4.1.2 Recognition of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Assessment of future taxable profit is performed at every reporting date, in the form of future cash flows.

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the deferred tax balances will be fully realised. Details of deferred taxation can be found in note 28.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Fair value of biological assets

The fair value of the Group's biological assets is comprised of three elements:
1. The estimated net sales value of those assets.
2. Less an estimate of the costs to bring those assets to maturity and the costs of harvesting them; and
3. Less an estimate of wastage due to a part grown crop not reaching maturity or not proving saleable for other reasons.

4. Critical accounting judgements and key sources of estimation uncertainty - continued

4.2 Key sources of estimation uncertainty - continued

4.2.1 Fair value of biological assets- continued

Discounted cash-flow techniques have not been applied as the time from planting to harvesting is typically very short, and always less than one year. Separate valuation models have been used for watercress, other leaf crops and herbs. The significant assumptions made in determining the fair value of the Group's biological assets are:

- The expected yield, the length of the growing cycle, the build-up of costs within the growing cycle, wastage levels and the costs to harvest the crop.
- The expected yield is based upon agronomic experience of the growing conditions of specific crops in specific locations. Due to the short growing cycle these will be based on recent data. Where new crops are grown, yields are based upon general experience.
- All crops have a growing cycle which is dependent upon the intensity and length of the daylight. This means that there are different assumptions regarding the length of the growing cycle in different countries within the Group. The growing cycle for watercress is between six weeks and four months. For other leaf crops it is between five and ten weeks. The growing cycle for herbs is between four weeks to four months.
- The build-up of costs within the growing cycle is based upon past experience.
- The assumptions regarding wastage are based upon detailed experience of the losses experienced within the growing operations. No distinction is made between losses due to sales volatility, inclement weather or losses and disease within the farm.
- The costs to harvest are based upon past experience.
- For all crops, except for pot herbs, the sales price is the price of a bulk product of the appropriate crop. For pot herbs, the sales price is the average sales price across the customer base of a unit of the respective pot herb. An estimate for packing and distribution of these pots is then deducted.

4.2.2 Fair value of derivatives and other financial instruments

As described in note 30, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 30 provides information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions. The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

4.2.3 Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3.4. The recoverable amount of the cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of estimates (note 16.1).

4.2.4 Revaluation of land and buildings

The Group carries both land and buildings at revalued amounts. These are updated periodically, using qualified independent Chartered Surveyors. During 2019, the management of Vitacress initiated the scheduled revaluation reviews of land and buildings by qualified independent Chartered Surveyors and adjusted values accordingly (note 14).

4.2.5 Leases – estimating the incremental borrowing rate

In calculating the present value of the lease payments, the Group uses the incremental borrowing rate (IBR) if the implied rate is not easily determined. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar economic environment.

5. Revenue

The following is an analysis of the Group's revenue for the year.

	2023	2022
	£'000	£'000
Revenue from the sale of goods in the UK	112,065	97,104
Revenue from the sale of goods in Continental Europe	61,339	57,735
	173,404	154,839

6. Employee benefit expense

Employee benefit expense is made up as follows:

	2023	2022
	£'000	£'000
Wages and salaries	40,854	36,220
Social security cost	5,189	4,728
Pension contributions	1,005	885
End of contract compensation	262	185
Other personnel costs	1,852	1,846
	49,162	43,864

	2023	2022
Number of employees	Number	Number
Management and administration	183	194
Production and packing	1,279	1,377
Selling and distribution	78	81
Average monthly number of staff employed by the Group	1,540	1,652

7. Directors' emoluments

	2023	2022
	£'000	£'000
Salary payments and other short-term employee benefits	592	843
Company contributions to defined contribution schemes	15	19
Total directors' emoluments	607	862

Three of the directors' emoluments were paid through Vitacress Limited in the year (2022: four). The other two directors (2022: two) consider their services to the Group are incidental to their other activities within the wider RAR Group. Accordingly, their emoluments are paid by the intermediate parent company, RAR - Sociedade de Controle (Holding) SA. It is not possible to determine a specific allocation for services rendered to Vitacress Group, and consequently their emoluments are not shown in the table above.

The aggregate emoluments of the highest paid director were £414,531 (2022: £516,138).

8. Other operating income

	2023	2022
	£'000	£'000
Operating lease rental income	190	191
Gain on sale of property, plant and equipment	26	8
Operational exchange gains	196	1
Government grants	222	125
Transportation income	1,539	1,345
Electricity generation income	1,723	3,345
Seed sale income	548	652
Other income	57	59
	4,501	5,726

9. Fees to auditors

	2023	2022
	£'000	£'000
Audit of company financial statements	(25)	(23)
Audit of subsidiary financial statements	(220)	(202)
Provision of taxation compliance services	(64)	(60)
Fees paid for other services	(6)	(8)
	(315)	(293)

10. Financial expenses and income

	2023	2022
Financial expenses:	£'000	£'000
On bank borrowings at amortised cost	(2,420)	(889)
On lease liabilities	(273)	(187)
On intercompany loans	(834)	(166)
Other interest	(499)	(226)
Bank loans and overdrafts	(291)	(244)
	(4,317)	(1,712)

	2023	2022
	£'000	£'000
Financial income:		
On intercompany loans	-	25
Finance exchange gains	-	39
	-	64

11. Profit before income tax

The profit before income tax is stated after charging:	**2023** £'000	**2022** £'000
Cost of inventories recognised as expense	(71,931)	(63,411)
Depreciation, amortisation expenses and impairment	(12,596)	(10,925)
Gain on disposal of fixed assets	26	8

12. Discontinued operations

On 30 May 2018, the Group entered into a sale agreement to dispose of Horticilha – Agro Industria SA, which carried out all of the Group's activities of growing vegetables and nursery products in Portugal. The disposal was completed on 31 May 2018, on which date control of Horticilha – Agro Industria SA passed to the acquirer. At the end of May 2018, the Group also sold the essential assets of Margaret Nurseries San Martin, S.L. The disposal was completed on 31 May 2018, on which date the entity ceased trading.

Both disposals were affected as part of the Group's continued focus on salads and herbs. As a result, Margaret Nurseries San Martin, S.L. and its direct parent Vitacress Nurseries Limited have been classified as a discontinued operation in these financial statements.

Vitacress Sales Limited ceased trading by the end of reporting period of 2017 and has been continually considered as a discontinued operation.

The results for the discontinued operations are as follows:

	2023 £'000	**2022** £'000
Expenses	(13)	(14)
Operating loss	(13)	(14)
Finance cost	(2)	(2)
Loss before tax from discontinued operations	(15)	(16)
Income tax credit:		
Related to pre-tax (loss)/profit	-	(3)
Loss after tax for the year from discontinued operations	(15)	(19)
Total loss from discontinued operations	(15)	(19)

Notwithstanding the one-line presentation for loss after tax for the year from discontinued operations on the face of the consolidated income statement, discontinued operations remain consolidated in the Group financial statements, i.e. transactions between discontinued and continuing operations are eliminated as usual in the consolidation.

