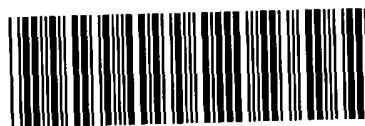


**GILES W. PRITCHARD-GORDON
& CO. LIMITED
AND SUBSIDIARY COMPANIES**

CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2019

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COMPANIES HOUSE

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary Companies**

Directors

V. Pritchard-Gordon
A.C. Wingfield Digby
E.K. Aird
L.C. Keane
E.M. Stoop
N.H.D. Ryder
R.C.M. Aird

Secretary and Registered Office

M.T. Lewis F.C.A.
Slaugham Park, Slaugham, Sussex, RH17 6AH

Company Number

01136375

Auditors

BDO LLP
Chartered Accountants
55 Baker Street, London, W1U 7EU

Strategic Report

Principal Activities

The principal activity of the company is that of a holding company and the principal activities of the group are those of owning and operating vessels and diversified farming enterprises.

The group operates a cattle farm in the United Kingdom, a cattle ranch in the USA and cattle and sheep farms in Australia. The group has a branch in Wyoming in the United States of America.

Business Review – Shipping Group

Results on vessel trading generated an increase in gross profits from £11,280,764 in 2018 to £15,654,243 in 2019. In terms of key performance indicators this represented an increase in the gross profit ratio from 33.1% to 40.8%.

The shipping group generated a profit for the year after taxation of £3,606,596, compared to a profit of £1,982,281 in 2018.

At the reporting date, the shipping group maintained a strong cash position of £13,228,210, as compared to £6,989,444 in 2018.

Business Review - Farming

Turnover generated by the group's farming interests has decreased in the year to £1,676,508 (2018: £2,365,871), with a gross profit of £428,573 (2018: £1,150,998) recorded for the year under review. Revenue decrease due to falling livestock prices during the year.

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Strategic Report (Continued)

Business Review – Farming (continued)

The farming group recorded a loss after taxation for the year of £1,587,781(2018: profit of £98,900).

Future Developments

Cosima PG was under construction at year end. The vessel is expected to be delivered in November 2019.

Risks and Uncertainties

The principal risks faced by the group are as follows:

Charter rate risk

Charter rate risk is the risk that the group could be adversely affected by falling market charter rates. In order to mitigate this risk the directors seek to employ the group's vessels on both long and medium term time charters and short term spot charter arrangements.

Credit risk

Credit risk is the risk that a counterparty could default on its contractual obligations resulting in a financial loss to the group. The group is exposed to credit risk to the extent of its trade receivables and cash at bank and seeks to reduce this risk by trading with large, reputable multinational companies and placing deposits with blue chip financial institutions.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulties meeting financial obligations. The group's directors seek to reduce this risk by maintaining sufficient cash reserves, adopting prudent liquidity risk management policies and following strict cash flow budgets. The group has undertaken additional funding post year end.

Foreign exchange risk

The group is subject to foreign exchange risk as certain transactions, assets and liabilities are denominated in currencies other than sterling. The group's directors seek to monitor and control these risks as part of their on-going financial forecasting and liability management.

Brexit

The Directors continue to monitor the Brexit negotiations but in view of the uncertainties cannot predict the impact any eventual resolution will have on the company's financial position.

On behalf of the Board on 25 7th November 2019



A.C. WINGFIELD DIGBY
Director

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Directors' Report

The directors present their report and the audited financial statements for the year ended 30 June 2019.

Please refer to the Strategic Report on pages 1 to 2 for the names of the directors, principal activities of the group, business review of operating segments, future developments and a discussion of the risks and uncertainties.

Results and Dividends

The results for the year are shown in the Statement of Comprehensive Income on page 8.

During the year the company paid a dividend on ordinary shares of £756,000 (2018: £682,000) and on preference shares of £60,000 (2018: £60,000).

Post Balance Sheet Event

A newbuild vessel Cosima PG was delivered in November 2019.

Branch Operations

The group has a branch operation in Wyoming in the United States of America.

Statement as to Disclosure of Information to Auditors

Each of the persons who are directors at the time when this report is approved has confirmed that:

- (a) so far as each director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- (b) each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the group's auditors in connection with preparing their report and to establish that the group's auditors are aware of that information.

On behalf of the Board on 25 74 NOVEMBER 2019.



A.C. WINGFIELD DIGBY

Director

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable laws 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 and 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; and
- 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.

Independent Auditor's Report to the Shareholders of Giles W. Pritchard-Gordon & Co. Limited

Opinion

We have audited the financial statements of Giles W. Pritchard-Gordon & Co. Limited (the "parent company") and its subsidiaries (the "group") for the year ended 30 June 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flow, consolidated statement of changes in equity, company statement of changes in equity 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) and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2019 and of the group's profit for the year then ended;
- the group's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; 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 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 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Shareholders of Giles W. Pritchard-Gordon & Co. Limited (Continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

**Independent Auditor's Report to the Shareholders of Giles W. Pritchard-Gordon & Co. Limited
(Continued)**

A further description of our responsibilities for the audit of the consolidated 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.

