COMPANY REGISTRATION NUMBER: 02754740

Finagra Group Limited and Subsidiary Undertakings

Financial Statements

For the year ended

31 December 2017

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COHEN ARNOLD
Chartered accountant & statutory auditor
New Burlington House
1075 Finchley Road
London
NW11 0PU

Finagra Group Limited and Subsidiary Undertakings

Financial Statements

Year ended 31 December 2017

Contents	**Pages**

Officers and Professional Advisers

The Board of Directors	David Margulies Samuel Margulies Jeremy Cadle
Company Secretary	Joel Joseph
Registered Office	New Burlington House 1075 Finchley Road London NW11 0PU
Auditor	Cohen Arnold Chartered accountant & statutory auditor New Burlington House 1075 Finchley Road London NW11 0PU

The Directors present their strategic report for the year ended 31 December 2017.

Principal Activities

The group's principal activity continues to be that of commodity merchants, mainly coffee trading and cocoa being a second traded commodity.

Business Review

The financial results of the group's activities for the year ended 31 December 2017 are fully reflected in the attached Financial Statements together with the notes thereon.

The Group's Key Financial Performance Indicators during the year were as follows:

	2017	2016
	$	$
Turnover	143,427,302	156,271,118
Gross profit	4,551,473	5,112,010
Loss before taxation	1,965,438	878,424

The group commenced a radical streamlining of operations during 2017 which is expected to provide significant cost savings and profits in the future. Year 2017 has been a transitional year with the grains and the proprietory operations closed. Prior to closing of these operations, the group suffered further losses earlier in the year. The operations in Vietnam were also closed which included an expensive storage deal which meant opening a company in the origin, sending capital and committing to storage space. These changes will prevent further losses and reduce overall overheads.

During the year, the group suffered from the London coffee market's forward months' trading at a premium to the spot month. Seeing that the group was holding a significant amount of Robusta coffee, the group incurred losses in the carrying of this stock, inasmuch as the group lost in the switching of the short hedges and the carry costs (i.e. rent, interest & charges) which in normal market conditions would have been recovered. Robusta has been identified as low margin with a slow turnaround, so the group is drastically reducing the Robusta stockholding with a forward view to back to back sales or short selling and covering at a later date.

Management is working to rationalise the various business lines, closing loss making desks as well as closing the Vietnam origin financing operations and modifying the Robusta trading model to reflect a far lower stock holding. There has been a shift to concentrate on the more successful areas of the business, i.e. Arabica Coffee, Cocoa, Nuts and the Kenyan origin operation, with Cocoa being the group's best performer for 2017.

Generally, there has been a drive to reduce the stock holding (falling over $10m from March 2017 to March 2018 already) and a focus on larger volume trades, quicker turnaround and higher margin, rather than inventory based sales with significant carry costs. The group has also significantly reduced overheads reducing the pressure on gross profit margins. Additionally, in a push to reduce the stock holding and therefore not be exposed to backwardation of the London market, the group had to liquidate stock at a lower value than had been anticipated.

The Directors are confident that the group has sufficient funding available from banks and shareholders to carry through this transition phase back to profitability.

Principal Risks and Uncertainties

The group's major risks are market risks resulting from changes in commodity prices and credit risk in respect of trade receivables and liquidity risk.

Financial Instruments and Risk Management

Market and Foreign Exchange Risk:
The group hedges through forward and futures contracts and therefore minimises its exposure to changes in commodity prices and foreign currency exchange rates.

Credit Risk:
Trade debtors are carefully monitored and customer credit limits are regularly reviewed.

Liquidity risk management:
Liquidity management within the company has two principal purposes. Firstly to ensure that sufficient cash is available to meet all contractual commitments as they fall due and, secondly, to ensure that the company has sufficient funding to withstand stressed market conditions or an extreme event.

The group maintains adequate funding lines with banks to ensure sufficient liquidity to meet all financial requirements on a timely basis.

Future Developments and Post Balance Sheet Events

The group expects to achieve significant growth and profitability by rationalisation of its business by cutting overheads, reducing inventory holdings and carrying costs and utilising its connections and expertise in the market.

This report was approved by the board of directors on ..9..July..2018..... and signed on behalf of the board by:

David Margulies
Director

The directors present their report and the financial statements of the group for the year ended 31 December 2017.

Directors

The directors who served the company during the year were as follows:

David Margulies	
Andreas Enderlin	(Resigned 1 January 2018)
Samuel Margulies	
Jeremy Cadle	

Results and dividends

The directors do not recommend the payment of a dividend.