During the year, there was no intercompany trading between continuing and discontinued operations (2022: Nil), which resulted in no impact on the amounts recognised in operating profit for the year from continuing operations.

The net cash flows incurred by the discontinued operations are as follows:

	2023 £'000	**2022** £'000
Operating	(13)	(14)
Investing	-	-
Financing	(2)	(2)
Net cash flow	(15)	(16)

13. Income tax expense

13.1 Income tax recognised in the income statement

	2023	2022
	£'000	£'000
Current tax expense		
Current year	196	(317)
Adjustments in respect of prior years	(4)	771
Total current tax credit / (expense)	192	454
Deferred tax credit/(charge)		
Current year	2,525	2,451
Adjustments in respect of prior years	9	(1,002)
Movement on change of rate of tax	159	670
Total deferred tax credit / (expense)	2,693	2,118
Total income tax credit / (expense) recognised in income statement	2,885	2,572

13.2 Reconciliation of tax charge

The income tax (expense)/credit for the year can be reconciled to the accounting profit/(loss) as follows:

	2023	2022
	£'000	£'000
(Loss) / Profit before tax from continuing operations	(10,957)	(10,918)
Loss before tax from discontinued operations	(15)	(16)
Income tax credit calculated at UK average tax rate of 23.52% (2022: 19%)	2,580	2,078
Non-deductible expenses	(498)	(510)
Income not taxable	219	305
Adjustment in respect of prior years – current tax	6	(234)
Adjustment in respect of prior years – deferred tax	39	(22)
Movement on change of rate of tax	158	670
Other tax adjustments	409	290
Effect of higher tax rates in European countries	(28)	(6)
At the effective income tax rate of 23.52% (2022: 19%)	2,885	2,572
Income tax credit / (expense) recognised in the consolidated income statement	2,885	2,575
Income tax credit attributable to discontinued operations	-	(3)
Total income tax credit / (expense) recognised in the consolidated income statement	2,885	2,572

No provision is made for any additional taxation which might arise on remittance of retained profits of overseas subsidiary companies because there is no intention in the foreseeable future that such profits will be remitted.

13.3 Factors affecting future tax charges

Effective from 1 April 2023 a corporation tax rise from 19% to 25% was enacted, closing deferred tax balances are calculated on this basis at 25%.

14. Property, plant and equipment

Group

	Land and natural resources	Buildings and other constructions	Plant and machinery	Vehicles	Office furniture and fittings	Other tangible assets	Bearer assets	Work in progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
Balance at 1 January 2023	18,562	67,764	61,128	1,249	3,005	817	345	13,102	165,972
Additions	-	48	1,284	11	31	-	41	6,253	7,668
Disposals	-	-	(861)	(23)	(32)	-	-	-	(916)
Revaluation	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	(163)	(410)	(441)	(15)	(18)	(7)	(7)	(21)	(1,082)
Transfers	-	6,260	8,909	21	515	372	12	(16,041)	48
Balance at 31 December 2023	18,399	73,662	70,019	1,243	3,501	1,182	391	3,293	171,690
Accumulated depreciation									
Balance at 1 January 2023	3,925	29,378	43,320	1,108	2,311	400	292	-	80,734
Eliminated on disposals of assets	-	-	(831)	(23)	(32)	-	-	-	(886)
Depreciation expense	35	2,595	4,919	46	429	164	39	-	8,227
Effect of foreign currency exchange differences	(13)	(225)	(357)	(12)	(14)	(3)	(6)	-	(630)
Transfers	-	-	-	-	-	-	-	-	-
Balance at 31 December 2023	3,947	31,748	47,051	1,119	2,694	561	325	-	87,445
Carrying amount 31 December 2023	14,452	41,914	22,968	124	807	621	66	3,293	84,245

14. Property, plant and equipment - continued

Group

	Land and natural resources	Buildings and other constructions	Plant and machinery	Vehicles	Office furniture and fittings	Other tangible assets	Bearer assets	Work in progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
Balance at 1 January 2022	16,930	61,003	67,531	1,231	3,317	941	310	11,128	162,391
Additions	1,189	1,217	105	-	96	-	18	12,197	14,822
Disposals	-	(284)	(14,420)	(21)	(732)	(396)	-	-	(15,853)
Revaluation	-	1,819	-	-	-	-	-	-	1,819
Effect of foreign currency exchange differences	443	1,016	1,137	39	56	18	17	55	2,781
Transfers	-	2,993	6,775	-	268	254	-	(10,278)	12
Balance at 31 December 2022	18,562	67,764	61,128	1,249	3,005	817	345	13,102	165,972
Accumulated depreciation									
Balance at 1 January 2022	3,828	26,910	52,707	1,054	2,653	671	220	-	88,043
Eliminated on disposals of assets	-	(284)	(14,409)	(21)	(727)	(396)	-	-	(15,837)
Depreciation expense	36	2,176	4,108	43	341	118	57	-	6,879
Effect of foreign currency exchange differences	61	576	914	32	44	7	15	-	1,649
Transfers	-	-	-	-	-	-	-	-	-
Balance at 31 December 2022	3,925	29,378	43,320	1,108	2,311	400	292	-	80,734
Carrying amount 31 December 2022	14,637	38,386	17,808	141	694	417	53	13,102	85,238

14. Property, plant and equipment - continued

Company

	Office furniture and fittings	Total
	£'000	£'000
Cost or valuation		
Balance at 1 January 2023	317	317
Additions	99	99
Disposals	(124)	(124)
Balance at 31 December 2023	292	292
Accumulated depreciation		
Balance at 1 January 2023	115	115
Depreciation expense	83	83
Eliminated on disposals	(33)	(33)
Balance at 31 December 2023	165	165
Carrying amount 31 December 2023	127	127

	Office furniture and fittings	Total
	£'000	£'000
Cost or valuation		
Balance at 1 January 2022	170	170
Additions	161	161
Disposals	(14)	(14)
Balance at 31 December 2022	317	317
Accumulated depreciation		
Balance at 1 January 2022	58	58
Depreciation expense	67	67
Eliminated on disposals	(10)	(10)
Balance at 31 December 2022	115	115
Carrying amount 31 December 2022	202	202

14.1 Useful economic lives

The following useful economic lives are used in the calculation of depreciation.

Buildings and other construction	10 – 50 years
Plant and machinery	3 – 10 years
Vehicles	4 – 7 years
Office furniture and fittings	3 – 10 years
Tools	3 – 7 years
Reusable containers	3 – 7 years
Other tangible assets	3 – 50 years
Bearer assets	2 – 6 years

Work in progress comprises assets that, once complete, will be disclosed within one of the other property, plant and equipment headings, and the assets will be depreciated in line with useful economic life for that heading.

14. Property, plant and equipment - continued

14.2 Freehold land and buildings carried at revalued amounts

An independent valuation of the Group's freehold land and buildings was performed to determine their fair values as at 31 December 2019. Quinton Edwards, external Chartered Surveyors valued the UK freehold land and buildings. Duff and Phelps, external valuers valued the freehold land and buildings in Portugal. The valuations, which conformed to International Valuation Standards, were determined by reference to recent market transactions on arm's length terms.

