

Company registration number 03394705 (England and Wales)

APS PRODUCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

APS PRODUCE LIMITED

COMPANY INFORMATION

Directors	D K Hoult J P Harris	(Appointed 19 April 2023)
Secretary	D K Hoult	
Company number	03394705	
Registered office	Unit 1 Chichester Food Park Bognor Road Chichester West Sussex PO20 1NW	
Auditor	Afford Bond Holdings Limited Enterprise House 97 Alderley Road Wilmslow Cheshire SK9 1PT	
Business address	Unit 1 Chichester Food Park Bognor Road Chichester West Sussex PO20 1NW	

APS PRODUCE LIMITED

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APS PRODUCE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present the strategic report for the year ended 31 December 2023.

Fair review of the business

The results for the year and the financial position at the year-end are shown in the annexed financial statements.

The company's main trade is the production, distribution and selling of tomatoes and other fresh produce. The directors consider that the key performance indicators are those that communicate the financial performance and strength of the company as a whole, being turnover, gross profit & shareholder funds. The directors also consider that the wellbeing and development of the company's employees, together with the development of mutually beneficial partnerships with customers and suppliers to be key to the success of the business.

In December 2022 P3P Partners LLP, our main energy supplier, who have energy centres on our growing sites and supply heat and Co2 to our greenhouses, acquired the majority of the share capital of the group. Since the acquisition they have continued to invest substantial funds into the APS, in order to support the group's performance turnaround and seasonal cashflow needs. P3P have committed to continue to support the group over the following 12 months and beyond. Since the acquisition, P3P have strengthened the senior management team, through the appointment of key individuals with appropriate industry experience into senior management positions.

In March 2024, as a post balance sheet event and as a further indication of their ongoing support to APS, P3P provided a further £15m subscription for equity in A Pearson Holdings Limited, substantially improving the overall balance sheet position of A Pearson Holdings Limited and its subsidiaries.

The directors are confident that the measures taken as described above, which secures the groups future for the foreseeable future, together with working closely with our customers, suppliers and key stakeholders to build and grow the business, will ensure that the group will continue to prosper into the future.

The operating performance in 2023 improved from a restated loss of (£9,156,975) in 2022 to (£6,156,887) loss in 2023

The results for the period and the financial position at the period end, were considered to be satisfactory by the directors, who anticipate improved profitable trading, as the initiatives to build and grow the business take effect.

The sector that the company operates in continues to be extremely competitive, with margins under continued pressure. Market spending and changing economic patterns, can easily affect the industry, along with dependency on the weather and the general climate. With these risks and uncertainties in mind, the directors are aware that any plans for the future development of the company may be subject to unforeseen events outside of their control.

Principal risks and uncertainties

The Board acknowledges the risks from competitors, the reliance on key suppliers and customers and the funding requirement to maintain its operational efficiency. The Board seeks to minimise these risks wherever possible and they are regularly reviewed through management reporting and planning processes.

Development and performance

The Directors expect the general level of activity to increase in 2024 following the impact of Covid 19 and to recover steadily in the future in line with the company's plan from growth and expansion.

Key Performance indicators

The Directors do not believe there are any further relevant financial and non-financial key performance indicators requiring disclosure, other than those disclosed above.

APS PRODUCE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Promoting the success of the company

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This S172 statement explains how the Company Directors perform their duties whilst taking into consideration the following :

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

The board directors of the Company ("the Board") is collectively responsible for managing the affairs of the Company to achieve its long-term prosperity by making important decisions, monitoring the underlying performance of the Company, as well as being a means for establishing ethical standards. Understanding the interests of key stakeholders is an important part of the Company's strategy and helps inform the directors' decision making process throughout the year.