Use of our report

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



Cassie Forman-Kotsapa, *Senior Statutory Auditor*

For and on behalf of BDO LLP, *Statutory Auditor*
55 Baker Street
London
W1U 7EU

Date: *25th November 2019*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

**Consolidated Statement of Comprehensive Income
For the year ended 30 June 2019**

	<u>Note</u>	<u>2019</u> £	<u>2018</u> £
Turnover	2(c)	40,036,361	36,421,073
Cost of sales		<u>(23,953,545)</u>	<u>(23,989,311)</u>
Gross Profit		16,082,816	12,431,762
Net operating expenses	3	<u>(12,194,535)</u>	<u>(11,201,203)</u>
Operating Profit	4	3,888,281	1,230,559
Loss on sale of investments		-	(50)
Gain on dissolution of subsidiary		-	862,829
(Loss)/gain on derivative financial instrument	16	(435,457)	293,138
Investment income	5	191,156	83,987
Interest payable	6	<u>(1,796,915)</u>	<u>(1,073,761)</u>
Profit before Taxation		1,847,065	1,396,702
Taxation credit	8	<u>215,569</u>	<u>85,135</u>
Profit after Taxation		<u>2,062,634</u>	<u>1,481,837</u>
Other Comprehensive Income			
Unrealised surplus/(deficit) on revaluation of non-current assets	9	235,306	(243,434)
Change in fair value of designated hedging instrument	16	(288,141)	-
Exchange (loss)/gain on translation		<u>(585,189)</u>	<u>1,547,491</u>
Total Comprehensive Income for the year		<u>1,424,610</u>	<u>2,785,894</u>

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Consolidated Statement of Financial Position 30 June 2019

	Note	2019		2018	
		£	£	£	£
Non-Current Assets					
Property, plant and equipment	9		84,972,400		78,393,906
Investments	10		38,688		102,249
Derivative financial instruments	16		-		323,048
			85,011,088		78,819,203
Current Assets					
Inventories	11	1,930,243		2,084,163	
Trade and other receivables	12	1,561,250		1,453,165	
Derivative financial instruments	16	-		26,181	
Cash and cash equivalents		13,751,602		7,641,445	
		17,243,095		11,204,954	
Current Liabilities					
Trade and other payables	13	(12,179,627)		(8,955,082)	
Derivative financial instruments	16	(78,775)		-	
		(12,258,402)		(8,955,082)	
Net Current Assets			4,984,693		2,249,872
Total Assets Less Current Liabilities			89,995,781		81,069,075
Non-Current Liabilities					
Trade and other payables	13		(27,936,634)		(19,692,824)
Derivative financial instruments	16		(289,855)		-
Deferred taxation	14		(492,037)		(707,606)
Total Assets Less Liabilities			61,277,255		60,668,645
Capital and Reserves					
Share capital	15		1,210,000		1,210,000
Revaluation reserve			11,486,563		12,804,626
Cash flow hedge reserve	16		(288,141)		-
Retained earnings			48,868,833		46,654,019
Total Capital and Reserves			61,277,255		60,668,645

Approved by the Board on 25 7th November 2019



A.C. WINGFIELD DIGBY
Director

Company Number: 01136375

Giles W. Pritchard-Gordon & Co. Limited**Company Statement of Financial Position as at 30 June 2019**

	<u>Note</u>	<u>2019</u>		<u>2018</u>	
		£	£	£	£
Non-Current Assets					
Property, plant and equipment	9		49,003		87,104
Investments	10		<u>186,776</u>		<u>186,776</u>
			235,779		273,880
Current Assets					
Trade and other receivables	12	17,019,890		14,923,507	
Cash and cash equivalents		<u>69,995</u>		<u>115,074</u>	
		17,089,885		15,038,581	
Current Liabilities					
Trade and other payables	13	<u>(16,038,882)</u>		<u>(14,073,779)</u>	
Net Current Assets			<u>1,051,003</u>		<u>964,802</u>
Total Assets Less Liabilities			<u>1,286,782</u>		<u>1,238,682</u>
Capital and Reserves					
Share capital	15		1,210,000		1,210,000
Retained earnings			<u>76,782</u>		<u>28,682</u>
Total Capital and Reserves			<u>1,286,782</u>		<u>1,238,682</u>
Net Profit for the Year			<u>864,100</u>		<u>731,239</u>

Approved by the Board on 25TH November 2019.

A.C. WINGFIELD DIGBY
Director

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

**Consolidated Statement of Cash Flow
For the year ended 30 June 2019**

	<u>Note</u>	<u>2019</u> £	<u>2018</u> £
Cash Flow from Operating Activities			
Operating profit		3,888,281	1,230,559
Adjustments for:			
Depreciation	9	5,889,806	5,345,083
Impairment	9	1,018,045	1,458,488
Exchange differences		751,532	79,600
Loss/(gain) on sale of fixed assets	4	302,909	(686,758)
Gain on dissolution of subsidiary		-	862,829
Increase in trade receivables		(108,085)	(126,806)
Increase/(decrease) in trade payables		759,432	(534,268)
Decrease in inventories		153,920	633,013
		<hr/>	<hr/>
Cash generated from operating activities		12,655,840	8,261,740
Interest paid		(1,537,025)	(715,026)
		<hr/>	<hr/>
Net cash flow from operating activities		11,118,815	7,546,714
Cash flows from investing activities			
Interest received	5	191,156	83,987
Repayment of capital invested	10	63,561	60,878
Purchase of capital assets	9	(14,827,646)	(18,112,483)
Proceeds on sale of capital assets		1,273,698	3,215,406
		<hr/>	<hr/>
Net cash used in investing activities		(13,299,231)	(14,752,212)
Cash flows from financing activities			
Draw down of loan		13,405,796	11,186,854
Repayment of loan		(2,359,203)	(3,400,651)
Interest paid on finance lease		(259,889)	(358,735)
Capital element of finance lease payments		(1,680,131)	(1,492,609)
Dividends paid	15	(816,000)	(742,000)
		<hr/>	<hr/>
Net cash flow from financing activities		8,290,573	5,192,859
Net increase/(decrease) in cash and cash equivalents		6,110,157	(2,012,639)
Cash and cash equivalents at beginning of year		7,641,445	9,654,084
		<hr/>	<hr/>
Cash and Cash equivalents at end of year		13,751,602	7,641,445

