

Company registration number 01180441 (England and Wales)

**HILL BROTHERS (CHICHESTER) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2023**



3 Acorn Business Centre  
Northarbour Road  
Cosham  
Portsmouth  
Hampshire  
PO6 3TH

**HILL BROTHERS (CHICHESTER) LIMITED**

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**HILL BROTHERS (CHICHESTER) LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	Mr. K Hill Mr. P Hill Mr. G Hill
<b>Company number</b>	01180441
<b>Registered office</b>	Lagness Road Runcton Chichester West Sussex United Kingdom PO20 1NL
<b>Auditors</b>	TC Group 3 Acorn Business Centre Northarbour Road Cosham Portsmouth Hampshire PO6 3TH
<b>Business address</b>	Lagness Road Runcton Chichester West Sussex United Kingdom PO20 1NL

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**HILL BROTHERS (CHICHESTER) LIMITED**

**STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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The directors are pleased to present their report and financial statements for the year ended 31st December 2023.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company's principal activity remained the production and sale of flowering and tropical houseplants. The financial results for the year show a pre-tax loss of £279,995 (2022: loss £134,264) on sales of £11,255,667 (2022: £10,819,249). The customer base continued to include major UK multiples, garden centres, and online direct-to-consumer (D2C) sales. 2023 was challenging due to weaker demand for some product lines and technical issues related to transitioning to peat-free foliage plants. Despite inflationary pressures easing in the latter part of the year, the overall results did not meet expectations.

**FUTURE OUTLOOK**

The outlook for 2024 and beyond is positive for the indoor foliage market. The reduced demand in 2023 was partly due to inflationary pressures on consumers, affecting product line demand and margins. However, improvements in the second half of the year have provided a solid foundation for 2024.

The online D2C market remains subdued, with higher conversion costs eroding margins. Conversely, garden centre demand grew in 2023 as new customers sought local, sustainable, peat-free supplies. We anticipate continued growth in this market through 2024 and beyond.

Foreign exchange fluctuations were minimal in 2023, with a slight upward trend that may help offset rising import costs in 2024. Industry-wide pressures, including labour challenges and the transition to peat-free production, have seen improvements, providing a more stable outlook.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks remain unchanged, including fluctuations in exchange rates, shifts in consumer demand and geopolitical uncertainties affecting trading routes putting pressure on shipping rates.

**HILL BROTHERS (CHICHESTER) LIMITED**

**STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2023***

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**DEVELOPMENT AND PERFORMANCE**

In 2023, the company focused on expanding its foliage product range to cater to diverse market segments. Emphasis on quality and variety has strengthened trading relationships. Streamlining production processes and improving efficiencies have enhanced performance in the latter half of the year.

On behalf of the board

Mr. P Hill  
**Director**

10 September 2024

**HILL BROTHERS (CHICHESTER) LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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The directors present their annual report and financial statements for the year ended 31 December 2023.

**Results and dividends**

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

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

**Directors**

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

Mr. K Hill  
Mr. P Hill  
Mr. G Hill

**Auditor**

The auditor, TC Group, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

**Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

**Statement of disclosure to auditor**

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

**HILL BROTHERS (CHICHESTER) LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2023***

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On behalf of the board

Mr. P Hill

**Director**

10 September 2024

## HILL BROTHERS (CHICHESTER) LIMITED

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF HILL BROTHERS (CHICHESTER) LIMITED

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#### Opinion

We have audited the financial statements of Hill Brothers (Chichester) Limited (the 'company') for the year ended 31 December 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

We have nothing to report in this regard.



**HILL BROTHERS (CHICHESTER) LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF HILL BROTHERS (CHICHESTER) LIMITED**

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

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

**HILL BROTHERS (CHICHESTER) LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF HILL BROTHERS (CHICHESTER) LIMITED**

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Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the UK;
- We considered the nature of the industry, the control environment and business performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-re>

. This description forms part of our auditor's report.

**HILL BROTHERS (CHICHESTER) LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF HILL BROTHERS (CHICHESTER) LIMITED**

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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.

**Graham Figgins FCA (Senior Statutory Auditor)**  
**For and on behalf of TC Group**

**Statutory Auditor**

11 September 2024

Office: Portsmouth

HILL BROTHERS (CHICHESTER) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	Notes	£	£
<b>Turnover</b>	<b>3</b>	11,255,667	10,819,249
Cost of sales		(10,387,516)	(9,619,197)
<b>Gross profit</b>		868,151	1,200,052
Administrative expenses		(1,388,085)	(1,448,680)
Other operating income		350,830	145,346
<b>Operating loss</b>	<b>4</b>	(169,104)	(103,282)
Interest payable and similar expenses	<b>7</b>	(110,891)	(30,982)
<b>Loss before taxation</b>		(279,995)	(134,264)
Taxation	<b>8</b>	50,241	(43,835)
<b>Loss for the financial year</b>		(229,754)	(178,099)
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		(229,754)	(178,099)