Management determined that the factory and other properties located at the St Mary Bourne site in the UK are specialist assets based on the nature and characteristics of the site. Fair value of these properties was determined using the depreciated replacement cost method based on BCIS recognised costs to build, the Group's borrowing rates and depreciated in line with the Group's estimated useful lives for St Mary Bourne (25 to 40 years remaining). A net gain from the revaluation of land and buildings of £8,152,000 in 2019 was recognised in Other Comprehensive Income.

The valuation of other UK and Portugal farms was determined by reference to recent market transactions on arm's length terms.

Significant unobservable valuation inputs:

Land value	£10,000 – £600,000 per acre
Buildings value	£3 - £150 per square foot

In 2022 Vitacress Real exercised an option contained in the lease agreement to purchase their current office located at Venlo, Netherlands. An independent valuation of the Real's freehold land and buildings was performed by independent valuer, H.T.J Brouwer RT. The valuer determined fair value as at 31 December 2022, using the income method, in conformity with International Valuation Standards. The valuer's assessment included consideration of recent sales and commercial rental rates for comparable locations and building specifications. A net gain from the revaluation of land and buildings of £1,855,000 was recognised in Other Comprehensive Income, in 2022.

Included in the Group's land and buildings are assets held at revalued amounts with a net book value of £37,897,000 (2022: £37,861,000).

Had these assets been measured on a historical cost basis, their carrying amount would have been as follows.

	Group 2023	Group 2022
	£'000	£'000
Land and natural resources		
Cost at 31 December	3,499	3,543
Buildings and other constructions		
Cost at 31 December	36,529	36,697
Accumulated depreciation at 31 December	(23,884)	(22,985)
Carrying value at historic cost of buildings and other constructions	12,645	13,713
Total carrying value at historic cost	16,144	17,255

15. Right-of-use assets

15.1 Group as a lessee

The Group has lease contracts for various items of lands, buildings, plant, machinery, vehicles and other equipment used in its operations. Lease of land and building generally have lease terms between 2 and 10 years, plant and machinery generally have lease term between 3 and 6 years and motor vehicles and other equipment generally have lease terms between 3 and 5 years.

Set out below are the carrying amounts of right-of-use assets recognised and movements during the period.

Group	Land and natural resources	Buildings and other constructions	Plant and Machinery	Vehicles	Office furniture and fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
Balance at 1 January 2023	5,920	1,579	2,388	6,527	1,075	17,489
Additions	1,748	44	233	3,480	-	5,505
Revaluation	208	-	-	104	(61)	251
Effect of foreign currency exchange differences	(77)	(13)	(29)	(46)	-	(165)
Write-off	-	-	-	(138)	-	(138)
Disposals	-	-	(82)	(1,456)	-	(1,538)
Balance at 31 December 2023	7,799	1,610	2,510	8,471	1,014	21,404
Accumulated depreciation						
Balance at 1 January 2023	3,007	660	1,003	2,995	401	8,066
Eliminated on disposals of assets	-	-	(82)	(1,430)	-	(1,512)
Revaluation	-	-	-	-	-	-
Depreciation expense	1,222	262	467	1,853	292	4,096
Write-off	-	-	-	(130)	-	(130)
Effect of foreign currency exchange differences	(36)	(8)	(13)	(24)	-	(81)
Balance at 31 December 2023	4,193	914	1,375	3,264	693	10,439
Carrying amount 31 December 2023	3,606	696	1,135	5,207	321	10,965

15. Right-of-use assets -continued

15.1 Group as a lessee

Group	Land and natural resources	Buildings and other constructions	Plant and Machinery	Vehicles	Office furniture and fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
Balance at 1 January 2022	5,579	2,019	1,937	4,112	1,009	14,656
Additions	658	214	476	2,891	400	4,639
Revaluation	300	97	-	327	-	724
Effect of foreign currency exchange differences	199	44	76	116	-	435
Write-off	-	-	-	-	-	-
Disposals	(816)	(795)	(101)	(919)	(334)	(2,965)
Balance at 31 December 2022	5,920	1,579	2,388	6,527	1,075	17,489
Accumulated depreciation						
Balance at 1 January 2022	2,712	1,025	727	2,283	475	7,222
Eliminated on disposals of assets	(816)	(795)	(98)	(894)	(291)	(2,894)
Revaluation	-	-	-	-	-	-
Depreciation expense	1,017	402	343	1,545	217	3,524
Write-off	-	-	-	-	-	-
Effect of foreign currency exchange differences	94	28	31	61	-	214
Balance at 31 December 2022	3,007	660	1,003	2,995	401	8,066
Carrying amount 31 December 2022	2,913	919	1,385	3,532	674	9,423

15. Right-of-use assets - continued

15.1 Company as a lessee

Company	**Vehicles**	**Office furniture and fittings**	**Total**
	£'000	£'000	£'000
Cost or valuation			
Balance at 1 January 2023	127	1,107	1,234
Additions	38	-	38
Disposals	(73)	-	(73)
Revaluation	-	(62)	(62)
Balance at 31 December 2023	92	1,045	1,137
Accumulated depreciation			
Balance at 1 January 2023	87	440	527
Depreciation expense	24	289	313
Disposals	(73)	-	(73)
Balance at 31 December 2023	38	729	767
Carrying amount 31 December 2023	54	316	370

Company	**Vehicles**	**Office furniture and fittings**	**Total**
	£'000	£'000	£'000
Cost or valuation			
Balance at 1 January 2022	134	956	1,090
Additions	11	392	403
Disposals	(18)	(241)	(259)
Balance at 31 December 2022	127	1,107	1,234
Accumulated depreciation			
Balance at 1 January 2022	76	429	505
Depreciation expense	29	252	281
Disposals	(18)	(241)	(259)
Balance at 31 December 2022	87	440	527
Carrying amount 31 December 2022	40	667	707

15. Right-of-use assets – continued

15.1.1 Lease liabilities included in the statement of financial position at 31 December	Group 2023	Company 2023	Group 2022	Company 2022
	£'000	£'000	£'000	£'000
Current	3,415	269	3,323	320
Non-current	7,370	144	6,100	392
	10,785	413	9,423	712

15.1.2 Amounts recognised in profit or loss

	Group 2023	Company 2023	Group 2022	Company 2022
	£'000	£'000	£'000	£'000
Interest on lease liabilities	273	25	187	12
Depreciation expense of right-of-use assets	4,096	313	3,524	281
Expense relating to short-term leases	319	20	302	27
Expenses relating to leases of low-value assets	16	5	18	10
	4,704	363	4,031	330

15.1.3 Amount recognised in the statement of cash flows	Group 2023	Company 2023	Group 2022	Company 2022
	£'000	£'000	£'000	£'000
Total cash outflow for leases	4,522	301	3,664	231
	4,522	301	3,664	231

The future cash outflows relating to leases are disclosed in Note 30.

16. Goodwill

The Company has no goodwill. Details of the goodwill relating to the Group is as follows:

	Group 2023	Group 2022
	£'000	£'000
Cost		
Balance at 1 January	17,198	17,198
Carrying amount at 31 December	17,198	17,198

16. Goodwill - continued

16.1 Annual impairment review

For the purposes of annual impairment testing, goodwill is allocated to the following cash-generating units (CGUs). This Grouping aligns the units expected to benefit from the synergies of the business combination with the associated goodwill.