**Giles W. Pritchard-Gordon & Co Limited
and subsidiary companies**

**Consolidated Statement of Changes in Equity
For the year ended 30 June 2019**

	Share Capital £	Retained Earnings £	Revaluation Reserve £	Cash flow hedge Reserve £	Total £
Balance as at 1 July 2017	1,210,000	43,561,366	13,853,385	-	58,624,751
Profit for the year	-	1,481,837	-	-	1,481,837
Dividends	-	(742,000)	-	-	(742,000)
Revaluation	-	-	(243,434)	-	(243,434)
Reserve transfer	-	805,325	(805,325)	-	-
Exchange gain	-	1,547,491	-	-	1,547,491
As at 30 June 2018	1,210,000	46,654,019	12,804,626	-	60,668,645
Profit for the year	-	2,062,634	-	-	2,062,634
Dividends	-	(816,000)	-	-	(816,000)
Revaluation	-	-	235,306	-	235,306
Change in fair value of designated hedging instrument	-	-	-	(288,141)	(288,141)
Reserve transfer	-	1,553,369	(1,553,369)	-	-
Exchange loss	-	(585,189)	-	-	(585,189)
As at 30 June 2019	<u>1,210,000</u>	<u>48,868,833</u>	<u>11,486,563</u>	<u>(288,141)</u>	<u>61,277,255</u>

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

**Company Statement of Changes in Equity
For the year ended 30 June 2019**

	Share Capital £	Retained Earnings £	Total £
Balance as at 1 July 2017	1,210,000	39,443	1,249,443
Profit for the year	-	731,239	731,239
Dividends	-	(742,000)	(742,000)
As at 30 June 2018	1,210,000	28,682	1,238,682
Profit for the year	-	864,100	864,100
Dividends	-	(816,000)	(816,000)
As at 30 June 2019	<u>1,210,000</u>	<u>76,782</u>	<u>1,286,782</u>

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Consolidated Financial Statements for the year ended 30 June 2019

Notes

1. General Information

Giles W. Pritchard-Gordon & Co. Limited is a private company, limited by shares, domiciled in England and Wales with registration number 01136375. The registered office is Slaugham Park, Slaugham, Sussex RH17 6AH.

2. Principal Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 as issued by the Financial Reporting Council ("FRS 102"). The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income.

(b) Basis of consolidation

The consolidated statement of financial position and consolidated statement of comprehensive income include the financial statements of the company and its subsidiary companies as set out in note 10, made up to the end of the financial year.

(c) Turnover

Turnover comprises voyage charter income and time charter hire, income receivable from the sale of livestock, together with the total income receivable in respect of sales of farm produce, rent and government grants. Turnover for livestock and farm produce is recognised when the contract to sell the livestock or farm produce is exchanged. Government grants are recognised as income when grant proceeds are received based on performance model.

Voyage charter income is recognised using the percentage of completion method with voyages calculated on a discharge to discharge basis. Full provision is made for any losses on voyages in progress at the reporting date. Time charter income is recognised on a time apportioned basis.

(d) Property, plant and equipment

Vessels owned by the group or leased under finance leases which include purchase options, are stated at fair value. For owned vessels, the group uses valuations from independent brokers in its assessment. For vessels held under finance leases, the vessels are valued at the carrying value of the finance lease.

Depreciation is provided so as to write off the valuation of the owned fleet over the estimated useful life of each vessel, being twenty five years from the date of completion of the build. For the vessels held under the finance leases, the depreciation is calculated over the remaining lease term.

Freehold land is stated at fair value. Freehold buildings outside of the United Kingdom are stated at cost less accumulated depreciation. Freehold buildings in the United Kingdom are stated at fair value.

All other assets are stated at cost less accumulated depreciation.

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

2. Principal Accounting Policies (Continued)

(d) Property, plant and equipment (continued)

Fixed assets other than the fleet, are depreciated at the following annual rates:-

Freehold land	- Nil
Freehold buildings	- 2% straight line
Farm building and improvements (UK & USA)	- 6 ² / ₃ % - 10% straight line
Farm buildings and improvements (Australia)	- 2.5% - 25% reducing balance
Farm equipment and vehicles (UK & USA)	- 10% - 25% straight line
Farm equipment and vehicles (Australia)	- 18% - 25% reducing balance
Office furniture and motor vehicles	- 25% - straight line
Computer equipment	- 33% - reducing balance
Computer software	- 33% - straight line

(e) Drydocking and special surveys

The cost of each drydocking or special survey is capitalised and amortised over the period of the next drydocking or special survey. For the newbuild an estimate of the cost of the next future special survey and drydocking is capitalised as part of the cost of the vessel on construction or acquisition. Amounts capitalised in respect of special survey and drydocking are eliminated from both cost and accumulated amortisation on completion of the subsequent special survey or drydocking. The cost of drydocking or special survey of the vessels hired in on a bareboat basis is capitalised and amortised over the shorter of the period of the next drydocking or special survey and the bareboat lease period.