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

The notes on pages 13 to 24 form part of these financial statements

HILL BROTHERS (CHICHESTER) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		56,655		-
Tangible assets	10		2,550,955		2,489,950
			<u>2,607,610</u>		<u>2,489,950</u>
<b>Current assets</b>					
Stocks	11	1,514,707		1,564,327	
Debtors	12	2,052,179		1,492,051	
Cash at bank and in hand		7,015		28,207	
			<u>3,573,901</u>		<u>3,084,585</u>
<b>Creditors: amounts falling due within one year</b>	13	(2,656,814)		(1,946,471)	
			<u>917,087</u>		<u>1,138,114</u>
<b>Net current assets</b>			<u>917,087</u>		<u>1,138,114</u>
<b>Total assets less current liabilities</b>			<u>3,524,697</u>		<u>3,628,064</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(868,947)		(678,786)
<b>Provisions for liabilities</b>	15		(299,386)		(349,627)
			<u>2,356,364</u>		<u>2,599,651</u>
<b>Net assets</b>			<u><u>2,356,364</u></u>		<u><u>2,599,651</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		102,288		102,960
Capital redemption reserve			2,540		1,868
Profit and loss reserves			2,251,536		2,494,823
			<u>2,356,364</u>		<u>2,599,651</u>
<b>Total equity</b>			<u><u>2,356,364</u></u>		<u><u>2,599,651</u></u>

The financial statements were approved by the board of directors and authorised for issue on 10 September 2024 and are signed on its behalf by:

Mr. P Hill  
Director

Mr. G Hill  
Director

Company Registration No. 01180441

The notes on pages 13 to 24 form part of these financial statements

HILL BROTHERS (CHICHESTER) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2022</b>		103,632	1,196	2,686,455	2,791,283
<b>Year ended 31 December 2022:</b>					
Loss and total comprehensive income for the year		-	-	(178,099)	(178,099)
Redemption of shares	<b>17</b>	(672)	672	(13,533)	(13,533)
<b>Balance at 31 December 2022</b>		102,960	1,868	2,494,823	2,599,651
<b>Year ended 31 December 2023:</b>					
Loss and total comprehensive income for the year		-	-	(229,754)	(229,754)
Redemption of shares	<b>17</b>	(672)	672	(13,533)	(13,533)
<b>Balance at 31 December 2023</b>		102,288	2,540	2,251,536	2,356,364

HILL BROTHERS (CHICHESTER) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	20				
			(383,810)		467,128
Interest paid			(110,891)		(30,982)
Income taxes refunded/(paid)			31,782		(29,111)
<b>Net cash (outflow)/inflow from operating activities</b>			<b>(462,919)</b>		<b>407,035</b>
<b>Investing activities</b>					
Purchase of intangible assets		(59,118)		-	
Purchase of tangible fixed assets		(290,816)		(945,439)	
<b>Net cash used in investing activities</b>			<b>(349,934)</b>		<b>(945,439)</b>
<b>Financing activities</b>					
Redemption of shares		(13,533)		(13,533)	
Proceeds of new loans		350,752		700,000	
Repayment of bank loans		(106,151)		(87,776)	
Payment of hire purchase obligations		(56,053)		(10,710)	
<b>Net cash generated from financing activities</b>			<b>175,015</b>		<b>587,981</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(637,838)</b>		<b>49,577</b>
Cash and cash equivalents at beginning of year			(202,874)		(252,451)
<b>Cash and cash equivalents at end of year</b>			<b>(840,712)</b>		<b>(202,874)</b>
<b>Relating to:</b>					
Cash at bank and in hand			7,015		28,207
Bank overdrafts included in creditors payable within one year			(847,727)		(231,081)

The notes on pages 13 to 24 form part of these financial statements

**HILL BROTHERS (CHICHESTER) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1 Accounting policies**

**Company information**

Hill Brothers (Chichester) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Lagness Road, Runcton, Chichester, West Sussex, United Kingdom, PO20 1NL.

**1.1 Accounting convention**

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

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

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

**1.2 Going concern**

These financial statements are prepared on the going concern basis. The Directors have considered the position of the company for a period of 12 months from the date of signing these accounts. As a result of this review the Directors are satisfied that the company will be in a position for a period of at least 12 months to meet its debt as they fall due.

**1.3 Turnover**

Turnover comprises the invoice value of sales of goods carried out in the year, excluding value added tax, and is only recognised on the day the plants are delivered to customers.