Business Decisions

Board meetings are held as required where the directors will consider the Company's principal activities and make decisions. Meetings are scheduled to provide adequate time for consideration and discussion by the directors of the interests of stakeholders, and for the directors to seek further information from management, as required. As a part of those meetings, the directors receive information in a range of different formats to assist them in discharging their responsibilities under Section 172 when making relevant decisions. This information may include reports and presentations on financial and operational performance, business updates, budget planning and forecasts, HR matters, as well as specific areas of engagement, such as employee opinion surveys. When making decisions, the Board seeks to understand the impact on each of its stakeholders, including the likely consequences of a decision in the long term, whilst acknowledging that a decision will not necessarily be favourable for all stakeholders, as there may be competing interests between them.

APS PRODUCE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Business Relationships

The Company follows a range of group-wide policies that protect employees and provide a safe working environment, to ensure compliance with all regulatory requirements and adherence to the highest professional and ethical standards in dealing with customers, suppliers and colleagues, as well as ensuring that it continues to be cognisant of its social and environmental responsibilities. In doing so, and by balancing the interests of the Company's stakeholders when making decisions, the Board seeks to maintain a reputation for high standards of business conduct.

Corporate Social Responsibility

This is important to the Company and it undertakes many initiatives in the area. The Board recognises the relevance of leading the company in such a way that it contributes to wider society.

Customers & Partners

The needs and interests of our customers and partners are at the heart of our business and critical to our long-term success. As such, central to all decision-making is understanding how our actions can help them and their businesses thrive. Our key stakeholder priorities are listed below.

- A customer-led proposition
- A focus on treating customers fairly
- Strong personal relationships and specialist expertise
- Consistent and supportive customer service whatever the market conditions
- A responsive service with solutions that are flexible and executed with speed

How and when we engage with our customers and partners is very important to the Company. We ensure that we consistently deliver a high-quality service to our customers and partners through expert teams which are core to our business model. We ensure this is built around the needs of our customers and partners and is aligned to our customer principles by seeking feedback from customers.

Employees

The Board recognises the importance of the contribution made by our employees, who deliver the highest levels of service for our customers and partners. Engagement with employees helps to attract, build and retain a high calibre talent pool and ensure that our employees remain enthusiastic about their work and their organisation. Regularly listening to employees' feedback ensures they feel valued with their views recognised and acted upon. Our key stakeholder priorities are listed below.

- A safe working environment
- A fair, supportive, diverse and inclusive culture where employee feedback is valued
- A commitment to invest in training and development
- Ensuring appropriate rewards for their contributions

Engagement with our colleagues takes place daily through line managers at all levels in the company. Regular employee opinion surveys are undertaken and closely monitored and management frequently hold employment engagement activities to provide updates on business performance and gather real time feedback, which is listened to and acted upon. Training and mentoring programmes are in place where needed to support the development of all employees.

APS PRODUCE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Culture and Values

The Company's culture is characterised by clear responsibility, mutual respect and trust. Lawful conduct and fair competition are integral to its business activities and an important condition for maintaining a reputation for high standards of business conduct securing long term success.

Suppliers

Our business is supported by a large number of suppliers and advisors, enabling us to provide high standards of produce and service to our customers and partners. Engagement with our suppliers enables the business to develop and maintain long-term and sustainable relationships. This engagement also helps enable our suppliers to better understand and align to our key policies and procedures and operate responsibly. Our key stakeholder priorities are listed below.

- Appropriate and clear payment procedures
- Strong and sustainable relationships with the Company
- Fair and equitable conduct of business

Environment & Community

The Company prides itself in taking the best traditional and modern growing techniques to grow high quality, delicious tomatoes in the most environmentally friendly and sustainable way possible. APS is a genuinely innovative and forward thinking business. Sustainability runs through all aspects of our business, from energy saving, recycling and resource-sharing policies in our offices, employee orientation and social commitment. Listed below are the innovations currently used by the Group to help improve its carbon footprint whilst carrying out its business activities.

Waste management

The Company has worked with industry experts and specialist universities to develop a unique, innovative anaerobic digestion (AD) plant that converts tomato crop's leaf waste into valuable by-products that are used in its tomato growing operation. These include bio-plastics and leaf fibre cellulose, which is used in the manufacture of packaging film and punnets to pack our tomatoes for sale. This is an elegant and innovative solution to a waste management problem.

