

ANM GROUP LIMITED

**GROUP FINANCIAL STATEMENTS
FOR YEAR ENDED
31 DECEMBER 2023**

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ANM GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £'000	2022 £'000
THROUGHPUT	3	<u>160,538</u>	<u>142,949</u>
TURNOVER	3	<u>10,232</u>	<u>8,782</u>
OPERATING PROFIT		196	241
Interest receivable and similar income		931	596
Interest payable and similar charges		<u>(340)</u>	<u>(188)</u>
TRADING PROFIT	4	787	649
Gain on sale of property		-	50
Defined benefit pension scheme	5	(148)	(31)
Movement in provisions		<u>(326)</u>	<u>(174)</u>
Interest on share capital - At 2.75% (2022 – 2.75%)	7	<u>(197)</u>	<u>(200)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		116	294
Taxation for year	8	(14)	(10)
Deferred tax movement on defined benefit pension scheme		<u>(44)</u>	<u>(74)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>58</u>	<u>210</u>
OTHER COMPREHENSIVE INCOME			
Remeasurements of net defined benefit obligation		(307)	(1,814)
Deferred tax movement relating to actuarial loss		<u>77</u>	<u>454</u>
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(230)</u>	<u>(1,360)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(172)</u>	<u>(1,150)</u>

ANM GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 £'000	2022 £'000
FIXED ASSETS			
Tangible assets	9	28,584	28,338
Investment properties	10	5,116	5,116
Investments	11	6	419
		<u>33,706</u>	<u>33,873</u>
CURRENT ASSETS			
Stocks and work in progress		179	174
Livestock		6,400	6,442
Debtors	12	7,397	6,547
Cash at bank and in hand		1,534	365
		<u>15,510</u>	<u>13,528</u>
CREDITORS: Amounts Falling Due Within One Year			
Bank loans	15	(11)	(11)
Development loan	15	(250)	(250)
Creditors	13	(4,966)	(4,917)
Members loans		(6,116)	(5,129)
		<u>(11,343)</u>	<u>(10,307)</u>
NET CURRENT ASSETS		<u>4,167</u>	<u>3,221</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,873</u>	<u>37,094</u>
CREDITORS: Amounts Falling Due After One Year			
Development loan	15	(4,433)	(4,657)
Members loans		(5,168)	(3,935)
Creditors	14	(59)	(62)
Bank loan	15	(14)	(24)
		<u>(9,674)</u>	<u>(8,678)</u>
		28,199	28,416
PROVISIONS			
Deferred tax	17	(315)	(301)
NET ASSETS: Excluding Pension Scheme Deficit		<u>27,884</u>	<u>28,115</u>
Defined benefit pension scheme deficit	18	(2,524)	(2,426)
NET ASSETS: Including Pension Scheme Deficit		<u>25,360</u>	<u>25,689</u>
CAPITAL AND RESERVES			
Called up share capital	19	7,214	7,371
Capital reserves	20	10,650	10,650
Profit and loss account	20	10,020	10,094
		<u>27,884</u>	<u>28,115</u>
Defined benefit pension scheme deficit	18	(2,524)	(2,426)
	21	<u>25,360</u>	<u>25,689</u>