	2023	2022
	£'000	£'000
Vitacress Salads Limited	8,927	8,927
Vitacress Herbs Limited	6,675	6,675
Vitacress Real	1,596	1,596
	17,198	17,198

The recoverable amount of the CGUs was determined based on pre-tax value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected pre-tax cash flows for each CGU's remaining useful life using the growth rates stated below. The growth rates reflect the long-term average growth rates for the industries in which the CGUs operate. Management's key assumptions included estimated profit margins based on past performance and its expectations of market development. The pre-tax discount rate used reflects the specific risks relating to the Vitacress Group at those points in time.

The key assumptions used for the value-in-use calculations are as follows:

	2023	2022
Long-term growth rate:		
Vitacress Salads Limited	1%	1%
Vitacress Herbs Limited	1%	1%
Vitacress Real	1%	1%
Pre-tax discount rate:		
Vitacress Salads Limited	9.2%	8.3%
Vitacress Herbs Limited	9.2%	8.3%
Vitacress Real	9.2%	8.3%

The directors believe that there are no reasonably foreseeable circumstances in which this goodwill would be impaired.

Group	**Software**	**Software work in progress**	**Intangible on acquisition of VHB**	**Research and development**	**Total**
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 1 January 2023	5,735	1,926	2,866	149	10,676
Additions and allocations	28	324	-	174	526
Disposals and usages	-	-	-	-	-
Effect of foreign currency exchange differences	(23)	(1)	-	(3)	(27)
Transfers	408	(456)	-	-	(48)
Balance at 31 December 2023	6,148	1,793	2,866	320	11,127
Accumulated amortisation					
Balance at 1 January 2023	5,250	-	2,866	66	8,182
Amortisation expense	242	-	-	31	273
Disposals	-	-	-	-	-
Effect of foreign currency exchange differences	(22)	-	-	(1)	(23)
Balance at 31 December 2023	5,470	-	2,866	96	8,432
Carrying amount at 31 December 2023	678	1,793	-	224	2,695

	Software	**Software work in progress**	**Intangible on acquisition of VHB**	**Research and development**	**Total**
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 1 January 2022	5,502	224	2,866	58	8,650
Additions and allocations	26	1,857	-	84	1,967
Disposals and usages	-	-	-	-	-
Effect of foreign currency exchange differences	60	4	-	7	71
Transfers	147	(159)	-	-	(12)
Balance at 31 December 2022	5,735	1,926	2,866	149	10,676
Accumulated amortisation					
Balance at 1 January 2022	4,682	-	2,866	54	7,602
Amortisation expense	513		-	9	522
Disposals	-	-	-	-	-
Effect of foreign currency exchange differences	55	-	-	3	58
Transfers	-	-	-	-	-
Balance at 31 December 2022	5,250	-	2,866	66	8,182
Carrying amount at 31 December 2022	485	1,926	-	83	2,494

17. Intangible assets - continued

Company	**Software**	**Software work in progress**	**Total**
	£'000	£'000	£'000
Cost			
Balance at 1 January 2023	847	1,806	2,653
Additions and allocations	270	(45)	225
Disposals	-	-	-
Balance at 31 December 2023	1,117	1,761	2,878
Accumulated amortisation and impairment			
Balance at 1 January 2023	616	-	616
Amortisation expense	105	-	105
Disposals	-	-	-
Balance at 31 December 2023	721	-	721
Carrying amount at 31 December 2023	396	1,761	2,157

	Software	**Software work in progress**	**Total**
	£'000	£'000	£'000
Cost			
Balance at 1 January 2022	813	112	925
Additions and allocations	34	1,694	1,728
Disposals	-	-	-
Balance at 31 December 2022	847	1,806	2,653
Accumulated amortisation and impairment			
Balance at 1 January 2022	538	-	538
Amortisation expense	78	-	78
Disposals	-	-	-
Balance at 31 December 2022	616	-	616
Carrying amount at 31 December 2022	231	1,806	2,037

Software

Amortisation of software is calculated on the basis of a useful life of between 3 and 7 years.

Research and Development

The group invests resources to ensure it remains a leader in the field of environmentally sustainable cultivation of salads and herbs.

Where project development costs can be demonstrated to provide future economic benefit to the business, they are capitalised, and the asset amortised over the expected economical useful life of the asset.

18. Investments in subsidiaries and joint venture

Company	2023	2022
	£'000	£'000
Investments balance at 1 January	65,577	65,577
Investments balance at 31 December	65,577	65,577

18.1 Investments in subsidiaries and joint venture

The Company holds the following investments in trading subsidiaries and joint ventures (of which only Vitacress Nurseries Limited (previously known as Wight Salads Group Limited), Vitacress Salads Limited, Vitacress Herbs Limited and Vitacress Real BV represent direct holdings):

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2023	2022
Vitacress Salads Limited	Produce salad crops	England & Wales	100%	100%
Vitacress Kent Limited	Produce salad crops	England & Wales	100%	100%
Vitacress Nurseries Limited (previously known as Wight Salads Group Limited)	Discontinued	England & Wales	100%	100%
Vitacress Herbs Limited	Herb growing and packing	England & Wales	100%	100%
VAISA Agricultura Intensiva S.A.	Produce salad crops	Portugal	100%	100%
Vitacress Portugal S.A.	Produce salad crops	Portugal	100%	100%
Euralface Agricultura S.A.	Produce salad crops	Portugal	100%	100%
Vitacress Portugal SGPS S.A.	Holding company	Portugal	100%	100%
Margaret Nurseries San Martin S.L.	Discontinued	Spain	100%	100%
Vitacress Sales	Discontinued	England & Wales	100%	100%
Vitacress España S.L.	Produce salad crops	Spain	51%	51%
Vitacress Real BV	Herb packing	Netherlands	50.1%	50.1%

19. Inventories

Group	**2023** £'000	**2022** £'000
Raw materials and consumables	6,223	6,497
Work in progress	358	364
Finished goods	579	362
	7,160	7,223

The cost of inventories in the Group recognised as an expense during the year from continuing operations was £72,047,000 (2022: £62,735,000).

The cost of inventories recognised as an expense in the Group includes £Nil (2022: £Nil) in respect of write-downs of inventory to net realisable value.