APS PRODUCE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Energy Efficiency

Energy efficiency is central to any successful glasshouse business. On our growing sites we use Combined Heat and Power Plant (CHP) engines. These use natural gas to produce electricity, which is fed into the local electricity grid (powering over 200,000 homes). The waste heat is then used to warm the tomato plants in our glasshouses and the waste carbon dioxide produced is used to help nourish them.

Thermal storage tanks work in tandem with the CHP systems which operate in the day when demand for carbon dioxide is at its highest electricity is required by the National Grid, and the crop doesn't require heat. When the sun goes down, the hot water stored in our thermal storage tanks is pumped back into the glasshouses, to keep the crop warm without the need to utilise a boiler.

Our glasshouses are fitted with thermal screens which are automatically closed each day, just as the sun is setting. These automatic curtains close above and around the crop, capturing the final solar energy before nightfall. This maintains the required temperature for the tomato plants through the night whilst using less energy.

At our Alderley Edge nursery the surplus heat from cooling the tomatoes is used to warm the irrigation water, saving 40% of electricity usually used to cool the fruit and heat the irrigation water. Additionally, this innovation improves fruit quality and crop production at the same time.

LED Supplementary Lighting

Light Emitting Diodes use very little electricity, and we only utilise the wavelengths of light that the plants require, ensuring maximum energy efficiency, allowing us to grow all year round with no compromise in flavour.

Irrigation

APS recognises that water is one of our most precious and essential natural resources. Therefore, we ensure our processes make the most of every single drop, most of our tomato crops are grown hydroponically – a highly efficient way of growing when considering resource management. Hydroponic crops are grown in substrates and drip fed through a computer controlled irrigation system delivering precisely what the plant requires.

On behalf of the board

D K Houlton
Director

18 December 2024

APS PRODUCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Principal activities

The principal activity of the company continued to be that of the production, distribution and supply of fruit and vegetables.

Results and dividends

The results for the year are set out on page 15.

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:

P Pearson	(Resigned 19 April 2023)
M A Pearson	(Resigned 3 May 2023)
J E Phibbs	(Resigned 19 April 2023)
P R Thomas	(Resigned 19 April 2023)
P Allen	(Appointed 19 April 2023 and resigned 12 March 2024)
D K Hoult	(Appointed 19 April 2023)
J P Harris	
A Bartho	(Appointed 26 March 2024 and resigned 9 September 2024)

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

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

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

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APS PRODUCE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Future developments

The business fosters its relationship with customers by constant communication to ensure sufficient produce is available to satisfy their expected requirements over the short, medium and long-term and that the quality of the produce is to the required standard.

For suppliers the business is again in constant communication with all key suppliers to foster its relationship to ensure they can supply the expected produce on time and to the required quality, in addition supplier payments are made promptly and constant dialogue is maintained to ensure the suppliers have sufficient credit insurance.

Auditor

Afford Bond Holdings Limited were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

APS PRODUCE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Energy and carbon report

Sustainability remains a key part of our companies' approach and agenda. We are committed to continually reviewing our progress on our journey to be a more sustainable business and to highlight areas of improvement and setting targets to ensure we are "fit for the future". We do continually undertake several projects and initiatives on raising awareness both in our own company as well as the industry. We are exposed to several external factors such as labour & energy.

We work with our colleagues & service providers to promote, through our company's values, a great place to work, to be an employer and business of choice to our people and customers.

Reporting period

1 January 2023 – 31 December 2023

Quantification and Reporting Methodology

The 2019 UK Government environmental reporting (SECR) and the GHG Protocol are followed as guidelines, and UK GOV 2022 emissions factors are used to calculate carbon emissions.

Organisational boundary & Scopes

We have used the operational control approach.

Scope 1 and 2 emissions are calculated based on relevant guidance available.