Principal place of business

Finagra Group Limited is a company incorporated in England and has its principal place of business at Suite 3.3 The Loom, 14 Gowers Walk, London E1 8PY.

Disclosure of information in the strategic report

The company has chosen in accordance with Section 414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments, post balance sheet events and financial instruments.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on ...9 July 2018..... and signed on behalf of the board by:

David Margulies
Director

Independent Auditor's Report to the Members of Finagra Group Limited and Subsidiary Undertakings

Year ended 31 December 2017

Opinion

We have audited the financial statements of Finagra Group Limited and Subsidiary Undertakings (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which indicates that the going concern basis has been followed in preparing the financial statements notwithstanding the significant loss in the current year. It also provides the Directors' considerations in respect thereof. The financial statements do not include any adjustments that would result if the group was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

D Goldberg

David Goldberg (Senior Statutory Auditor)

For and on behalf of
Cohen Arnold
Chartered accountant & statutory auditor
New Burlington House
1075 Finchley Road
London
NW11 0PU

9 July 2018

Finagra Group Limited and Subsidiary Undertakings

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

	Note	2017 Continuing operations $	2017 Discont'd operations $	2017 **Total** $	2016 Continuing operations $	2016 Discont'd operations $	2016 Total $
Turnover	4	143,427,302	–	143,427,302	147,071,686	9,199,432	156,271,118
Cost of sales		(138,875,829)	–	(138,875,829)	(141,877,671)	(9,281,437)	(151,159,108)
Gross profit		4,551,473	–	4,551,473	5,194,015	(82,005)	5,112,010
Administrative expenses		(4,686,976)	–	(4,686,976)	(3,837,469)	(947,162)	(4,784,631)
Operating (loss)/profit	5	(135,503)	–	(135,503)	1,356,546	(1,029,167)	327,379
Share of loss from interests in associates	9	–	–	–	–	(530)	(530)
Interest payable and similar expenses	10	(1,829,935)	–	(1,829,935)	(1,205,273)	–	(1,205,273)
Loss before taxation		(1,965,438)	–	(1,965,438)	151,273	(1,029,697)	(878,424)
Tax on loss	11	(263,475)	–	(263,475)	(214,316)	–	(214,316)
Loss for the financial year and total comprehensive income		(2,228,913)	–	(2,228,913)	(63,043)	(1,029,697)	(1,092,740)

The consolidated statement of comprehensive income continues on the following page.

The notes on pages 17 to 29 form part of these financial statements.

Consolidated Statement of Comprehensive Income *(continued)*

Year ended 31 December 2017

	Note	2017 Continuing operations $	2017 Discont'd operations $	2017 Total $	2016 Continuing operations $	2016 Discont'd operations $	2016 Total $
Loss for the financial year attributable to:							
The owners of the parent company				(2,223,514)			(1,077,649)
Non-controlling interests				(5,399)			(15,091)
				(2,228,913)			(1,092,740)
Total comprehensive income for the year attributable to:							
The owners of the parent company				(2,223,514)			(1,077,649)
Non-controlling interests				(5,399)			(15,091)
				(2,228,913)			(1,092,740)

The notes on pages 17 to 29 form part of these financial statements.

Finagra Group Limited and Subsidiary Undertakings

Consolidated Statement of Financial Position

31 December 2017

	Note		2017 $	2016 $
Fixed assets				
Tangible assets	12		91,179	45,695
Current assets				
Stocks	14	29,408,249		29,651,372
Debtors	15	26,247,369		23,241,397
Cash at bank and in hand		8,201,186		1,671,043
		63,856,804		54,563,812
Creditors: amounts falling due within one year	16	(55,745,836)		(44,350,760)
Net current assets			8,110,968	10,213,052
Total assets less current liabilities			8,202,147	10,258,747
Creditors: amounts falling due after more than one year	17		(5,930,274)	(5,757,961)
Net assets			2,271,873	4,500,786
Capital and reserves				
Called up share capital	22		8,182,500	8,182,500
Other reserve	23		597,692	742,039
Profit and loss account	23		(6,487,829)	(4,408,662)
Equity attributable to the owners of the parent company			2,292,363	4,515,877
Non-controlling interests			(20,490)	(15,091)
			2,271,873	4,500,786

These financial statements were approved by the board of directors and authorised for issue on .9..July..2018...., and are signed on behalf of the board by:

David Margulies
Director

Company registration number: 02754740

The notes on pages 17 to 29 form part of these financial statements.