**1.4 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Website Development Costs	25% Straight Line
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**HILL BROTHERS (CHICHESTER) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1 Accounting policies (Continued)**

**1.5 Tangible fixed assets**

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

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

Land and buildings Freehold	4% straight line, no depreciation is charged on land
Plant and machinery	10/25% reducing balance
Office equipment	33% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1.6 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**1.7 Stocks**

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

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

**1.8 Cash and cash equivalents**

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

HILL BROTHERS (CHICHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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**1 Accounting policies** **(Continued)**

**1.9 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Impairment of financial assets***

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

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

***Classification of financial liabilities***

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

Basic financial liabilities, including creditors and bank loans that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

**1.10 Equity instruments**

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

HILL BROTHERS (CHICHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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1 Accounting policies (Continued)

1.11 Taxation

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

*Current tax*

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

*Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.13 Retirement benefits

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

1.14 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

HILL BROTHERS (CHICHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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1 Accounting policies (Continued)

1.15 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

In the opinion of the directors there are no significant judgements or areas of estimation uncertainty.

**Critical judgements**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

**Stock wastage provision**

A stock provision is included within the financial statements to account for the wasted growing stock. The provision is calculated based on prior year wastage levels.

**Valuation of growing stock**

The valuation of growing stock includes costs directly related to the units of production, such as direct labour and production overheads such as heat/electricity. The amounts allocated to each plant is based on normal capacity of production expected to be achieved under normal circumstances. An absorption rate has been set for each week a different type of plant is grown in the greenhouses.

3 Turnover and other revenue

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

	2023	2022
	£	£
United Kingdom	11,255,667	10,819,249

**HILL BROTHERS (CHICHESTER) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**4 Operating loss**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(12,778)	30,866
Fees payable to the company's auditors for the audit of the company's financial statements	7,000	6,600
Depreciation of owned tangible fixed assets	178,869	164,788
Depreciation of tangible fixed assets held under hire purchase	50,942	11,959
Amortisation of intangible assets	2,463	-
	<u>                    </u>	<u>                    </u>

**5 Employees**

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

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Number of production staff	31	33
Number of administrative staff	14	16
	<u>                    </u>	<u>                    </u>
Total	45	49
	<u>                    </u>	<u>                    </u>

Their aggregate remuneration comprised:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,398,407	2,252,391
Social security costs	150,122	159,157
Pension costs	38,837	37,343
	<u>                    </u>	<u>                    </u>
	<u>2,587,366</u>	<u>2,448,891</u>

HILL BROTHERS (CHICHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6 Directors' remuneration	2023	2022
	£	£
Remuneration for qualifying services	163,970	177,889
Company pension contributions to defined contribution schemes	5,250	5,250
	<u>169,220</u>	<u>183,139</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 1).

7 Interest payable and similar expenses	2023	2022
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	109,009	29,930
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	1,882	1,052
	<u>110,891</u>	<u>30,982</u>

8 Taxation	2023	2022
	£	£
<b>Current tax</b>		
Tax losses carried back	-	(31,807)
	<u>-</u>	<u>(31,807)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(50,241)	(8,268)
Changes in tax rates	-	83,910
	<u>(50,241)</u>	<u>75,642</u>
Total deferred tax	<u>(50,241)</u>	<u>75,642</u>
Total tax (credit)/charge	<u>(50,241)</u>	<u>43,835</u>

HILL BROTHERS (CHICHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

8 Taxation (Continued)

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

	2023	2022
	£	£
Loss before taxation	(279,995)	(134,264)
	<u>          </u>	<u>          </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	(65,855)	(25,510)
Tax effect of expenses that are not deductible in determining taxable profit	3,790	10,034
Deferred tax adjustments in respect of prior years	16,449	-
Differences arising from changes in future effective tax rates	(4,536)	83,910
Enhanced Capital Allowances	(89)	(24,599)
	<u>          </u>	<u>          </u>
Taxation (credit)/charge for the year	(50,241)	43,835
	<u>          </u>	<u>          </u>

Deferred tax assets and liabilities are calculated using the future rate of corporation tax of 25% applicable from from 1 April 2023, in order to accurately reflect the prevailing rate which is expected to apply at the time of the the reversal of timing differences.

9 Intangible fixed assets

	Website Development Costs
	£
<b>Cost</b>	
At 1 January 2023	-
Additions	59,118
	<u>          </u>
At 31 December 2023	59,118
	<u>          </u>
<b>Amortisation and impairment</b>	
At 1 January 2023	-
Amortisation charged for the year	2,463
	<u>          </u>
At 31 December 2023	2,463
	<u>          </u>
<b>Carrying amount</b>	
At 31 December 2023	56,655
	<u>          </u>
At 31 December 2022	-
	<u>          </u>