We are not yet able to report on all material Scope 3 categories due to lack of data or the low quality of the data available.

Base Year

Our baseline year is 2020 as this is the first year our dataset has been exclusively collated for carbon emissions calculation.

The pandemic in 2020 did have an impact on our operations and turnover, and some emission i.e business travel were certainly lower in 2020 than they will be in subsequent years.

Measurement

We have chosen to calculate the intensity ratio based on gross scope 1 and 2 emissions in tonnes of CO₂e per £ '000 of turnover.

Electricity

Electricity is purchased from the grid and, where available, from CHP plants on site.

Our Chichester packhouse generates a certain amount of renewable energy via a small solar array.

Heat Generation

Heat requirements are covered by CHP plants installed on the nurseries, which is currently the most efficient technology available to provide electricity, heat and CO₂ at the same time.

Emissions from purchased CHP heat (scope 2) are not reported, we are awaiting industry guidance on this.

Emissions and Energy Efficiency

The Group has systems in place to monitor energy use to ensure the most efficient operation of our machinery. In addition, certain areas have been externally audited to confirm if any further energy savings can be made.

Specific machinery has been updated to more energy efficient ones.

We have improved communication and internal reporting of carbon emissions to the senior management.

Correction of 2022 data

During an external energy audit in 2024, missing data and erroneous calculation were discovered in our historical energy use data which has affected the 2022 SECR calculation. This has been corrected for the 2022 data presented below.

APS PRODUCE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Emissions and Energy Efficiency

The Group has systems in place to monitor energy use to ensure the most efficient operation of our machinery. In addition, certain areas have been externally audited to confirm if any further energy savings can be made.

The sites have continued to install energy efficient LED lighting in production areas, where possible.

Specific machinery has been updated to more energy efficient ones.

	<u>Reporting year</u>	<u>Previous year</u>	<u>Unit</u>
	1 Jan 2023 - 31 Dec 2023	1 Jan 2022 – 31 Dec 2022	
<u>Energy consumption (S1 & S2)</u>			
	43760087.86	24580391.37	kWh
<u>Emissions</u>			
Emissions from combustion of gas (Scope 1)	3026	1058	tCO2e
Emissions from combustion of fuel for transport purposes (Scope 1)	674	789	tCO2e
Emissions from purchased electricity (Scope 2, location-based)	4756	3154	tCO2e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	16	16	tCO2e
Total gross CO2e based on above figures	8471	5017	tCO2e
Intensity ratio: per £100,000 revenue	0.0845	0.0411	tCO2e / £100,00
Methodology	GHG accounting & UK GOV conversion factors for 2023	GHG accounting & UK GOV conversion factors for 2022	

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.

APS PRODUCE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

On behalf of the board

D K Hout
Director

18 December 2024

APS PRODUCE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

APS PRODUCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APS PRODUCE LIMITED

Opinion

We have audited the financial statements of APS Produce 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 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

APS PRODUCE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF APS PRODUCE LIMITED

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.

Extent to which the audit was considered capable of disclosing 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

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

APS PRODUCE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF APS PRODUCE LIMITED

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.

Peter O'Malley ACA FCCA CTA (Senior Statutory Auditor)
for and on behalf of Afford Bond Holdings Limited

18 December 2024

Chartered Accountants
Statutory Auditor

Enterprise House
97 Alderley Road
Wilmslow
Cheshire
SK9 1PT

APS PRODUCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	Notes	£	as restated £
Turnover	4	101,187,601	115,800,480
Cost of sales		(91,705,284)	(114,022,784)
Gross profit		<u>9,482,317</u>	<u>1,777,696</u>
Administrative expenses		(15,867,697)	(11,154,262)
Other operating income		228,493	219,591
Operating loss	6	<u>(6,156,887)</u>	<u>(9,156,975)</u>
Interest payable and similar expenses	9	(940,097)	295,670
Loss before taxation		<u>(7,096,984)</u>	<u>(8,861,305)</u>
Taxation	10	4,600,944	558,849
Loss for the financial year		<u>(2,496,040)</u>	<u>(8,302,456)</u>
Total comprehensive income for the year		<u><u>(2,496,040)</u></u>	<u><u>(8,302,456)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