Finagra Group Limited and Subsidiary Undertakings

Balance Sheet

31 December 2017

	Note		2017 $	2016 $
Fixed assets				
Tangible assets	12		14,584	42,800
Investments	13		2,970,974	2,982,530
			2,985,558	3,025,330
Current assets				
Stocks	14	28,957,447		29,342,465
Debtors	15	26,883,632		23,703,244
Cash at bank and in hand		7,916,079		1,265,270
		63,757,158		54,310,979
Creditors: amounts falling due within one year	16	(58,604,056)		(47,059,661)
Net current assets			5,153,102	7,251,318
Total assets less current liabilities			8,138,660	10,276,648
Creditors: amounts falling due after more than one year	17		(5,902,308)	(5,757,961)
Net assets			2,236,352	4,518,687
Capital and reserves				
Called up share capital	22		8,182,500	8,182,500
Other reserve	23		597,692	742,039
Profit and loss account	23		(6,543,840)	(4,405,852)
Shareholders funds			2,236,352	4,518,687

The loss for the financial year of the parent company was $2,282,335 (2016: $1,159,612).

These financial statements were approved by the board of directors and authorised for issue on ..9...July..2018..., and are signed on behalf of the board by:

David Margulies
Director

Company registration number: 02754740

Finagra Group Limited and Subsidiary Undertakings

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Note	Called up share capital $	Other reserve $	Profit and loss account $	**Equity attributable to the owners of the parent company $**	Non-controlling interests $	**Total $**
At 1 January 2016		8,182,500	–	(3,400,578)	4,781,922	–	4,781,922
Loss for the year				(1,077,649)	(1,077,649)	(15,091)	(1,092,740)
Other comprehensive income for the year	21	–	(69,565)	69,565	–	–	–
Total comprehensive income for the year		–	(69,565)	(1,008,084)	(1,077,649)	(15,091)	(1,092,740)
Equity element of preference shares		–	811,604	–	811,604	–	811,604
Total investments by and distributions to owners		–	811,604	–	811,604	–	811,604
At 31 December 2016		8,182,500	742,039	(4,408,662)	4,515,877	(15,091)	4,500,786
Loss for the year				(2,223,514)	(2,223,514)	(5,399)	(2,228,913)
Other comprehensive income for the year	21	–	(144,347)	144,347	–	–	–
Total comprehensive income for the year		–	(144,347)	(2,079,167)	(2,223,514)	(5,399)	(2,228,913)
At 31 December 2017		8,182,500	597,692	(6,487,829)	2,292,363	(20,490)	2,271,873

The notes on pages 17 to 29 form part of these financial statements.

Finagra Group Limited and Subsidiary Undertakings

Company Statement of Changes in Equity

Year ended 31 December 2017

		Called up share capital	Other reserve	Profit and loss account	**Total**
		$	$	$	$
At 1 January 2016		8,182,500	–	(3,315,805)	4,866,695
Loss for the year				(1,159,612)	(1,159,612)
Other comprehensive income for the year	**21**	–	(69,565)	69,565	–
Total comprehensive income for the year		–	(69,565)	(1,090,047)	(1,159,612)
Equity element of preference shares		–	811,604	–	811,604
Total investments by and distributions to owners		–	811,604	–	811,604
At 31 December 2016		8,182,500	742,039	(4,405,852)	4,518,687
Loss for the year				(2,282,335)	(2,282,335)
Other comprehensive income for the year	**21**	–	(144,347)	144,347	–
Total comprehensive income for the year		–	(144,347)	(2,137,988)	(2,282,335)
At 31 December 2017		8,182,500	597,692	(6,543,840)	2,236,352

The notes on pages 17 to 29 form part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	2017	2016
	$	$
Cash flows from operating activities		
Loss for the financial year	(2,228,913)	(1,092,740)
Adjustments for:		
Depreciation of tangible assets	47,374	28,783
Share of loss from interests in associates	–	530
Interest payable and similar expenses	1,829,935	1,205,273
Tax on loss	263,475	214,316
Accrued (income)/expenses	(2,445,369)	1,577,578
Loss on company acquisition	–	648,842
Changes in:		
Stocks	243,123	(5,992,620)
Trade and other debtors	1,833,322	1,144,139
Trade and other creditors	54,909	(3,347,294)
Cash generated from operations	(402,144)	(5,613,193)
Interest paid	(1,548,088)	(965,898)
Net cash used in operating activities	(1,950,232)	(6,579,091)
Cash flows from investing activities		
Purchase of tangible assets	(92,858)	(27,768)
Acquisition of subsidiaries	–	(500)
Cash in subsidiary at acquisition	–	2,034,217
Net cash (used in)/from investing activities	(92,858)	2,005,949
Cash flows from financing activities		
Proceeds from issue of shares classed as financial liabilities	–	3,188,396
Proceeds from borrowings	8,573,233	1,070,333
Proceeds from issue of shares classified as equity	–	811,604
Net cash from financing activities	8,573,233	5,070,333
Net increase in cash and cash equivalents	6,530,143	497,191
Cash and cash equivalents at beginning of year	1,671,043	1,173,852
Cash and cash equivalents at end of year	8,201,186	1,671,043

The notes on pages 17 to 29 form part of these financial statements.