20. Biological assets

	Group 2023 £'000	**Group 2022** £'000
Fair value at 1 January	3,995	4,076
Gain from changes in fair value less costs to sell	19,991	20,314
Increases due to purchases	16,285	16,669
Decreases from harvest	(36,570)	(37,241)
Exchange differences	193	177
Fair value at 31 December	3,894	3,995

The fair value of biological assets comprises the following elements:	**Group 2023** £'000	**Group 2022** £'000
Watercress	649	799
Herbs	1,034	1,017
Salad leaf	2,211	2,179
	3,894	3,995

The areas under cultivation in hectares were as follows:	**Group 2023**	**Group 2022**
Watercress	39.00	39.00
Herbs	51.47	43.81
Salad leaf	196.38	192.50
	286.85	275.31

21. Trade and other receivables

Group	2023	2022
	£'000	£'000
Trade receivables, gross	9,360	8,897
Allowance for doubtful debts	(31)	(35)
Trade receivables	9,329	8,862
Social security and other taxes	1,178	1,461
Current tax	250	1,161
Other debtors	960	1,955
Amounts owed by Group companies – trade (note 31.1)	709	742
Prepayments	1,911	1,810
	14,337	15,991

Company	2023	2022
	£'000	£'000
Amounts owed by Group companies – trade (note 31.1)	3,891	3,299
Prepayments	228	418
Other current debtors	118	15
	4,237	3,732

All amounts are short-term and repayable on demand. The net carrying amount of trade receivables is considered a reasonable approximation of fair value. All of the Group's trade and other receivables have been reviewed for indicators of impairment using the excepted credit loss model.

Trade receivables disclosed above include amounts that are past due at the end of the reporting year for which the Group has not recognised an additional allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

21.1 Movement in the allowance for doubtful debts	Group 2023	Group 2022
	£'000	£'000
Balance at beginning of the year	35	181
Impairment losses recognised on receivables		-
Amounts recovered during the year	(4)	(155)
Foreign exchange translation gains and losses	-	9
Balance at end of the year	31	35

21.2 Movement in the allowance for doubtful debts

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to £Nil (2022: £Nil) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

22. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting year as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

Group	**2023**	**2022**
	£'000	£'000
Cash and bank balances (note 26.1)	4,501	3,470
	4,501	3,470

Company	**2023**	**2022**
	£'000	£'000
Cash and bank balances (note 26.2)	1,993	1,339
	1,993	1,339

23. Share capital

Group and Company	**2023**	**2022**
	£'000	£'000
Opening Share capital of £1 each	(49,942)	(49,942)
Share issue	(10,000)	-
Closing Share Capital at £1 each	(59,942)	(49,942)

Issued share capital comprises:

59,941,593 fully paid ordinary shares	(59,942)	(49,942)

Authorised ordinary share capital, which have a par value of £1, carry one vote per share and carry a right to dividends.

24. Other reserves

24.1 Revaluation reserve

The revaluation reserve arises on the revaluation of freehold land and buildings. When revalued land or buildings are sold, the portion of the revaluation reserve that relates to that asset is transferred directly to retained earnings. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

24.2 Cash flow hedge reserve

The cash flow hedge reserve reflects the effective portion of changes in the fair value of foreign currency forward contracts that qualify as hedging derivatives.

24.3 Other reserve

The other reserve represents goodwill on Vitacress Limited's acquisition of Wight Salads Group Limited. Predecessor accounting applied on transition to IFRS with effect from 1 January 2010 does not allow new goodwill to be created as there is no value added in restructuring a Group under common control. This excess sits within equity and will only crystallise on the sale of Wight Salads Group Limited (now named Vitacress Nurseries).

24.4 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy on foreign currency translation.

25. Dividends

A final dividend for 2023 (2022: Nil) had not been proposed prior to the approval of these financial statements

26. Financial assets and liabilities

26.1 Categories of financial assets and liabilities

Group

	2023	2022
Financial assets	£'000	£'000
Loans and receivables		
Trade receivables (note 21)	9,329	8,862
Social security and other taxes (note 21)	1,178	1,461
Current tax	250	1,161
Other debtors (note 21)	960	1,955
Amounts owed by Group companies – trade (note 31.1)	709	742
Loans to Group companies (note 31.1)	-	-
Cash and cash equivalents (note 22)	4,501	3,470
Total	16,927	17,651
Derivatives designated as cash flow hedging instruments at fair value		
Derivative financial instruments (note 26.4)	1	249
	16,928	17,900
Disclosed as:		
Current	16,928	17,900

Group

	2023	2022
Financial liabilities	£'000	£'000
Financial liabilities measured at amortised cost		
Non-current:		
Borrowings (note 26.3)	(39,441)	(30,840)
Current:		
Borrowings (note 26.3)	(26,066)	(33,762)
Trade payables (note 27)	(15,914)	(17,471)
Social security and other taxes (note 27)	(1,437)	(1,272)
Other creditors (note 27)	(2,605)	(1,146)
Amounts owed to Group companies – trade (note 27)	(448)	(89)
	(85,911)	(84,580)
Derivatives designated as cash flow hedging instruments at fair value		
Derivative financial instruments (note 26.4)	(74)	(2)
	(85,985)	(84,582)
Disclosed as:		
Non-current	(39,441)	(30,840)
Current	(46,544)	(53,742)
	(85,985)	(84,582)

26. Financial assets and liabilities – continued

26.2 Categories of financial assets and liabilities

Company	**2023**	**2022**
Financial assets	£'000	£'000
Loans and receivables		
Non-current:		
Loans to Group companies (note 31.1)	105	107
Current:		
Loans to Group companies (note 31.1)	54,614	44,036
Amounts owed by Group companies - trade (note 31.1)	3,891	3,299
Cash and cash equivalents (note 22)	1,993	1,339
Current tax asset	32	15
	60,530	48,689
Derivatives designated as cash flow hedging instrument (carried at fair value)		
Derivative financial instruments (note 26.4)	1	247
	60,636	48,936
Disclosed as:		
Current	60,531	48,829
Non-current	105	107
	60,636	48,936

Company	**2023**	**2022**
Financial liabilities	£'000	£'000
Financial liabilities measured at amortised cost		
Non-current:		
Borrowings (note 26.3)	(30,228)	(22,845)
Current:		
Borrowings (note 26.3)	(16,572)	(25,210)
Trade payables (note 27)	(860)	(248)
Social security and other taxes (note 27)	(264)	(160)
Other creditors (note 27)	-	-
Amounts owed to Group companies – trade (note 27)	(756)	(308)
	(48,680)	(48,771)
Derivatives designated as cash flow hedging instrument (carried at fair value)		
Derivative financial instruments (note 26.4)	-	-
	(48,680)	(48,771)
Disclosed as:		
Current	(18,452)	(25,926)
Non-current	(30,228)	(22,845)
	(48,680)	(48,771)

26. Financial assets and liabilities – continued

26.3 Borrowings

Borrowings include the following liabilities:

Group	**2023**	**2022**
	£'000	£'000
Financial liabilities measured at amortised cost		
Lease liabilities (note 15)	(10,785)	(9,411)
Commercial paper (i)	(3,998)	(9,993)
Other loans (ii)	(43,942)	(34,140)
Loans from Group companies (note 31.2)	(6,781)	(11,058)
	(65,506)	(64,602)

	2023	**2022**
	£'000	£'000
Disclosed as:		
Current	(26,065)	(33,762)
Non-current	(39,441)	(30,840)
	(65,506)	(64,602)

Company	**2023**	**2022**
	£'000	£'000
Financial liabilities measured at amortised cost		
Lease liabilities (note 15)	(413)	(712)
Commercial paper(i)	(3,998)	(9,993)
Other loans (ii)	(39,959)	(29,950)
Loans from Group companies (note 31.2)	(2,430)	(7,400)
	(46,800)	(48,055)
Disclosed as:		
Current	(16,572)	(25,210)
Non-current	(30,228)	(22,845)
	(46,800)	(48,055)

(i) This commercial paper is unsecured and renewable in 2024 with maturity on 14 March 2027.