APS PRODUCE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2023

		2023		2022 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		22,445,347		18,643,947
Investments	12		200,000		200,000
			<u>22,645,347</u>		<u>18,843,947</u>
Current assets					
Stocks	14	5,740,514		4,724,228	
Debtors	15	14,676,862		19,860,453	
Cash at bank and in hand		826,251		137,523	
		<u>21,243,627</u>		<u>24,722,204</u>	
Creditors: amounts falling due within one year	16	<u>(21,043,884)</u>		<u>(29,493,719)</u>	
Net current assets/(liabilities)			<u>199,743</u>		<u>(4,771,515)</u>
Total assets less current liabilities			<u>22,845,090</u>		<u>14,072,432</u>
Creditors: amounts falling due after more than one year	17		<u>(21,684,817)</u>		<u>(10,416,119)</u>
Net assets			<u>1,160,273</u>		<u>3,656,313</u>
Capital and reserves					
Called up share capital	22		31,940,597		31,940,597
Revaluation reserve			152,482		152,482
Profit and loss reserves			<u>(30,932,806)</u>		<u>(28,436,766)</u>
Total equity			<u>1,160,273</u>		<u>3,656,313</u>

The financial statements were approved by the board of directors and authorised for issue on 18 December 2024 and are signed on its behalf by:

D K Hout
Director

Company registration number 03394705 (England and Wales)

APS PRODUCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
As restated for the period ended 31 December 2022:				
Balance at 1 January 2022	31,940,597	152,482	(20,134,310)	11,958,769
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(8,302,456)	(8,302,456)
Balance at 31 December 2022	31,940,597	152,482	(28,436,766)	3,656,313
Year ended 31 December 2023:				
Loss and total comprehensive income for the year	-	-	(2,496,040)	(2,496,040)
Balance at 31 December 2023	<u>31,940,597</u>	<u>152,482</u>	<u>(30,932,806)</u>	<u>1,160,273</u>

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

APS Produce Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1, Chichester Food Park, Bognor Road, Chichester, West Sussex, PO20 1NW.

1.1 Accounting convention

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

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

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

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of A Pearson Holdings Limited. These consolidated financial statements are available from its registered office, Unit 1 Chichester Food Park , Bognor Road , Chichester , West Sussex , PO20 1NW.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

APS Produce Limited is a wholly owned subsidiary of A Pearson Holdings Limited and the results of APS Produce Limited are included in the consolidated financial statements of A Pearson Holdings Limited which have been lodged with Companies House and can be obtained from the registered office address.

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

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

1.3 Going concern

To assess the liquidity and solvency of the Group the directors regularly review the cash flows both in the short and medium term, have a thorough approach to managing the working capital and hold regular reviews with each operating unit which includes an assessment of any bad debt risk or inventory impairment concerns. This is supported by regular monitoring of key performance indicators

In December 2022 P3P Partners LLP, the Group's main energy supplier, who have energy centres on the Group's growing sites and supply heat and Co2 to the Group's greenhouses, acquired the majority of the share capital of the group. Since the acquisition they have invested substantial funds into the group, in order to support the group's cash flow needs and have committed to continue to support the group over the following 12 months and beyond.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the production, distribution of fruit and vegetables and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rent receivable and sundry income are recognised in accordance with the contractual terms, as applicable, when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably.

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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 Leasehold	2%-10% per annum straight line
Plant and machinery	5%-33.33% per annum straight line
Fixtures, fittings & equipment	10%-33.33% per annum straight line
Motor vehicles	15%-25% per annum 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 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.7 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

1.8 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.

Cost is calculated using weighted average method.

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.

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

1.9 Cash and cash equivalents

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

1.10 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.

Other financial assets

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

Loans and receivables

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

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

Impairment of financial instruments

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. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

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

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

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.