(f) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. Deferred tax is provided in full on timing differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date. The tax rates and laws used are those that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(g) Agricultural inventories

All live stock, immature cattle, non-pedigree herd and tenant rights are shown in the statement of financial position at directors' valuation based on an estimate of open market value. Inventories of gravel are stated at the lower of the cost of excavation and net realisable value.

Bloodstock is stated at the lower of cost and net realisable value.

The pedigree herd is stated at original cost. In the opinion of the directors the fair value is not materially different to the cost.

Inventories in respect of bunkers are valued at the lower of cost and net realisable value. Cost is calculated on a first in, first out basis. No provision is made for inventories of lubricants, deck, engine and cabin stores and provisions remaining on board the vessels at the reporting date.

(h) Trade receivables

Trade receivables are amounts due from customers for stock or services sold in the ordinary course of business. Trade receivables are recognised at the undiscounted amount of cash receivable, which is normally the invoice price, less any allowances for doubtful debts.

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

2. Principal Accounting Policies (Continued)

(i) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as creditors falling due within one year if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors falling due after one year. Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

(j) Revaluation reserve

The surplus/(deficit) arising on the revaluation of freehold land, buildings and the fleet is taken to other comprehensive income. Any revaluation surplus in relation to an asset disposed of in the year is released to retained earnings.

(k) Finance leases

Assets held under finance lease agreements are capitalised in the statement of financial position and depreciated over the shorter of their estimated useful economic life and the lease. Where the lease includes an option to purchase the vessel, the vessel is depreciated over the vessel's estimated useful life. The capital element of finance lease repayments outstanding is included in payables. Interest is calculated to produce a constant periodic rate of charge on the outstanding balance.

(l) Pension costs

The group operates a defined contribution pension scheme with benefits based on final salary. The charge in the income statement reflects accrued annual contributions.

(m) Segmental information

No geographic or classes of business segmental information has been provided as in the opinion of the directors the disclosure of such information would be seriously prejudicial to the interests of the group.

(n) Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the lease. Rent free periods are straight-lined over the period of the lease.

(o) Foreign currencies

The group has a presentation currency of Pounds Sterling. The group has determined that the US Dollar is its functional currency, as this is the currency of the economic environment in which the group predominantly operates.

Monetary assets and liabilities denominated in currencies other than Pounds Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting dates. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on exchange are included in profit or loss with the exception of gains and losses on translation of the company's net investment in foreign subsidiaries which is included in other comprehensive income.

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

2. Principal Accounting Policies (Continued)

(p) Investments

Unlisted and subsidiary fixed asset investments are valued at cost less provision for impairment.

(q) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks which are readily convertible, being those with original maturities of three months or less.

(r) Derivative financial instruments

The company uses an interest rate swap to hedge its exposure to movements in interest rates.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and remeasured to their fair value at each reporting date. Changes in the fair value of derivative financial instruments are recognised as an income or expense in the Statement of Comprehensive Income as they arise.

The fair value of interest rate swap contracts are determined by calculating the present value of the estimated future cash flows based on observable yield curves.

(s) Hedge accounting

The group has entered into forward exchange contracts to manage its exposure to foreign exchange risk. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. This amount is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. Any ineffective portions of those movements are recognised in profit or loss for the period.

Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged instrument is derecognised or the hedging instrument is terminated.

(t) Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

(u) 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 have been believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

**Giles W. Pritchard-Gordon & Co. Limited
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Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

2. Principal Accounting Policies (Continued)

(u) Critical accounting estimates and judgements (continued)

Significant accounting judgements

In the process of applying the group's accounting policies, the directors have made the following accounting judgements which have the most significant effect on the amounts recognised in the financial statements:

Leases

Accounting for leases is mainly determined by the judgement of whether the lease is considered to be a finance lease or an operating lease. Management look to the substance of the transaction and the terms and conditions of the leasing arrangements in judging whether all the risks and rewards of ownership are transferred.

Asset impairment testing

The group reviews its non-current assets for impairment at each reporting date. If events or circumstances indicate that the carrying value may not be recoverable, the value is adjusted to the recoverable amount, determined by independent valuations where available.

Valuation of freehold land

Freehold land is stated at valuation, which is reviewed by the directors at each reporting date. In order to assess valuation, management uses valuations from independent valuers in its assessment.

Allowances for credit losses

The company reviews its individual significant receivables at each reporting date to assess whether an allowance should be made for recoverability. In determining this allowance, judgement by management is required in the estimation of the amount and timings of future cash flows. Such significant accounting estimates estimations are based on assumptions of a number of factors and actual results may differ, resulting in future changes to the allowance.

Significant accounting estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the end of the reporting period are:

Residual values and estimated remaining lives

The carrying value of owned vessels is depreciated over their expected useful life of 25 years from the date of build to an estimated residual value. Changes in the remaining useful life of the vessels and the residual value, would result in an adjustment to the current value of the future rate of depreciation through profit or loss.