(ii) Among other loans, £30.0m related to unsecured contracts with banks for commercial paper programmes and loans with a maturity of 2-5 years (2022: 1- 5 years). These loans attract an interest rate of 1.15%-1.4% over the 3-month SONIA rate.

26. Financial assets and liabilities – continued

26.3 Borrowings - continued

Year ended 31 December 2023	Due within one year	Due between one and two years	Due between two and five years	Total
Group	£'000	£'000	£'000	£'000
Commercial paper	3,998	-	-	3,998
Other loans	10,000	3,872	30,071	43,943
Total	13,998	3,872	30,071	47,941

Year ended 31 December 2023	Due within one year	Due between one and two years	Due between two and five years	Total
Company	£'000	£'000	£'000	£'000
Commercial paper	3,998	-	-	3,998
Other loans	10,000	2,000	27,959	39,959
Total	13,998	2,000	27,959	43,957

Year ended 31 December 2022	Due within one year	Due between one and two years	Due between two and five years	Total
Group	£'000	£'000	£'000	£'000
Commercial paper	9,993	-	-	9,993
Other loans	9.400	2,000	22,740	34,140
Total	19,393	2,000	22,740	44,133

Year ended 31 December 2022	Due within one year	Due between one and two years	Due between two and five years	Total
Company	£'000	£'000	£'000	£'000
Commercial paper	9,993	-	-	9,993
Other loans	7,500	2,000	20,450	29,950
Total	17,493	2,000	20,450	39,943

Some of the Company's loans agreements are subjected to covenants where the Company is required to meet certain key financial ratios. The Company did not fulfil the Debt: EBITDA ratio as required in the loan agreements from three lenders as of the Balance Sheet date.

Prior to the end of the financial year, two lenders have issued loan covenant waivers for the current reporting year, both of which relaxed the Debt: EBITDA ratio for 2024.

Another lender with a £7.5m facility, repayable in 2027, provided the formal covenant waiver after year end, covering the period to 1 January.

26. Financial assets and liabilities – continued

26.4 Derivative financial instruments

The carrying amount of the Group and Company's financial instruments may be further analysed as follows:

Group

Fair value	**2023** £'000	**2022** £'000
Forward foreign exchange contracts – cash flow hedge	1	247
Net fair value of derivative financial asset / (liabilities)	1	247

Company

Fair value	**2023** £'000	**2022** £'000
Forward foreign exchange contracts – cash flow hedge	1	247
Net fair value of derivative financial asset/(liabilities)	1	247

The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from highly probable purchases in Euros and US dollars. Such derivative financial instruments are initially recognised at fair value on a date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

All foreign exchange forward contracts have been designated as hedging instruments in cash flow hedges in accordance with IFRS 9. The forecast transactions for which hedge accounting has been used are expected to occur.

There was no significant ineffectiveness of cash flow hedges in 2022 or 2023.

26.5 Changes in liabilities arising from financing activities.

	1 January 2023	**Transfer**	**Cash flows**	**Changes in fair values**	**New leases**	**Others**	**31 December 2023**
Group	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current borrowings (excluding leases liabilities)	30,451	-	(7,801)	-	-	-	22,650
Non-current borrowings (excluding lease liabilities)	24,740	-	7,331	-	-	-	32,071
Current lease liabilities	9,411	-	(2,541)	-	4,217	(302)	10,785
Derivatives	(2)	-	-	(72)	-	-	(74)
Total	64,600	-	(3,011)	(72)	4,217	(302)	65,432

The 'Others' column includes the effect of foreign exchange rate, revaluation, and the effect of accrued but not yet paid interest on borrowings.

27. Trade and other payables

Group

	2023	2022
	£'000	£'000
Trade payables	(15,914)	(17,469)
Social security and other taxes	(1,437)	(1,272)
Other creditors	(2,605)	(1,146)
Amounts owed to Group companies – trade (note 31.1)	(448)	(89)
Accrued renumeration	(1,615)	(1,352)
Other current liabilities	(6,864)	(5,736)
	(28,883)	(27,064)

Company

	2023	2022
	£'000	£'000
Trade payables	(860)	(248)
Social security and other taxes	(264)	(160)
Amounts owed to Group companies – trade (note 31.1)	(756)	(308)
Other current liabilities	(1,820)	(1,603)
	(3,700)	(2,319)

Government Grants

Within the group European government grants have been awarded that are conditional upon the construction of packhouses and continuing agricultural development. These grants, recognised as deferred income, are being amortised over the useful life of the assets to which they relate. Other current liabilities include the portion of government grants that will be recognised as income in the next year. Other non-current liabilities consist of the non-current portion of deferred government grants, as follows:

	2023	2022
Group	£'000	£'000
Current	(29)	(51)
Non-current	(80)	(111)
	(109)	(162)

28. Deferred tax assets and liabilities

28.1 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated Statement of Financial Position:

	2023	2022
Group	£'000	£'000
Deferred tax assets	9,506	5,911
Deferred tax liabilities	(9,041)	(8,952)
	465	(3,041)

	2023	2022
Company	£'000	£'000
Deferred tax assets	12	-
Deferred tax liabilities	-	(35)
	12	(35)

28. Deferred tax assets and liabilities – continued

28.2 Deferred tax movement

Group	Opening balance	Recognised in profit or loss	Recognised directly in OCI	Closing balance
	£'000	£'000	£'000	£'000
2023				
Deferred tax (liabilities)/assets in relation to:				
Cash flow hedge	(39)	-	45	6
Derivative financial instruments	(23)	-	36	13
Property, plant & equipment	(4,647)	(407)	-	(5,054)
Revaluations	(4,243)	171	85	(3,987)
Losses	4,603	2,923	-	7,526
Other short term timing differences	1,308	6	647	1,961
	(3,041)	2,693	813	465

2022	Opening balance	Recognised in profit or loss	Recognised directly in OCI	Closing balance
Deferred tax (liabilities)/assets in relation to:	£'000	£'000	£'000	£'000
Cash flow hedge	38	-	(77)	(39)
Derivative financial instruments	36	-	(59)	(23)
Property, plant & equipment	(3,010)	(1,639)	2	(4,647)
Revaluations	(3,845)	164	(562)	(4,243)
Losses	1,303	3,300	-	4,603
Other short term timing differences	958	293	57	1,308
	(4,520)	2,118	(639)	(3,041)

Company	Opening balance	Recognised in profit or loss	Recognised directly in OCI	Closing balance
	£'000	£'000	£'000	£'000
2023				
Deferred tax assets in relation to:				
Property, plant & equipment	(35)	7	-	(28)
Pension	-	40	-	40
Other short term timing differences	-	-	-	-
	(35)	47	-	12

	Opening balance	Recognised in profit or loss	Recognised directly in OCI	Closing balance
	£'000	£'000	£'000	£'000
2022				
Deferred tax assets in relation to:				
Property, plant & equipment	6	(41)	-	(35)
Other short term timing differences	2	-	(2)	-
	8	(41)	(2)	(35)

29. Retirement benefit plan

The Group and Company operate defined contribution pension schemes. The assets of the schemes are held separately from those of the Group and Company, in independently administered funds.