Derecognition of financial liabilities

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 Taxation

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

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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.

1.16 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.17 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

2 Prior period adjustment

In prior years, Finance lease interest was recognised on the basis of interest implicit in the lease. In the year ended 31 December 2023, following a review of these transactions, the Directors consider it fairer to align the finance lease calculations with P3P accounting policies so that within the broader group the treatment is mirrored.

The effect on the financial statements is reflected in note 29.

3 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.

4 Turnover

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

	2023	2022
	£	£
Turnover analysed by class of business		
Sale of goods	101,187,601	115,800,480
	<u>101,187,601</u>	<u>115,800,480</u>
	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	101,187,601	115,800,480
	<u>101,187,601</u>	<u>115,800,480</u>

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	17,352	15,458
	<u>17,352</u>	<u>15,458</u>

6 Operating loss

	2023	2022
	£	£
Operating loss for the year is stated after charging:		
Exchange losses/(gains)	415,748	(454,579)
Research and development costs	80,862	57,012
Depreciation of owned tangible fixed assets	1,953,612	1,494,536
Restatement of fixed assets	-	4,733,049
Amortisation of intangible assets	7,158	55,299
Operating lease charges	1,322,772	1,191,741
	<u>1,322,772</u>	<u>1,191,741</u>

The amortisation of intangible assets is included within administration expenses.

7 Employees

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

	2023	2022
	Number	Number
Management and administration	55	50
Production and packing	296	279
Total	<u>351</u>	<u>329</u>

Their aggregate remuneration, including agency labour, comprised:

	2023	2022
	£	£
Wages and salaries	20,593,717	19,644,547
Pension costs	278,445	258,835
	<u>20,872,162</u>	<u>19,903,382</u>

8 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	<u>97,446</u>	<u>-</u>

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	25,857	292,033
Interest on invoice finance arrangements	527,413	362,880
Other interest	386,827	(950,583)
	<u>940,097</u>	<u>(295,670)</u>

10 Taxation

	2023	2022
	£	£
Deferred tax		
Origination and reversal of timing differences	(4,600,944)	(558,849)
	<u>(4,600,944)</u>	<u>(558,849)</u>

The actual credit 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	(7,096,984)	(8,861,305)
Expected tax credit based on the standard rate of corporation tax in the UK of 23.50% (2022: 19.00%)	(1,667,791)	(1,683,648)
Tax effect of expenses that are not deductible in determining taxable profit	-	204,004
Tax effect of utilisation of tax losses not previously recognised	-	(78,123)
Permanent capital allowances in excess of depreciation	1,667,791	1,876,886
Deferred taxation	(4,600,944)	(558,849)
Taxation credit for the year	<u>(4,600,944)</u>	<u>(558,849)</u>

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

11 Intangible fixed assets	Goodwill £	Software £	Total £
Cost			
At 1 January 2023	143,000	1,337,135	1,480,135
Disposals	-	(1,337,135)	(1,337,135)
	<u>143,000</u>	<u>-</u>	<u>143,000</u>
At 31 December 2023	143,000	-	143,000
Amortisation and impairment			
At 1 January 2023	143,000	1,337,135	1,480,135
Amortisation charged for the year	-	7,158	7,158
Disposals	-	(1,344,293)	(1,344,293)
	<u>143,000</u>	<u>-</u>	<u>143,000</u>
At 31 December 2023	143,000	-	143,000
Carrying amount			
At 31 December 2023	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2022	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
12 Fixed asset investments			
	Notes	2023 £	2022 £
Investments in subsidiaries	28	200,000	200,000
		<u>200,000</u>	<u>200,000</u>

The company has not designated any financial assets that are not classified as financial assets at fair value through profit or loss.