Signed on behalf of the board on 12 March 2024

ANM GROUP LIMITED
SOCIETY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 £'000	2022 £'000
FIXED ASSETS			
Tangible assets	9	28,176	28,065
Investment properties	10	5,116	5,116
Investments	11	106	519
		<u>33,398</u>	<u>33,700</u>
CURRENT ASSETS			
Stocks and work in progress		147	144
Livestock		6,400	6,442
Debtors	12	7,448	6,681
Cash in hand		887	-
		<u>14,882</u>	<u>13,267</u>
CREDITORS: Amounts Falling Due Within One Year			
Bank overdraft	15	-	(442)
Development loan	15	(250)	(250)
Creditors	13	(4,551)	(4,531)
Members loans		(6,116)	(5,129)
		<u>(10,917)</u>	<u>(10,352)</u>
NET CURRENT ASSETS		<u>3,965</u>	<u>2,915</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,363</u>	<u>36,615</u>
CREDITORS: Amounts Falling Due After One Year			
Development loan	15	(4,433)	(4,657)
Members loans		(5,168)	(3,935)
Creditors	14	(50)	(47)
		<u>(9,651)</u>	<u>(8,639)</u>
		<u>27,712</u>	<u>27,976</u>
PROVISIONS			
Deferred tax	17	(312)	(312)
NET ASSETS: Excluding Pension Scheme Deficit		<u>27,400</u>	<u>27,664</u>
Defined benefit pension scheme deficit	18	(2,524)	(2,426)
NET ASSETS: Including Pension Scheme Deficit		<u>24,876</u>	<u>25,238</u>
CAPITAL AND RESERVES			
Called up share capital	19	7,214	7,371
Capital reserves	20	10,650	10,650
Profit and loss account	20	9,536	9,643
		<u>27,400</u>	<u>27,664</u>
Defined benefit pension scheme deficit	18	(2,524)	(2,426)
	21	<u>24,876</u>	<u>25,238</u>

Signed on behalf of the board on 12 March 2024

ANM GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2023

	Called up share capital £'000	Capital reserves £'000	Profit and loss account £'000	Defined benefit pension scheme deficit £'000	Total £'000
Balance as at 1 January 2022	7,245	10,650	10,104	(1,286)	26,713
Profit/ (loss) for the year	-	-	315	(105)	210
Pension contributions	-	-	(325)	325	-
Other comprehensive expense for the year	-	-	-	(1,360)	(1,360)
Total comprehensive expense for the year	-	-	(10)	(1,140)	(1,150)
Increase of shares	104	-	-	-	104
Movement on dividends retained	22	-	-	-	22
Total transactions with owners recognised directly in equity	126	-	-	-	126
Balance as at 31 December 2022	7,371	10,650	10,094	(2,426)	25,689
Profit/ (loss) for the year	-	-	251	(193)	58
Pension contributions	-	-	(325)	325	-
Other comprehensive expense for the year	-	-	-	(230)	(230)
Total comprehensive expense for the year	-	-	(74)	(98)	(172)
Decrease of shares	(160)	-	-	-	(160)
Movement on dividends retained	3	-	-	-	3
Total transactions with owners recognised directly in equity	(157)	-	-	-	(157)
Balance as at 31 December 2023	7,214	10,650	10,020	(2,524)	25,360

ANM GROUP LIMITED
SOCIETY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2023

	Called up share capital £'000	Capital reserves £'000	Profit and loss account £'000	Defined benefit pension scheme deficit £'000	Total £'000
Balance as at 1 January 2022	7,245	10,650	9,670	(1,286)	26,279
Profit/ (loss) for the year	-	-	298	(105)	193
Pension contributions	-	-	(325)	325	-
Other comprehensive expense for the year	-	-	-	(1,360)	(1,360)
Total comprehensive expense for the year	-	-	(27)	(1,140)	(1,167)
Increase of shares	104	-	-	-	104
Movement on dividends retained	22	-	-	-	22
Total transactions with owners recognised directly in equity	126	-	-	-	126
Balance as at 31 December 2022	7,371	10,650	9,643	(2,426)	25,238
Profit/ (loss) for the year	-	-	218	(193)	25
Pension contributions	-	-	(325)	325	-
Other comprehensive expense for the year	-	-	-	(230)	(230)
Total comprehensive expense for the year	-	-	(107)	(98)	(205)
Decrease of shares	(160)	-	-	-	(160)
Movement on dividends retained	3	-	-	-	3
Total transactions with owners recognised directly in equity	(157)	-	-	-	(157)
Balance as at 31 December 2023	7,214	10,650	9,536	(2,524)	24,876