3. Net Operating Expenses

	<u>2019</u> £	<u>2018</u> £
Depreciation, amortisation and impairment	6,907,851	6,803,571
Loss/(gain) on sale of fixed assets	302,909	(686,758)
Administration expenses	4,745,546	4,615,392
Exchange loss	238,229	468,998
	<u>12,194,535</u>	<u>11,201,203</u>

**Giles W. Pritchard-Gordon & Co. Limited
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Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

4. Operating Profit

	<u>2019</u> £	<u>2018</u> £
The operating profit is stated after charging/(crediting):		
Depreciation of fleet - owned	3,932,248	3,395,498
- leased	809,563	922,994
Depreciation of other assets	1,147,995	1,026,591
Impairment	1,018,045	1,458,488
Government grants received	-	(11,465)
Auditors' remuneration - audit of financial statements	83,600	90,956
- other services in respect of taxation	13,000	11,213
Operating lease rentals	2,561,438	2,956,277
Loss/(gain) on disposal of fixed assets	<u>302,909</u>	<u>(686,758)</u>

5. Investment Income

	<u>2019</u> £	<u>2018</u> £
Interest receivable	<u>191,156</u>	<u>83,987</u>

6. Interest Payable

	<u>2019</u> £	<u>2018</u> £
On bank loans	1,537,025	715,026
On finance leases	<u>259,890</u>	<u>358,735</u>
	<u>1,796,915</u>	<u>1,073,761</u>

7. Directors and Employees

Staff costs, including emoluments in respect of directors of the group comprise:

	<u>2019</u> £	<u>2018</u> £
Wages and salaries	6,000,039	5,510,299
Social security costs	389,853	360,215
Pension contributions	<u>100,803</u>	<u>105,402</u>
	<u>6,490,695</u>	<u>5,975,916</u>

Directors' emoluments for the year amounted to:

	<u>2019</u> £	<u>2018</u> £
Emoluments (including benefits in kind)	801,310	773,368
Pension contributions	<u>3,336</u>	<u>1,740</u>
	<u>804,646</u>	<u>775,108</u>

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

7. Directors and Employees (Continued)

The emoluments of the highest paid director were:

	<u>2019</u> £	<u>2018</u> £
Emoluments (including benefits in kind)	<u>465,800</u>	<u>457,518</u>

There are not considered to be any other key management personnel.

The average number of persons (including directors) employed by the group during the year was as follows:

	<u>2019</u>	<u>2018</u>
Farming	9	9
Shipping	80	72
Administration	<u>35</u>	<u>34</u>
	<u>124</u>	<u>115</u>

8. Taxation

(a) Analysis of credit for the year	<u>2019</u> £	<u>2018</u> £
Current taxation		
Corporation tax	<u>-</u>	<u>-</u>
Total current taxation	<u>-</u>	<u>-</u>
Deferred taxation credit (note 14)	<u>215,569</u>	<u>85,135</u>
	<u>215,569</u>	<u>85,135</u>

One subsidiary in the group has entered the U.K. tonnage tax regime under which their shipowning and operating activities are taxed based on the net tonnage of vessels operated. The tonnage tax charge of £10,407 (2018: £9,756) is included in the statement of comprehensive income within net operating expenses.

Any income and profits outside the tonnage tax regime are taxed under the normal U.K. corporation tax rules.

**Giles W. Pritchard-Gordon & Co. Limited
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Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

8. Taxation (Continued)

(b) Factors affecting the tax credit for the year

The tax assessed for the year differs from than the standard rate of corporation tax in the UK. The differences are explained below:

	<u>2019</u> £	<u>2018</u> £
Profit before tax	<u>1,847,065</u>	<u>1,396,702</u>
Expected tax charge at 19% (2018: 19%)	350,942	265,373
Effects of:		
Expenditure not deductible for tax purposes	3,491	66,084
Short term timing differences	22,049	(2,181)
Income not taxable under UK corporation tax but under UK tonnage tax regime	(685,253)	(376,633)
Other non-taxable income	-	(164,441)
Profit on disposal of fixed asset	(861)	(130,484)
Losses used during the year	(92,507)	-
Losses carried forward	402,139	342,282
Timing difference (note 14)	<u>215,569</u>	<u>85,135</u>
Current tax charge for year (note 8(a))	<u>215,569</u>	<u>85,135</u>