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2023	13,302,269	16,680,960	3,946,821	69,956	34,000,006
Additions	5,856,559	545,156	156,292	92,889	6,650,896
Prior year adjustment re leases	1,550,681	-	-	-	1,550,681
Disposals	-	(72,660)	-	-	(72,660)
Transfers	8,511,004	(8,511,004)	-	-	-
At 31 December 2023	29,220,513	8,642,452	4,103,113	162,845	42,128,923
Depreciation and impairment					
At 1 January 2023	3,844,344	8,760,161	2,681,598	69,956	15,356,059
Depreciation charged in the year	1,197,610	467,936	286,492	1,574	1,953,612
Eliminated in respect of disposals	(670,752)	(728)	-	-	(671,480)
PYA- additional depreciation	3,045,385	-	-	-	3,045,385
Transfers	2,250,747	(2,250,747)	-	-	-
At 31 December 2023	9,667,334	6,976,622	2,968,090	71,530	19,683,576
Carrying amount					
At 31 December 2023	19,553,179	1,665,830	1,135,023	91,315	22,445,347
At 31 December 2022	9,457,925	7,920,799	1,265,223	-	18,643,947

The carrying value of land and buildings comprises:

	2023 £	2022 £
Freehold	859,140	876,674
Long leasehold	18,694,039	8,581,251
	19,553,179	9,457,925

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	12,622,956	9,056,804
Fixtures, fittings & equipment	39,739	75,675
Other assets	3,431,678	6,045,899
	16,094,373	15,178,378

Land and buildings are carried at valuation. If land and buildings were measured using the cost model, the carrying amounts would have been approximately :

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 Tangible fixed assets	(Continued)	
	2023	2022
	£	£
Cost	3,960,000	3,960,000
Accumulated depreciation	(1,752,520)	(1,593,200)
Carrying value	<u>2,207,480</u>	<u>2,366,800</u>

14 Stocks	2023	2022
	£	£
Work in progress	4,082,707	3,125,060
Finished goods and goods for resale	1,657,807	1,599,168
	<u>5,740,514</u>	<u>4,724,228</u>

The replacement cost of the stock held would not be significantly different from the values stated.

15 Debtors	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	4,868,408	5,755,299
Amounts owed by group undertakings	94,860	12,089,686
Other debtors	4,257,925	1,057,973
Prepayments and accrued income	295,876	398,646
	<u>9,517,069</u>	<u>19,301,604</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 21)	<u>5,159,793</u>	<u>558,849</u>
Total debtors	<u>14,676,862</u>	<u>19,860,453</u>

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

16 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	18	3,333,028	4,271,931
Obligations under finance leases	19	1,117,507	7,636,210
Trade creditors		5,852,760	9,593,438
Amounts owed to group undertakings		-	1,953,045
Taxation and social security		639,916	407,238
Other creditors		4,198,466	1,314,498
Accruals and deferred income		5,902,207	4,317,359
		<u>21,043,884</u>	<u>29,493,719</u>

17 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Obligations under finance leases	19	13,875,439	10,416,119
Trade creditors		7,809,378	-
		<u>21,684,817</u>	<u>10,416,119</u>

18 Loans and overdrafts

	2023 £	2022 £
Bank overdrafts	<u>3,333,028</u>	<u>4,271,931</u>
Payable within one year	<u>3,333,028</u>	<u>4,271,931</u>

All present and future liabilities owed to Shawbrook Bank Limited are secured by a debenture dated 11 September 2023 creating a fixed and floating charge over the assets of the company, together with a cross guarantee between the companies within the group.

A £12m invoice finance facility provided by Shawbrook Bank Limited has been made available to the company, with any loan advances received from the bank being secured against trade debtors.

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

19 Finance lease obligations

	2023	2022
	£	£
Future minimum lease payments due under finance leases:		
Within one year	1,117,507	407,238
In two to five years	4,161,768	7,636,210
In over five years	9,713,671	10,008,881
	<u>14,992,946</u>	<u>18,052,329</u>

Finance lease payments represent rentals payable by the company for the site and certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 28 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Retirement benefit schemes

Defined contribution schemes

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.

The charge to profit and loss in respect of defined contribution schemes was £278,445 (2022: £258,835).