ANM GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31 DECEMBER 2023

	2023 £'000	2022 £'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit for year	196	241
Tax on profit	-	10
<i>Adjustments for: -</i>		
Depreciation	666	665
Gain on disposal of fixed assets	(53)	(22)
Movement in provisions	24	(177)
Defined benefit pension scheme contribution	(325)	(325)
	<u>312</u>	<u>141</u>
<i>Changes in: -</i>		
Stock and livestock	37	727
Debtors	(874)	(485)
Creditors	1,914	780
	<u>1,077</u>	<u>1,022</u>
Cash generated from operations	1,585	1,414
Tax paid	-	-
Net cash generated from operating activities	<u>1,585</u>	<u>1,414</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(868)	(1,414)
Proceeds from sale of tangible assets	67	115
Proceeds from disposal of investments	413	-
Net cash used in investing activities	<u>(388)</u>	<u>(1,299)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on share capital	(177)	(121)
(Decrease)/ increase in share capital	(160)	104
Development loan	(224)	(250)
Interest paid	(340)	(188)
Hire purchase repaid	(34)	(11)
Other loans	(24)	(24)
Interest received	931	596
Net cash (used in)/ generated from financing activities	<u>(28)</u>	<u>106</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,169</u>	<u>221</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>365</u>	<u>144</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>1,534</u></u>	<u><u>365</u></u>

ANM GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31 DECEMBER 2023

Analysis of changes in net debt

	At 31.12.22	Cash flows	New hire purchase leases	At 31.12.23
	£'000	£'000	£'000	£'000
Cash in bank and in hand	807	727	-	1,534
Bank overdraft	(442)	442	-	-
	<u>365</u>	<u>1,169</u>	<u>-</u>	<u>1,534</u>
Borrowings excluding overdraft	(4,995)	248	-	(4,747)
Obligations under hire purchase	(33)	34	(58)	(57)
	<u>(5,028)</u>	<u>282</u>	<u>(58)</u>	<u>(4,804)</u>
Total	<u>(4,663)</u>	<u>1,451</u>	<u>(58)</u>	<u>(3,270)</u>

**ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023**

1 ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial statements are prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'. The particular accounting policies adopted are described below.

(a) BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties at fair value.

The financial statements are prepared in sterling, which is the functional currency of the entity, rounded to the nearest thousand pounds (£'000).

(b) BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of ANM Group Limited with those of its subsidiaries for the year ended 31 December 2023. Details of the subsidiaries are shown in Note 11.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) GOING CONCERN

These financial statements have been prepared on a going concern basis.

The current economic conditions present increased risks for all businesses. In response to such conditions, the Board have carefully considered these risks, including an assessment of uncertainty on future trading projection for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Based on this assessment, the Board consider that the Group maintains an appropriate level of liquidity, sufficient to meet the demands of the business.

In addition, the Group's assets are assessed for recoverability on a regular basis, and the Board consider that the Group is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Group's ability to continue as a going concern. Thus, the Board have continued to adopt the going concern basis of accounting in preparing these financial statements.

(d) REVENUE RECOGNITION

Turnover is based on the invoiced value of sales and commission excluding VAT. Sales commission is recognised at point of auction.

Revenue from the sale of livestock is recognised when the significant risks and rewards of ownership of the livestock 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.

Interest on financing facilities is accrued over the term of the financing arrangement with the customer.

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the lease term.

(e) TANGIBLE FIXED ASSETS

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

1 ACCOUNTING POLICIES (continued)

(f) DEPRECIATION

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

No depreciation is provided on freehold land. Freehold buildings are depreciated over their useful lives which range from 30 to 67 years. Other fixed assets are depreciated on the straight-line method over expected useful lives as follows:

Equipment, fittings etc.	3 - 10 years
Motor vehicles	3 - 5 years

(g) IMPAIRMENT OF FIXED ASSETS

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(h) INVESTMENT PROPERTY

Land and buildings are classified as investment properties when they are held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost which comprises purchase price and any directly attributable expenditure. Investment properties are subsequently remeasured to fair value at each reporting date with changes in fair value recognised in profit or loss. Revaluations are carried out by a professional qualified valuer and reviewed by the Board.

(i) STOCKS, WORK IN PROGRESS AND LIVESTOCK

Stocks, work in progress and livestock are valued at the lower of cost and net realisable value.

(j) TAXATION

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

(k) GOVERNMENT GRANTS

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants relating to revenue are recognised on a systematic basis over the periods in which the Group recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

1 ACCOUNTING POLICIES (continued)

(l) 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.

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.

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.