The total expense recognised in the consolidated income statement from continuing operations is £1,005,187 (2022: £885,562), this represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2023, contributions of £179,237 (2022: £147,366) due in respect of the year had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting year.

30. Financial instruments

30.1 Financial risk management objectives

The Group is exposed to various risks in relation to financial instruments. The main types of risk are market risk (specifically to currency risk and interest rate risk which result from its operating activities), credit risk and liquidity risk.

The Group’s risk management is coordinated at its head office in close cooperation with the subsidiary company boards of directors and focuses on actively securing the Group’s short to medium term cash flows by minimising the exposure to financial markets. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

30.2 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2022.

The capital structure of the Group consists of net debt (borrowings as detailed in note 26 offset by cash and bank balances) and equity of the Group (comprising issued share capital, reserves, retained earnings and non-controlling interests as detailed in notes 23 to 24).

The Group is not subject to any externally imposed capital requirements.

The Group manages its capital by regularly reviewing internal reports such as short- and medium-term cash flow forecasts and capital expenditure reports. Management use this information to assess the Group’s capital availability against targets set by the Group parent company and manage it in line with the Group’s objectives.

30. Financial instruments – continued

30.3 Market risk - foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to fluctuating exchange rates arise. Exchange rate exposures are managed utilising forward foreign exchange contracts.

The carrying amounts of the Group and Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows:

Group	**Assets**		**Liabilities**	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Euro	7,914	7,391	(21,639)	(20,653)
US Dollar	93	86	(207)	(108)

Company	**Assets**		**Liabilities**	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Euro	1,150	815	(83)	(93)
US Dollar	93	71	-	-

30.3.1 Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and US Dollar currencies.

The following table details the Group and Company's sensitivity to a 5% increase and decrease in the GBP against the Euro and against the US Dollar. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the GBP strengthens 5% against the relevant currency. For a 5% weakening of the GBP against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

Group	**Euro impact**		**US Dollar impact**	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Profit or loss (i)	654	632	5	1
Equity (ii)	502	883	36	5

Company	**Euro impact**		**US Dollar impact**	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Profit or loss (i)	51	34	4	3
Equity (ii)	-	-	-	-

(i) This is mainly attributable to the exposure outstanding on Euro and US Dollar denominated receivables and payables in the Group at the end of the reporting year.

(ii) This is as a result of the changes in fair value of derivative instruments designated as hedging instruments in cash flow hedges.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting year does not reflect the exposure during the year. Euro and US Dollar denominated purchases are seasonal, with lower volumes in the mid-quarters of the financial year, resulting in an increase in payables at the end of the reporting year.

30. Financial instruments – continued

30.3 Market risk - foreign currency risk management - continued

30.3.2 Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover highly probable forecast transactions. The total Euro denominated, and US Dollar denominated purchases are forecast each month for 6 months ahead. The Group then takes a contract allowing the purchase of that quantity of Euros and US Dollars for a date 6 months ahead at a fixed rate. Although at the time of purchase fixed orders have not been placed, the expected payment profile can be predicted with a high degree of accuracy.

Fair value is measured based on the lowest level input that is significant to the fair value measurement. It is categorised in fair value hierarchy level 2 by using valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting year:

Group	**Average exchange rate**		**Foreign currency**		**Notional value**		**Fair value assets (liabilities)**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Cash flow hedges			FC'000	FC'000	£'000	£'000	£'000	£'000
Buy Euro								
Less than 3 months	0.872	0.878	10,349	9,300	9,026	8,143	(34)	119
3 to 6 months	0.876	0.876	6,400	9,100	5,598	7,973	(21)	139
Buy USD								
Less than 3 months	0.803	0.865	626	240	503	208	(11)	(8)
3 to 6 months	0.810	0.842	300	220	243	185	(7)	(3)
							(73)	247

Company	**Average exchange rate**		**Foreign currency**		**Notional value**		**Fair value assets (liabilities)**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Cash flow hedges			FC'000	FC'000	£'000	£'000	£'000	£'000
Buy Euro								
Less than 3 months	0.872	0.878	10,349	9,300	9,026	8,143	(34)	119
3 to 6 months	0.876	0.876	6,400	9,100	5,598	7,973	(21)	139
Buy USD								
Less than 3 months	0.803	0.865	626	240	503	208	(11)	(8)
3 to 6 months	0.810	0.842	300	220	243	185	(7)	(3)
							(73)	247

The Group has entered into contracts to purchase raw materials from suppliers in Europe and the USA. The Group has entered into forward foreign exchange contracts (for terms not exceeding 6 months) to hedge the exchange rate risk arising from these anticipated future purchases, which are designated as cash flow hedges.

For the year ended 31 December 2023, the aggregate amount of profits and losses under forward foreign exchange contracts recognised in other comprehensive income and accumulated in the cash flow hedging reserve relating to these anticipated future purchase transactions is a loss of £320,000 (2022: £548,000 profit). It is anticipated that the purchases will take place during the first 6 months of the next financial year at which time the amount deferred in equity will be included in the carrying amount of the raw materials. It is anticipated that the raw materials once purchased will be converted into inventory and sold within a 30-day period, at which time the amount deferred in equity will be reclassified to the income statement.

30. Financial instruments - continued

30.4 Market risk - interest rate risk management

The Group is exposed to interest rate risk through Group entities borrowing and lending funds at floating interest rates.

30.4.1 Interest rate sensitivity analysis

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 0.5% (2022: +/- 0.5%). These changes are considered reasonably possible based on observation of current market conditions. The calculations are based on change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. It assumes the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. All other variables are held constant.

Group	**+ 0.5%**		**-0.5%**	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Income statement (i)	255	264	(255)	(264)

(i) This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. Derivative instruments designated as hedging instruments in cash flow hedges are measured at fair value.

30.5 Credit risk management

The Group's exposure to credit risk is mainly associated with receivable accounts arising from operational activities. Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss for the Group.

The management of this risk seeks to guarantee an effective collection of its receivables without impact on the Group's financial equilibrium. This risk is controlled on a regular basis with the objective of (i) defining credit limits to customers based on credit checks undertaken, (ii) controlling the level of credit, and (iii) regularly reviewing and analysing accounts receivable. Top five customers represent majority of the trade receivables balance.

Impairment losses on accounts receivable are computed considering (a) the risk profile of the customer, (b) the average collection period, which is different from business to business, and (c) the financial situation of the customer. The movements of these impairment losses during the years ended 31 December 2023 and 2022 are disclosed in note 21.

30.6 Liquidity risk management

Liquidity risk is the risk that the Group cannot meet or settle its obligations on time or at a reasonable price. Due to the existence of liquidity risk, management of liquidity is performed with the objective of ensuring permanent and efficient access to funds to fulfil commitments, minimising the probability of not being able to fulfil its commitments and minimising the opportunity cost of retaining excess liquidity in the short-term.