21 Deferred taxation

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

	Assets 2023	Assets 2022
	£	£
Balances:		
ACAs	87,384	-
Tax losses	5,072,409	558,849
	<u>5,159,793</u>	<u>558,849</u>
Movements in the year:		2023
		£
Liability/(Asset) at 1 January 2023		(558,849)
Credit to profit or loss		(4,600,944)
Liability/(Asset) at 31 December 2023		<u>(5,159,793)</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

22 Share capital

	2023	2022
	£	£
Ordinary share capital		
Issued and fully paid		
31,940,597 Ordinary shares of £1 each	31,940,597	31,940,597

23 Financial commitments, guarantees and contingent liabilities

The company is subject to a cross guarantee, which includes a fixed and floating charge over the company's assets, in connection with advances by Shawbrook Bank Limited to A Pearson Holdings Limited and its subsidiaries.

As at 31 December 2023, the gross indebtedness owing to Shawbrook Bank Limited by A Pearson Holdings Limited and its subsidiaries totalled £3.4 million (2022: £8.8 million).

24 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties. Leases are negotiated for an average term of 5 years.

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

	2023	2022
	£	£
Within one year	546,120	831,120
Between two and five years	2,184,480	2,184,480
In over five years	2,293,704	2,839,824
	<u>5,024,304</u>	<u>5,855,424</u>

25 Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions within the group involving wholly owned subsidiaries.

26 Events after the reporting date

In March 2024, as a post balance sheet event and as a further indication of their ongoing support to APS, P3P provided a further £15m subscription for equity in A Pearson Holdings Limited, substantially improving the overall balance sheet position of A Pearson Holdings Limited and its subsidiaries.

27 Ultimate controlling party

The ultimate parent company is P3P CEA Investments Limited (formerly APS Growth Holdings Limited) jointly controlled by some of its directors. No person has control of the company individually.

A Pearson Holdings Limited is the head of the group into which the entity is consolidated.

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

28 Subsidiaries

These financial statements are separate company financial statements for APS Produce Limited.

Separate company financial statements are required to be prepared by law. Consolidated financial statements for the group headed by A Pearson Holdings Limited are prepared and publicly available.

Details of the company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held		
			Direct	Indirect	
The Tomato Stall Limited	England and Wales	Tomato distribution	Ordinary	100	-

The investments in subsidiaries are all stated at cost.

29 Prior period adjustment

Changes to the balance sheet

	As previously reported £	Adjustment £	As restated at 31 Dec 2022 £
Creditors due within one year			
Finance leases	(699,161)	(6,937,049)	(7,636,210)
	=====	=====	=====
Capital and reserves			
Profit and loss reserves	(21,499,717)	(6,937,049)	(28,436,766)
	=====	=====	=====

Changes to the profit and loss account

	As previously reported £	Adjustment £	As restated £
Period ended 31 December 2022			
Administrative expenses	(6,421,213)	(4,733,049)	(11,154,262)
Interest payable and similar expenses	2,499,670	(2,204,000)	295,670
Loss for the financial period	(1,365,407)	(6,937,049)	(8,302,456)
	=====	=====	=====

APS PRODUCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

29 Prior period adjustment (Continued)

Reconciliation of changes in equity

	1 January 2022 £	31 December 2022 £
Adjustments to prior year		
Lease interest adjustment	-	(2,204,000)
Impairment of fixed asset	-	(4,733,049)
Total adjustments	-	(6,937,049)
Equity as previously reported	11,958,769	10,593,362
Equity as adjusted	11,958,769	3,656,313
Analysis of the effect upon equity		
Profit and loss reserves	-	(6,937,049)

Reconciliation of changes in loss for the previous financial period

	2022 £
Adjustments to prior year	
Lease interest adjustment	(2,204,000)
Impairment of fixed asset	(4,733,049)
Total adjustments	(6,937,049)
Loss as previously reported	(1,365,407)
Loss as adjusted	(8,302,456)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.