(m) PENSIONS

The Group operates a defined contribution pension scheme. Payments to the defined contribution scheme are charged to the profit and loss account. The Group also operates a defined benefit scheme for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date. The defined benefit obligation is calculated using the projected unit credit method and reviewed annually by independent actuaries. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments. Service costs are charged to profit or loss so as to spread the costs over the service lives of employees. Net interest on the net defined benefit liability is determined by multiplying the net defined benefit liability by the discount rate, as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is charged to profit or loss in the period. Remeasurements of the net defined benefit liability are charged through other comprehensive income in the period in which they occur. Remeasurement of the net defined benefit liability recognised in other comprehensive income is not reclassified to profit or loss in a subsequent period. Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability. For reasons of clarity, all adjustments to the profit and loss account and hence revenue reserves in respect of FRS 102 have been separately disclosed.

(n) INVESTMENTS

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

(o) FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions.

(p) 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.

(q) FINANCIAL INSTRUMENTS

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

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

1 ACCOUNTING POLICIES (continued)

(q) FINANCIAL INSTRUMENTS (continued)

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. 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 are settled, or when the Group 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 Group after deducting all its liabilities.

(r) INTEREST RECEIVABLE AND SIMILAR CHARGES

Interest receivable on livestock agreements has been accounted for in the year on an accruals basis to match the accounting treatment of interest payable and similar charges.

(s) 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.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including, life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

Valuation of investment properties

The fair value of investment properties is derived from third party valuation reports provided by external independent valuers as at 31 December 2021. The independent valuations were based on assumptions including future rental income and the appropriate discount or yield. Changes in assumptions about these factors could affect the reported fair values.

3 THROUGHPUT AND TURNOVER

Throughput and turnover were contributed as follows. All sales between Group companies have been fully eliminated on consolidation.

	2023	2022
	£'000	£'000
THROUGHPUT		
Parent Society: -		
Value of livestock and other goods sold on commission	156,715	139,737
Direct sales	2,491	1,951
Aberdeen & Northern (Estates) Limited: -		
Rendering of services	342	336
Direct sales: -		
Total value of direct sales by other Group companies	990	925
	<u>160,538</u>	<u>142,949</u>
	<u><u>160,538</u></u>	<u><u>142,949</u></u>
TURNOVER		
Parent Society: -		
Commission from sales of livestock and other goods	6,409	5,570
Direct sales – fees for valuations and other services rendered and income from farming activities	2,491	1,951
Aberdeen & Northern (Estates) Limited: -		
Rendering of services	342	336
Thainstone Events Limited: -		
Direct sales – sales from the supply of catering services	961	870
Thainstone Leasing Company Limited: -		
Direct sales – from the sale of motor vehicles	29	55
	<u>10,232</u>	<u>8,782</u>
	<u><u>10,232</u></u>	<u><u>8,782</u></u>

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

4 TRADING PROFIT	2023	2022
	£'000	£'000
Group trading profit was contributed as follows: -		
Parent Society	740	622
Aberdeen & Northern (Estates) Limited	11	4
Thainstone Events Limited	(29)	(18)
Thainstone Leasing Co. Limited	65	41
	<u>787</u>	<u>649</u>
	<u><u>787</u></u>	<u><u>649</u></u>
Group trading profit is arrived at after charging/ (crediting): -		
Depreciation of tangible fixed assets	666	665
Gain on sale of fixed assets other than property	(53)	(22)
Release of grant	(3)	(25)
Directors' emoluments for services	56	56
Auditors' remuneration	55	52
Hire of plant	7	8
	<u>728</u>	<u>734</u>
	<u><u>728</u></u>	<u><u>734</u></u>
 5 DEFINED BENEFIT PENSION SCHEME BEFORE TAXATION	 2023	 2022
	£'000	£'000
The charge to profit and loss for the year is: -		
- Service cost	-	-
- Net interest expense	(148)	(31)
	<u>(148)</u>	<u>(31)</u>
	<u><u>(148)</u></u>	<u><u>(31)</u></u>
 6 STAFF NUMBERS AND COSTS	 2023	 2022
	No.	No.
The average number of persons employed (including part-time staff) by the Group during the year was	142	142
	<u>142</u>	<u>142</u>
	£'000	£'000
Wages and salaries	3,860	3,639
National insurance	352	344
Other pension costs - defined contribution schemes	147	136
	<u>4,359</u>	<u>4,119</u>
	<u><u>4,359</u></u>	<u><u>4,119</u></u>

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

7 INTEREST ON SHARE CAPITAL

The interest relates to the 12-month period to 31 March 2024.