9. Property, Plant and Equipment

(a) Group

	<u>Fleet</u> £	<u>Drydocking</u> £	<u>Farms and Farm Equipment</u> £	<u>Motor Vehicles and Equipment</u> £	<u>Vessels Under Construction</u> £	<u>Total</u> £
Cost or Valuation						
At 1 July 2018	72,023,780	2,264,109	16,973,833	3,528,460	12,878,049	107,668,231
Additions	197,868	1,078,839	56,046	2,922	13,491,971	14,827,646
Transfers	19,431,556	230,044	-	-	(19,661,600)	-
Disposals	(3,245,433)	(619,322)	(29,463)	(20,113)	-	(3,914,331)
Revaluation	235,306	-	-	-	-	235,306
At 30 June 2019	<u>88,643,077</u>	<u>2,953,670</u>	<u>17,000,416</u>	<u>3,511,269</u>	<u>6,708,420</u>	<u>118,816,852</u>
Depreciation and amortisation						
At 1 July 2018	21,841,036	803,579	3,208,671	3,421,039	-	29,274,325
Charge for the year	4,741,811	972,514	134,926	40,555	-	5,889,806
Disposals	(1,671,787)	(619,322)	(26,655)	(19,960)	-	(2,337,724)
Impairment	1,018,045	-	-	-	-	1,018,045
At 30 June 2019	<u>25,929,105</u>	<u>1,156,771</u>	<u>3,316,942</u>	<u>3,441,634</u>	<u>-</u>	<u>33,844,452</u>
Net book value						
At 30 June 2019	<u>62,713,972</u>	<u>1,796,899</u>	<u>13,683,474</u>	<u>69,635</u>	<u>6,708,420</u>	<u>84,972,400</u>
At 30 June 2018	<u>50,182,744</u>	<u>1,460,530</u>	<u>13,765,162</u>	<u>107,421</u>	<u>12,878,049</u>	<u>78,393,906</u>

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

9. Property, Plant and Equipment (Continued)

(a) Group (Continued)

Farms and farm equipment include freehold land and buildings with a net book value of £13,235,544 (2018: £13,239,476).

Vessels with a net book value of £35,357,899 (2018: £15,981,216) and freehold land and buildings with a net book value of £12,373,480 (2018: £12,380,470) have been pledged as security for long term bank loans (note 13).

Vessels with a net book value of £4,707,623 (2018: £6,167,623) are held on finance leases. The group has an obligation to purchase the vessels Lesley PG and Henrietta PG at the end of the bareboat lease period.

The vessels other than those on finance lease were revalued as at 30 June 2019 at replacement cost, based on a valuation performed by Affinity Valuations Ltd, an independent shipbroker.

The freehold land in Wyoming was revalued at 14 March 2016 on an open market value basis by Martin K Olsen, an ARA qualified independent valuer.

If the fleet and freehold land and buildings had not been revalued, they would have been stated on an historical cost basis as follows:

	<u>Fleet</u>		<u>Freehold Land and Buildings</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	£	£	£	£
Cost	88,261,992	70,569,512	7,727,963	7,725,401
Accumulated depreciation and provision for impairment	<u>(30,032,908)</u>	<u>(26,194,618)</u>	<u>(1,584,172)</u>	<u>(1,577,675)</u>
Net book value	<u>58,229,084</u>	<u>44,374,894</u>	<u>6,143,791</u>	<u>6,147,726</u>
(b) Company				
	<u>Motor Vehicles</u>	<u>Computer Equipment</u>	<u>Office Equipment</u>	<u>Total</u>
	£	£	£	£
Cost				
At 1 July 2018	220,795	44,458	35,427	300,680
Additions	-	649	257	906
Disposals	<u>(14,250)</u>	<u>(4,593)</u>	<u>-</u>	<u>(18,843)</u>
At 30 June 2019	<u>206,545</u>	<u>40,514</u>	<u>35,684</u>	<u>282,743</u>
Depreciation				
At 1 July 2018	139,186	40,396	33,994	213,576
Charge for the year	36,819	1,550	508	38,877
Disposals	<u>(14,249)</u>	<u>(4,464)</u>	<u>-</u>	<u>(18,713)</u>
At 30 June 2019	<u>161,756</u>	<u>37,482</u>	<u>34,502</u>	<u>233,740</u>
Net book value				
At 30 June 2019	<u>44,789</u>	<u>3,032</u>	<u>1,182</u>	<u>49,003</u>
At 30 June 2018	<u>81,609</u>	<u>4,062</u>	<u>1,433</u>	<u>87,104</u>

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

10. Investments

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Shares in group undertakings	-	-	153,000	153,000
Other investments	38,688	102,249	33,776	33,776
	<u>38,688</u>	<u>102,249</u>	<u>186,776</u>	<u>186,776</u>

The company holds the following investments:

<u>Company Name</u>	<u>Country of Incorporation</u>	<u>Proportion Held Directly</u>	<u>Proportion Held Indirectly</u>	<u>Principal Activities</u>
Shares in group undertakings:				
Giles W. Pritchard-Gordon (Shipowning) Limited	England	100%	-	Holding
Giles W. Pritchard-Gordon (Farming) Limited	England	100%	-	Farming
Giles W. Pritchard-Gordon (Futures) Limited	England	100%	-	Non-trading
Giles W. Pritchard-Gordon (Property) Limited	England	100%	-	Non-trading
Pritchard-Gordon Tankers Limited	England	-	100%	Vessel owning
Giles W. Pritchard-Gordon (Australia) Pty Limited	Australia	-	100%	Farming
Sussex Cattle Company	U.S.A	-	100%	Farmland leasing

Other investments:

Draw Worldwide Limited	England	25%	-	Greeting card retail
Henrietta Product DIS	Norway	-	4.5%	Vessel owning

The Sussex Cattle Company's result for the year was £Nil (2018: £Nil) and net assets at 30 June 2019 were £499 (2018: £499). The subsidiary has been excluded from the consolidated financial statements on the grounds of materiality.