HILL BROTHERS (CHICHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

10 Tangible fixed assets

	Land and buildings Freehold	Assets under construction	Plant and machinery	Office equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2023	555,974	917,912	4,879,351	50,361	190,799	6,594,397
Additions	154,898	122,320	4,788	8,810	-	290,816
Transfers	396,094	(917,912)	521,818	-	-	-
At 31 December 2023	1,106,966	122,320	5,405,957	59,171	190,799	6,885,213
<b>Depreciation and impairment</b>						
At 1 January 2023	170,082	-	3,706,329	37,237	190,799	4,104,447
Depreciation charged in the year	36,556	-	182,976	10,279	-	229,811
At 31 December 2023	206,638	-	3,889,305	47,516	190,799	4,334,258
<b>Carrying amount</b>						
At 31 December 2023	900,328	122,320	1,516,652	11,655	-	2,550,955
At 31 December 2022	385,892	917,912	1,173,022	13,124	-	2,489,950

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

	2023 £	2022 £
Plant and machinery	402,746	13,891
<b>11 Stocks</b>		
	2023 £	2022 £
Stock	1,514,707	1,564,327



HILL BROTHERS (CHICHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

12 Debtors

	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	1,774,703	1,341,790
Corporation tax recoverable	-	31,782
Other debtors	218,438	43,949
Prepayments and accrued income	59,038	74,530
	<u>2,052,179</u>	<u>1,492,051</u>

13 Creditors: amounts falling due within one year

	2023	2022
	£	£
Loans and overdrafts	910,880	358,788
Hire purchase agreements	73,099	10,158
Trade creditors	1,057,085	1,042,147
Other taxation and social security	357,534	282,404
Other creditors	1,093	4,333
Accruals and deferred income	257,123	248,641
	<u>2,656,814</u>	<u>1,946,471</u>

Bank loans and overdrafts are secured by a fixed charge over the freehold property and a fixed and floating charge over all the other assets held by the company.

Hire purchase liabilities are secured on the assets to which they relate.

14 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Loans and overdrafts	635,614	677,211
Hire purchase agreements	233,333	1,575
	<u>868,947</u>	<u>678,786</u>

Bank loans and overdrafts are secured by a fixed charge over the freehold property and a fixed and floating charge over all the other assets held by the company.

Hire purchase liabilities are secured on the assets to which they relate.

HILL BROTHERS (CHICHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

15 Provisions for liabilities

	2023	2022
	£	£
Deferred tax accelerated capital allowances	299,386	349,627
	<u>299,386</u>	<u>349,627</u>
		<b>2023</b>
Movements in the year:		<b>£</b>
Liability at 1 January 2023		349,627
Credit to profit and loss		(50,241)
		<u>299,386</u>
Liability at 31 December 2023		<u><u>299,386</u></u>

16 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	38,837	37,343
	<u>38,837</u>	<u>37,343</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
<b>Ordinary share capital issued and fully paid</b>				
Ordinary A of £1 each	47,110	47,110	47,110	47,110
Ordinary B of £1 each	47,110	47,110	47,110	47,110
Ordinary C of £1 each	8,068	8,740	8,068	8,740
	<u>102,288</u>	<u>102,960</u>	<u>102,288</u>	<u>102,960</u>
	<u><u>102,288</u></u>	<u><u>102,960</u></u>	<u><u>102,288</u></u>	<u><u>102,960</u></u>

During the period the company purchased 672 Ordinary C shares for £13,533. These shares were then cancelled on 22/06/2023.

HILL BROTHERS (CHICHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

18 Directors' transactions

The directors maintain a loan account with the company. At the year end the directors owed £4,626 (2022 - £1,788 ).

19 Ultimate controlling party

The company was under the control of the directors, Mr K Hill, Mr P Hill and Mr G Hill throughout the current and previous year.

20 Cash generated from operations

	2023	2022
	£	£
Loss for the year after tax	(229,754)	(178,099)
<b>Adjustments for:</b>		
Taxation (credited)/charged	(50,241)	43,835
Finance costs	110,891	30,982
Amortisation and impairment of intangible assets	2,463	-
Depreciation and impairment of tangible fixed assets	229,811	176,747
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	49,620	(257,982)
(Increase)/decrease in debtors	(591,910)	1,169,671
Increase/(decrease) in creditors	95,310	(518,026)
<b>Cash (absorbed by)/generated from operations</b>	<b>(383,810)</b>	<b>467,128</b>

21 Analysis of changes in net debt

	1 January 2023	Cash flows	New hire purchases	31 December 2023
	£	£	£	£
Cash at bank and in hand	28,207	(21,192)	-	7,015
Bank overdrafts	(231,081)	(616,646)	-	(847,727)
	(202,874)	(637,838)	-	(840,712)
Borrowings excluding overdrafts	(804,918)	106,151	-	(698,767)
Obligations under hire purchase	(11,733)	56,053	(350,752)	(306,432)
	(1,019,525)	(475,634)	(350,752)	(1,845,911)

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