8 TAXATION

	2023	2022
	£'000	£'000
The taxation charge/ (credit) which is based on the results of the year is made up as follows: -		
Corporation tax	-	-
Adjustments in respect of previous periods	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Transfer to deferred taxation	14	10
	<u>14</u>	<u>10</u>
	<u>14</u>	<u>10</u>
Factors affecting current tax charge: -		
Profit on ordinary activities before taxation	116	294
	<u>116</u>	<u>294</u>
Profit on ordinary activities at 23.52% (2022 – 19%)	22	56
Expenses not deductible for tax purposes	114	56
Losses brought forward and other adjustments	(157)	(96)
Defined benefit pension	35	(6)
	<u>14</u>	<u>10</u>
	<u>14</u>	<u>10</u>

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

9 TANGIBLE FIXED ASSETS

	£'000	£'000	£'000	£'000
	At 31.12.22	Additions	Disposals	At 31.12.23
THE GROUP				
Cost or valuation:				
Freehold properties	29,720	425	-	30,145
Equipment, fittings etc.	5,421	280	(78)	5,623
Motor vehicles	781	221	(82)	920
	<u>35,922</u>	<u>926</u>	<u>(160)</u>	<u>36,688</u>
	At 31.12.22	Charge for Year	On Disposals	At 31.12.23
Depreciation:				
Freehold properties	2,224	276	-	2,500
Equipment, fittings etc.	4,868	267	(78)	5,057
Motor vehicles	492	123	(68)	547
	<u>7,584</u>	<u>666</u>	<u>(146)</u>	<u>8,104</u>
Net book value	<u>28,338</u>			<u>28,584</u>
	£'000	£'000	£'000	£'000
	At 31.12.22	Additions	Disposals	At 31.12.23
PARENT SOCIETY				
Cost or valuation:				
Freehold properties	29,720	425	-	30,145
Equipment, fittings etc.	4,822	234	(67)	4,989
Motor vehicles	136	-	-	136
	<u>34,678</u>	<u>659</u>	<u>(67)</u>	<u>35,270</u>
	At 31.12.22	Charge for Year	On Disposals	At 31.12.23
Depreciation:				
Freehold properties	2,226	274	-	2,500
Equipment, fittings etc.	4,318	251	(67)	4,502
Motor vehicles	69	23	-	92
	<u>6,613</u>	<u>548</u>	<u>(67)</u>	<u>7,094</u>
Net book value	<u>28,065</u>			<u>28,176</u>

Freehold property held by the group and parent society include asset values which relate to the creation of the business park. The business park remains in its early stages of development.

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

10 INVESTMENT PROPERTIES

	Group		Parent Society	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At 31 December 2022	5,116	5,116	5,116	5,116
Additions in year	-	-	-	-
Revaluations in year	-	-	-	-
	<u>5,116</u>	<u>5,116</u>	<u>5,116</u>	<u>5,116</u>
At 31 December 2023	<u>5,116</u>	<u>5,116</u>	<u>5,116</u>	<u>5,116</u>

The investment properties were revalued in 2021 by independent Chartered Surveyors on the basis of current market value, subject to existing tenancies.

11 INVESTMENTS

	Notes	Group		Parent Society	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Subsidiary undertakings – at cost	(a)	-	-	100	100
Associated undertakings and trade investments – at cost	(b)	6	419	6	419
		<u>6</u>	<u>419</u>	<u>106</u>	<u>519</u>

All of the above investments are unlisted.