The investment in Draw Worldwide Limited (formerly The Compost Heap Limited) has been accounted for at cost on the grounds that the group does not exercise significant influence over the investee company. The company's result for the year ended 31 October 2018 was a profit of £9,675 (2017: £16,010) and net assets at 31 October 2018 were £162,226 (2017: £151,040).

As part of the sale of Henrietta PG during 2016, the group acquired 4.5% of the share capital of Henrietta Product DIS. During the year the investment was partially repaid amounting to £63,561 (2018: £60,878). There was no reduction in the shareholding of the company.

**Giles W. Pritchard-Gordon & Co. Limited
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Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

11. Inventories

<u>Group</u>	<u>2019</u> £	<u>2018</u> £
Tenant rights	454	454
Livestock	1,837,307	1,993,852
Gravel	72,879	70,255
Pedigree-herd	19,603	19,602
	<u>1,930,243</u>	<u>2,084,163</u>

The inventory included in cost of sales during the year was £698,032 (2018: £254,592).

12. Trade and Other Receivables

	<u>Group</u>		<u>Company</u>
	<u>2019</u> £	<u>2018</u> £	<u>2019</u> £
Trade receivables	384,522	244,034	631
Amounts due from subsidiary companies	-	-	16,940,158
Other receivables	280,015	344,633	18,414
Prepayments and accrued income	843,368	831,196	43,697
Deferred tax asset (note 14)	-	-	16,990
VAT recoverable	53,345	33,302	-
	<u>1,561,250</u>	<u>1,453,165</u>	<u>17,019,890</u>
			<u>14,923,507</u>

Amounts due from subsidiary companies are unsecured, interest free and repayable on demand. The total amount due from subsidiary companies at 30 June 2019 was £41,009,424 (2018: £37,517,983) of which £24,069,266 (2018: £22,658,300) has been fully provided against.

Giles W. Pritchard-Gordon & Co. Limited has provided assurance not to seek repayment of £25,845,897 (2018: £24,622,309) for the foreseeable future and has agreed to provide on-going financial support to Giles W. Pritchard-Gordon (Farming) Limited if required.

13. Trade and Other Payables

<u>Group</u>	<u>Amounts falling due within one year</u>	<u>Amounts falling due after more than one year</u>
	<u>2019</u> £	<u>2018</u> £
Bank loans	2,864,186	1,157,124
Amounts due on finance leases	2,388,117	1,630,067
Trade payables	3,206,158	2,395,835
Other taxation	153,115	76,936
Other payables	64,413	343,344
Accruals and deferred income	3,503,638	3,351,776
	<u>12,179,627</u>	<u>8,955,082</u>
		<u>27,936,634</u>
		<u>19,692,824</u>

**Giles W. Pritchard-Gordon & Co. Limited
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Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

13. Trade and Other Payables (Continued)

Bank loans and finance leases due after more than one year are repayable as follows:

	<u>2019</u>	<u>Group</u>	<u>2018</u>
	£		£
Between one and two years	4,239,760		3,739,497
Between two and five years	9,536,132		6,545,239
Over five years	<u>14,160,742</u>		<u>9,408,088</u>
	<u>27,936,634</u>		<u>19,692,824</u>

Bank loans amounting to £22,624,047 (2018: £10,347,838) are secured by a first preferred mortgage over two vessels owned by a subsidiary company together with the assignment of their earnings and insurances. The loans are denominated in US Dollars and carry interest at LIBOR plus an average margin of 3.77%. An aggregate arrangement fee of £246,542 was paid by the subsidiary on the drawdown date of these loans.

A bank loan amounting to £5,857,626 (2018: £5,964,554) is repayable in quarterly instalments over twenty years and carries interest of LIBOR plus 2.05% per annum. The loan is secured by a charge over freehold land and buildings owned by a subsidiary company, with a net book value of £8,114,678 (2018: £8,121,668) as at 30 June 2019. The loan is secured by a corporate guarantee provided by the parent company.

The minimum lease payments due within one year amount to £1,728,491 (2018: £1,978,864) and between one and five years amount to £1,658,836 (2018: £3,154,329).

Company

	<u>2019</u>	<u>Amounts falling due within one year</u>	<u>2018</u>
	£		£
Amounts due to subsidiary companies	15,899,469		13,962,235
Trade payables	46,012		-
Other taxation	53,564		53,207
Other payables	1,770		419
Accruals and deferred income	<u>38,066</u>		<u>57,918</u>
	<u>16,038,881</u>		<u>14,073,779</u>

Amounts due to subsidiary companies are interest free, unsecured and repayable on demand.

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

14. Deferred Taxation

Group

	<u>2019</u> £	<u>2018</u> £
At 1 July	707,606	944,181
Credit for the year (note 8)	(215,569)	(85,135)
Elimination of PeeGee Gas LLC liability	<u>-</u>	<u>(151,440)</u>
At 30 June	<u>492,037</u>	<u>707,606</u>

Deferred taxation provided is as follows:

	<u>2019</u> £	<u>2018</u> £
Tax effect of timing differences due to:		
Excess of capital allowances over depreciation	66,957	77,417
Trading losses carried forward	(764,288)	(559,179)
Revaluation of freehold land	<u>1,189,368</u>	<u>1,189,368</u>
	<u>492,037</u>	<u>707,606</u>

A deferred tax asset of £1,375,492 (2018: £1,303,031) in respect of taxable losses carried forward has not been recognised on the grounds of uncertainty in the foreseeable future profits against which the asset could be offset.