The Group manages liquidity risk by regularly reviewing internal reports such as daily, weekly and medium-term cash flow forecasts and matching the maturity profiles of financial assets and liabilities. Management uses this information to ensure sufficient liquidity is available for the Group's day to day needs, from either the parent companies or third-party sources.

30.6.1 Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

30. Financial instruments - continued

30.6 Liquidity risk management - continued

30.6.1 Liquidity risk tables – continued

Group	Carrying amount	Contractual cash flows	1 year or less	1-5 years	5+ years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2023						
Non-derivative financial liabilities						
Commercial paper	(3,998)	(4,273)	(4,273)	-	-	(4,273)
Other loans	(43,941)	(50,929)	(14,578)	(36,351)	-	(50,929)
Loans from Group Companies	(6,781)	(7,131)	(7,131)	-	-	(7,131)
Amounts owed to Group Companies	(448)	(448)	(448)	-	-	(448)
Lease liabilities	(10,785)	(11,577)	(3,458)	(7,472)	(647)	(11,577)
Trade payables	(15,914)	(15,914)	(15,914)	-	-	(15,914)
	(81,867)	(90,272)	(45,802)	(43,823)	(647)	(90,272)
31 December 2022						
Non-derivative financial liabilities						
Commercial paper	(9,993)	(10,461)	(10,461)	-	-	(10,461)
Other loans	(34,140)	(39,220)	(10,952)	(28,268)	-	(39,220)
Loans from Group Companies	(11,058)	(11,279)	(11,279)	-	-	(11,279)
Amounts owed to Group Companies	(89)	(89)	(89)	-	-	(89)
Lease liabilities	(9,411)	(9,985)	(3,496)	(6,489)	-	(9,985)
Trade payables	(17,471)	(17,471)	(17,471)	-	-	(17,471)
	(82,162)	(88,505)	(53,748)	(34,757)	-	(88,505)

Company	Carrying amount	Contractual cash flows	1 year or less	1-5 years	5+ years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2023						
Non-derivative financial liabilities						
Commercial paper	(3,998)	(4,273)	(4,273)	-	-	(4,273)
Other loans	(39,959)	(46,788)	(12,633)	(34,154)	-	(46,788)
Loans from Group Companies	(2,430)	(2,430)	(2,430)	-	-	(2,430)
Amounts owed to Group Companies	(756)	(756)	(756)	-	-	(756)
Lease liabilities	(413)	(449)	(165)	(284)	-	(449)
Trade payables	(860)	(860)	(860)	-	-	(860)
	(48,416)	(55,556)	(21,117)	(34,438)	-	(55,556)

30. Financial instruments - continued

30.6 Liquidity risk management - continued

30.6.1 Liquidity risk tables – continued

Company	**Carrying amount**	**Contractual cash flows**	**1 year or less**	**1-5 years**	**5+ years**	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2022						
Non-derivative financial liabilities						
Commercial paper	(9,993)	(10,461)	(10,461)	-	-	(10,461)
Other loans	(29,950)	(34,863)	(8,976)	(25,887)	-	(34,863)
Loans from Group Companies	(7,400)	(7,670)	(7,670)	-	-	(7,670)
Amounts owed to Group Companies	(59)	(59)	(59)	-	-	(59)
Lease liabilities	(713)	(745)	(336)	(409)	-	(745)
Trade payables	(248)	(248)	(248)	-	-	(248)
	(48,363)	(54,046)	(27,750)	(26,296)	-	(54,046)

31. Related party transactions

The Group's immediate parent company is RAR – Sociedade de Controle (Holding) SA, a company registered in Portugal. Its ultimate parent company and controlling party is SIEL SGPS SA, a company registered in Portugal. SIEL SGPS SA owns 100% of RAR – Sociedade de Controle (Holding) SA. The address of its registered office and principal place of business is Rua Passeio Alegre 624, 4169-002, Porto, Portugal.

RAR – Sociedade de Controle (Holding) SA is both the largest and smallest Group to consolidate these financial statements, and copies of its consolidated financial statements can be obtained from the address above.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

31.1 Loans to related parties

The following balances were outstanding at the end of the reporting period:

Group	**Amounts owed by related parties**		**Amounts owed to related parties**	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Fellow subsidiary	-	-	(45)	(19)
Immediate parent	709	742	(403)	(70)
Ultimate parent	-	-	-	-
	709	742	(448)	(89)

Company	**Amounts owed by related parties**		**Amounts owed to related parties**	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Subsidiary	3,891	3,299	(518)	(277)
Immediate parent	-	-	(238)	(31)
	3,891	3,299	(756)	(308)

31. Related party transactions - continued

31.1 Loans to related parties - continued

The amounts outstanding are unsecured, interest free trading balances repayable in accordance with the standard terms of trade. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Group	**2023**	**2022**
	£'000	£'000
Immediate parent	-	-
	-	-

Loans between related parties within the RAR Group are unsecured and attract interest at a variable monthly interest rate, which was 6.49% December 2023 (December 2022: 5.40%). The loans are considered by management to be short-term and are repayable on demand.

Company	**2023**	**2022**
	£’000	£’000
Immediate parent	-	-
Subsidiary	54,614	44,143
	54,614	44,143

31.2 Loans from related parties

Group	**2023**	**2022**
	£'000	£'000
Ultimate parent	-	-
Immediate parent	(6,781)	(11,058)
	(6,781)	(11,058)

Company	**2023**	**2022**
	£’000	£’000
Subsidiary	(2,430)	(2,400)
Immediate parent	-	(5,000)
	(2,430)	(7,400)

31.3 Key management compensation

Key management comprises the executive directors of the parent and subsidiary companies. The compensation paid or payable to key management for employee services is shown in note 7.

31. Related party transactions – continued

31.4 Other related party transactions

In addition to the above, there were the following non-trading transactions.

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Tax losses (claimed)/surrendered	-	-	-	-
Management fee charged to subsidiaries for certain administrative services	-	-	6,155	6,392
Service charge from fellow subsidiaries for certain administrative services	(199)	(182)	-	(27)
Management charge from RAR for certain administrative services	(16)	(1,232)	(10)	(1,232)
Dividend received from subsidiaries	-	-	760	1,500
Interest received on loans to Group companies	-	1	3,106	1,310
Interest paid on loans from Group companies	(646)	(166)	(426)	(80)
	(861)	(1,579)	9,585	7,863

32. Commitments for expenditure

As at 31st December 2023 the Company is committed to purchase 402,700 therms of gas in 2024 at a value of £570,030 an average rate of £1.42 per therm (2022: 368,000 therms of gas in 2023 at a value of £1,277,105, an average rate of £3.47 per therm).

In addition, the following capital commitments existed at the year-end:

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
For the acquisition of property, plant and equipment	2,416	2,886	842	1,109

33. Contingent assets and contingent liabilities

The Group has no contingent assets or liabilities (2022: £Nil).

34. Events after the reporting period

There are no events after the reporting period that require disclosure in these Financial Statements.