Note: -

(a) Details of the trading subsidiaries are as follows:

Percentage of equity shares held

	Registered Office	Principal Activity	Group	Parent Society
Aberdeen & Northern (Estates) Limited	Thainstone Centre, Inverurie, AB51 5XZ	Land and estate agents	100%	100%
Thainstone Events Limited	Thainstone Centre, Inverurie, AB51 5XZ	Caterers	100%	100%
Thainstone Leasing Co. Limited	Thainstone Centre, Inverurie, AB51 5XZ	Vehicle leasing/sales	100%	100%

The Parent Society holds 100% of the equity shares, directly and indirectly, in its non-trading subsidiaries, Scotch Premier Meat Limited, Taste of Grampian Limited and YPM 2012 Limited. Scotch Premier Meat Limited and Taste of Grampian Limited are incorporated in Scotland and YPM 2012 Limited is incorporated in England.

(b) Associated undertakings and trade investments:

The Parent Society had investments in Scotbeef Inverurie Limited and has an interest in Maverston LLP, a limited liability partnership, whose principal activity is property development. The Parent Society also has an interest in Thainstone LLP.

The investment in Scotbeef Inverurie Limited was fully disposed of during the year.

The investment in Maverston LLP has been fully written off previously.

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

12 DEBTORS

	Group		Parent Society	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	3,436	2,830	3,225	2,611
Other debtors	123	57	123	20
Prepayments	605	643	573	592
Owed by subsidiary undertakings	-	-	294	441
Owed by associated undertakings	3,233	3,017	3,233	3,017
	<u>7,397</u>	<u>6,547</u>	<u>7,448</u>	<u>6,681</u>

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 CREDITORS: Amounts Falling Due Within One Year

	Group		Parent Society	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	761	686	668	616
Amount owed to subsidiary undertakings	-	-	18	13
PAYE, national insurance and VAT	452	397	435	385
Accruals and deferred income	2,834	2,964	2,816	2,943
Other creditors	712	669	413	378
Proposed interest on share capital	170	177	170	177
Digital development loan	15	8	8	8
Obligations under hire purchase	16	23	23	11
Energy saving trust loan	15	6	-	-
	<u>4,966</u>	<u>4,917</u>	<u>4,551</u>	<u>4,531</u>

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14 CREDITORS: Amounts Falling Due After One Year

	Group		Parent Society	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Digital development loan	15	16	25	16
Obligation under hire purchase	16	34	22	34
Energy saving trust loan	15	9	15	-
	<u>59</u>	<u>62</u>	<u>50</u>	<u>47</u>

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

15 LOANS AND OVERDRAFTS

	Group		Parent Society	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank overdraft	-	-	-	442
Bank loan	25	35	-	-
Development loan	4,683	4,907	4,683	4,907
Digital development loan	24	33	24	33
Energy saving trust loan	15	20	-	-
	<u>4,747</u>	<u>4,995</u>	<u>4,707</u>	<u>5,382</u>
Payable within one year	275	274	258	700
Payable after one year	4,472	4,721	4,449	4,682
	<u>4,747</u>	<u>4,995</u>	<u>4,707</u>	<u>5,382</u>

The bank borrowings are secured by a bond and floating charge over the assets of the company and a standard security over the development land at Thainstone Inverurie in favour of the Royal Bank of Scotland. The interest rate on the loans are 1.8% plus base rate.

16 OBLIGATIONS UNDER HIRE PURCHASE

	Group		Parent Society	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	23	11	23	11
In two to five years	34	22	34	22
	<u>57</u>	<u>33</u>	<u>57</u>	<u>33</u>

Obligations under hire purchase are secured against the assets to which they relate to.

17 DEFERRED TAXATION

	Group		Parent Society	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
The accounting policy for deferred taxation is explained in note 1(j). The provision made for deferred taxation is as follows: -				
Provision: -				
Tax losses	-	(11)	-	-
Accelerated capital allowances	3	-	-	-
Revaluation reserve	312	312	312	312
	<u>315</u>	<u>301</u>	<u>312</u>	<u>312</u>

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

18 PENSION SCHEMES

The Group operates a defined contribution pension scheme.

The defined contribution scheme, which commenced on 1 January 2000, is a Group personal pension plan operating on a defined contribution basis and is available to all Group employees.

The defined benefit scheme, closed to new entrants as of 28 February 1999, provides members with defined benefits based on salary. The benefit promises are funded in advance and the scheme assets are held in a separate trustee administered fund. Contributions to the scheme are assessed in accordance with the advice of a qualified actuary on the basis of triennial valuations using the projected unit method of valuation.