Company

A deferred tax asset of £26,247 (2018: £16,990) has been recognised in respect of excess depreciation over capital allowances.

A deferred tax asset of £942,192 (2018: £973,466) in respect of taxable losses carried forward has not been recognised on the grounds of uncertainty of sufficient taxable profits in the foreseeable future against which the asset could be offset.

**Giles W. Pritchard-Gordon & Co. Limited
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Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

15. Share Capital

	<u>2019</u> £	<u>2018</u> £
Authorised, allotted, called up and fully paid:		
10,000 ordinary equity shares of £1 each	10,000	10,000
1,200,000 redeemable cumulative preference shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>
	<u>1,210,000</u>	<u>1,210,000</u>

The cumulative preference shares of £1 each at par, in full or in part, at any time, are redeemable at the option of the company.

A fixed cumulative cash dividend is payable to the preference shareholder at an annual rate of 5%, based on the issued price. The company paid a dividend to the preference shareholder of £60,000 in the year (2018: £60,000) which represents 5p per share (2018: 5p per share).

During the year the company paid dividends of £756,000 (2018: £682,000) on the ordinary share capital of the company which represents £75.60 per share (2018: £68.20).

16. Derivative Financial Instruments

<u>Group</u>	<u>Amounts falling due within one year</u>		<u>Amounts falling due after more than one year</u>	
	<u>2019</u> £	<u>2018</u> £	<u>2019</u> £	<u>2018</u> £
Interest rate swaps	(17,998)	26,181	(62,491)	323,048
Forward exchange contracts	<u>(60,777)</u>	<u>-</u>	<u>(227,364)</u>	<u>-</u>
	<u>(78,775)</u>	<u>26,181</u>	<u>(289,855)</u>	<u>323,048</u>

Interest rate swaps

On 1 January 2017, the group entered into an interest rate swap agreement to hedge its exposure to movements in the interest rates arising from the fluctuations in LIBOR rates. The cash flows arising from the interest rate swaps will continue until their maturity in 2037, coincidental with the repayment of the bank loan.

The movement in the fair value of the interest rate swap is as follows:

	<u>2019</u> £	<u>2018</u> £
As at 1 July	349,229	51,030
(Loss)/gain on fair value	(435,457)	293,138
Currency translation differences	<u>5,739</u>	<u>5,061</u>
As at 30 June	<u>(80,489)</u>	<u>349,229</u>

**Giles W. Pritchard-Gordon & Co. Limited
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Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

16. Derivative Financial Instruments (continued)

Interest rate swaps (continued)

Shown as:

	<u>2019</u>	<u>2018</u>
	£	£
Current (liabilities)/assets	(17,998)	26,181
Non-current (liabilities)/assets	(62,491)	323,048
	<u>(80,489)</u>	<u>349,229</u>

Forward exchange contracts

During the year, the group entered into a number of forward exchange contracts to hedge the volatility in exchange rates. The forward currency contracts are measured at fair value, which is determined by the counterparty using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:USD. The maturity of the forward exchange contracts ranges from December 2019 to December 2022.

The movement in the fair value of the forward currency contracts is as follows:

	<u>2019</u>
	£
As at 1 July	-
Loss on fair value	<u>(288,141)</u>
As at 30 June	<u>(288,141)</u>

Shown as:

	<u>2019</u>
	£
Current liabilities	(60,777)
Non-current liabilities	<u>(227,364)</u>
	<u>(288,141)</u>

**Giles W. Pritchard-Gordon & Co. Limited
and subsidiary companies**

Consolidated Financial Statements for the year ended 30 June 2019

Notes (Continued)

17. Commitments

The minimum future lease rentals payable under non-cancellable operating leases as at 30 June 2019 are as follows:

	Charterparties		Land and building	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	£	£	£	£
Within one year	1,339,652	2,126,107	19,000	17,000
Between 2 and 5 years	1,682,231	299,629	76,000	68,000
More than 5 years	-	-	23,008	37,679
	<u>3,021,883</u>	<u>2,425,736</u>	<u>118,008</u>	<u>122,679</u>

The minimum future lease rentals receivable under non-cancellable operating leases as at 30 June 2019 are as follows:

	Charterparties	
	<u>2019</u>	<u>2018</u>
	£	£
Within one year	24,561,195	30,253,640
Between 2 and 5 years	43,115,872	23,748,046
More than 5 years	40,518,111	927,062
	<u>108,195,178</u>	<u>54,928,748</u>

The company has capital commitments relating to instalments due on one vessel under construction (2018: two vessels under construction). The amount due within one year is £10,695,942 (2018: £13,237,840) and the amount due within two to five years is £Nil (2018: £10,307,627).

The group also has capital commitments relating to purchase of vessels at the completion of finance leases amounting to £864,304 payable within one year and £785,731 payable within two to five years.

18. Related Party Transactions and Controlling Party

During the year a subsidiary of the Company sold a horse to Mrs V Pritchard-Gordon for £1,000 (2018: £nil) and also leased grazing from her for £2,625 (2018: £nil)

No individual shareholder owns a controlling interest in the company.

19. Subsequent events

A newbuild vessel Cosima PG was delivered in November 2019. A final payment of \$13,612,726 was paid on the delivery of the vessels secured through an external loan.