The last formal actuarial valuation was conducted as at 1 January 2021 and updated at 31 December 2023 by a qualified independent actuary. The results of the actuarial valuation at 1 January 2021 showed a deficit of £4.97m with an update to 1 September 2021 with resulting deficit of £4.51m.

The Group has agreed with the trustees to target removal of this deficit over a period of 6 years and 11 months from 1 September 2021 by payment of contributions of £100,000 in total by 31 December 2021, then £325,000 p.a. until 31 December 2023, then £425,000 p.a. until 31 December 2025, then £525,000 p.a. until 31 December 2027, then £525,000 in total by 31 July 2028.

In accordance with FRS 102 the defined benefit pension scheme is recognised in the Parent Society financial statements as they are the sponsoring society.

	2023	2022
	£'000	£'000
Movement in defined benefit pension scheme deficit during the year		
Deficit at 1 January	(3,235)	(1,715)
Movement in year: -		
- Contributions	325	325
- Net interest expense	(148)	(31)
- Actuarial loss in Other comprehensive income	(307)	(1,814)
Deficit at 31 December	(3,365)	(3,235)
Less: Deferred taxation	841	809
Deficit net of taxation	<u>(2,524)</u>	<u>(2,426)</u>

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

18 PENSION SCHEMES (continued)

Analysis of the amount in Other Comprehensive Income

	2023	2022
	£'000	£'000
Asset return less interest	35	(9,314)
Experience losses on benefit obligation	(10)	(279)
Effect of assumptions changes on benefit obligation	(332)	7,779
	<u>(307)</u>	<u>(1,814)</u>
Actuarial loss in Other comprehensive income	<u>(307)</u>	<u>(1,814)</u>

History of experience gains and losses: -

Difference between the asset return and the interest income	35	(9,314)
- as % of scheme assets	4.40%	4.80%
Experience losses on obligation	(10)	(279)
- as % of obligation	2.05%	1.90%
Total amount recognised in Other comprehensive income	(307)	(1,814)
- as % of obligation	1.55%	9.22%

In terms of the requirements of FRS 102, the scheme actuary has reported the following:

The major assumptions used (in nominal terms): -

	As at	As at
	31.12.23	31.12.22
Pension escalation in payment (limited price indexation)	2.20% - 3.60%	2.30% - 3.65%
Consumer price inflation (CPI)	2.05%	1.90%
Discount rate	4.40%	4.80%
Retail price inflation (RPI)	2.90%	3.10%

The mortality assumptions used were as follows: -

Longevity at age 65 for current pensioners: -

- Men	20.6	20.9
- Women	23.2	23.2

Longevity at age 65 for future pensioners: -

- Men	21.8	22.2
- Women	24.6	24.7

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

18 PENSION SCHEMES (continued)

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2023	16,435	(19,670)	(3,235)
Benefits paid	(1,116)	1,116	-
Employer contributions	325	-	325
Interest income/ (expense)	770	(918)	(148)
Remeasurement gains			
- Actuarial gains	-	(342)	(342)
- Return on plan assets excluding interest income	35	-	35
	<u>16,449</u>	<u>(19,814)</u>	<u>(3,365)</u>
At 31 December 2023	<u>16,449</u>	<u>(19,814)</u>	<u>(3,365)</u>
		2023	2022
Total cost recognised as an expense:			
Net interest expense		148	31
		<u>148</u>	<u>31</u>
		<u>148</u>	<u>31</u>
No amounts (2022– £nil) were included in the cost of assets.			
The fair value of the plan assets was: -			
Equities (including property)		1,918	1,636
Diversified Growth Funds		7,577	7,083
Bonds		6,664	7,306
Cash		106	217
Insured Pensions		184	193
		<u>16,449</u>	<u>16,435</u>
Total market value of assets		<u>16,449</u>	<u>16,435</u>

ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023

19 SHARE CAPITAL

	2023 £'000	2022 £'000	2023 £'000	2022 £'000
1,281 (2022 – 1,281) cumulative preference shares of £1 each fully paid	1	1	1	1
7,145,683 (2022 – 7,305,679) ordinary shares of £1 each fully paid	7,146	7,306	7,146	7,306
Dividends retained to credit of share capital	67	64	67	64
	<u>7,214</u>	<u>7,371</u>	<u>7,214</u>	<u>7,371</u>

20 RESERVES

Capital reserves – This reserve consists of property revaluations less the associated deferred tax.

Profit and loss account – This reserve records retained earnings and accumulated losses.

Defined benefit pension scheme deficit – This comprises the deficit on the defined benefit contribution scheme.

21 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	Group		Parent Society	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Movement for the financial year after taxation	58	210	25	193
Remeasurements of net defined benefit obligation	(230)	(1,360)	(230)	(1,360)
Share capital movement	(157)	126	(157)	126
Opening shareholders' funds at 1 January	25,689	26,713	25,238	26,279
	<u>25,360</u>	<u>25,689</u>	<u>24,876</u>	<u>25,238</u>

All of the above funds are attributable to members.

**ANM GROUP LIMITED
NOTES ON FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2023**

22 CAPITAL COMMITMENTS

	Group		Parent Society	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
The Board have authorised future capital expenditure which amounts to: -				
Contracted for	-	144	-	144
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

23 RELATED PARTY TRANSACTIONS

In the year to 31 December 2023, in normal arm's length transactions, in the ordinary course of business and on normal terms the Group have: -

- a) purchased goods at a total cost of £9,077 (2022 - £15,866) from non-executive members of the Board or their businesses.
- b) derived commission of £8,291 (2022 - £13,762) from sales of goods and livestock consigned by these members of the Board or their businesses.

24 POST BALANCE SHEET EVENTS

Subsequent to the year end, ANM Group Limited concluded the purchase of the Glasgow based business Sweeney Kincaid Ltd.

Following the year end, the Group completed an operational restructure of Thainstone Events Limited. The restructure resulted in certain operations being taken over by an outsourced business partner.

**ANM GROUP LIMITED
THE BOARDS' RESPONSIBILITIES STATEMENT AND
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANM GROUP LIMITED
FOR YEAR ENDED 31 DECEMBER 2023**

THE BOARDS' RESPONSIBILITIES STATEMENT

The Board are responsible for preparing the Boards' report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Society and the profit or loss of the Group for that period.

In preparing these financial statements, the Board 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Society will continue in business.

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Account) Regulations 1969. They are also responsible for safeguarding the assets of the Group and the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANM GROUP LIMITED

OPINION

We have audited the financial statements of ANM Group Limited (the 'Parent Society') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, Society statement of financial position, consolidated statement of changes in equity, Society statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Society's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

BASIS FOR OPINION

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

ANM GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANM GROUP LIMITED (continued)
FOR YEAR ENDED 31 DECEMBER 2023

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Boards' 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 or the Parent Society'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 Board with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF THE BOARD

As explained more fully in The Boards' Responsibilities Statement, the Board 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 Board 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 Board are responsible for assessing the Group's and the Parent Society'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 Board either intend to liquidate the Group or the Parent Society or to cease operations, or have no realistic alternative but to do so.

ANM GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANM GROUP LIMITED (continued)
FOR YEAR ENDED 31 DECEMBER 2023

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Co-operative and Community Benefit Societies Act 2014, Employment, Agriculture and Health & Safety legislation.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets;
- Timing and completeness of revenue recognition;
- Management judgement applied in calculating provisions; and
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading.

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing judgements made by management in their calculation of accounting estimates for potential management bias, including estimates with regard to revenue recognition;
- Enquiries of management about litigation and claims and inspection of relevant correspondence;
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations; and
- Performing a disclosure checklist on the financial statements to ensure Companies Act 2006 requirements are satisfied.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorresponsibilities. The description forms part of our Auditor's report.

**ANM GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANM GROUP LIMITED (continued)
FOR YEAR ENDED 31 DECEMBER 2023**

USE OF OUR REPORT

This report is made solely to the Society's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Derek Mair (Senior Statutory Auditor)

For and on behalf of

Anderson Anderson & Brown Audit LLP

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