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is New Burlington House, 1075 Finchley Road, London, NW11 0PU.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in US Dollars, which is the functional currency of the entity.

Going concern

The Directors are required to make an assessment of the Company's ability to continue as a going concern. Notwithstanding the loss in the current year, the Directors have concluded that it is appropriate to prepare the accounts on a going concern basis.

The main considerations were as follows:

The group has successfully renewed its major credit facility after the year end and have entered into an additional facility.

Credit lines from shareholders totalling $6.5m in the form of a subordinated loan and Preference Shares continue to be available and not due for repayment until at least September 2020.

The operations are being rationalised with stress on reducing stock and carrying costs, with non-performing desks being closed. The group is expected to return to profitability during the last quarter of 2018.

The Directors are satisfied that the company has adequate resources and procedures in place to meet its cash flow requirements through a mix of its own and available credit facilities. The Directors are confident that it will result in significant improvement of the results over the next few years.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

(a) Disclosures in respect of each class of share capital have not been presented.
(b) No cash flow statement has been presented for the company.
(c) Disclosures in respect of financial instruments have not been presented.
(d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Finagra Group Limited and Subsidiary Undertakings and all of its subsidiary undertakings.

3. Accounting policies *(continued)*

Consolidation *(continued)*

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Non-controlling interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In respect of trade debtors, management uses details of the age of the trade debtors and the status of any disputes together with external evidence of the credit status of the counterparty in making judgements concerning any need to impair the carrying values.

In respect of forward contracts and inventory, publicly available price data of traded commodities is used for calculating the fair value with appropriate adjustments in respect of the location and the grade of the commodity. Futures and option contracts are valued on the basis of the traded prices at the relevant exchange.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

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.

3. Accounting policies *(continued)*

Taxation *(continued)*

Current tax is recognised on taxable profit for the current and past periods. It 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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

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:

Fixtures and fittings	-	33% straight line
Equipment	-	33% straight line
Computer Software	-	20% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

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 largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

3. Accounting policies *(continued)*

Stocks

Stocks are normally measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

The company enters into forward contracts to hedge against changes in commodity (stock) prices. The hedging instrument is recognised as an asset or liability with the change in fair value being recognised in profit or loss. The change in fair value of the hedged item (stock) related to the hedged risk is recognised in profit or loss and as an adjustment to the carrying amount of the hedged item (stock).

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Turnover

Turnover arises from:

	2017	2016
	$	$
Sale of goods	143,427,302	156,271,118

The whole of the turnover is attributable to the principal activity of the group.

5. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	$	$
Depreciation of tangible assets	47,374	28,783

6. Auditor's remuneration

	2017	2016
	$	$
Fees payable for the audit of the financial statements	63,395	53,429
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	2,021	7,213

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Administrative staff	29	20
Management staff	4	4
	33	24

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	$	$
Wages and salaries	873,704	816,900
Social security costs	19,714	17,733
Other pension costs	13,962	14,311
	907,380	848,944

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	$	$
Remuneration	54,514	141,366

The Directors are the Company's key management personnel.

9. Share of loss from interests in associates

	2017	2016
	$	$
Share of loss from interests in associates	–	(530)

10. Interest payable and similar expenses

	2017	2016
	$	$
Interest on banks loans and overdrafts	1,498,088	951,333
Other interest payable and similar charges	331,847	253,940
	1,829,935	1,205,273

11. Tax on loss

Major components of tax expense

	2017	2016
	$	$
Deferred tax:		
Origination and reversal of timing differences	263,475	214,316
Tax on loss	263,475	214,316

Reconciliation of tax expense

The tax assessed on the loss on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017	2016
	$	$
Loss on ordinary activities before taxation	(1,965,438)	(878,424)
Loss on ordinary activities by rate of tax	(378,347)	(175,685)
Effect of expenses not deductible for tax purposes	43,257	160,302
Effect of capital allowances and depreciation	5,401	5,602
Unused tax losses	593,164	224,097
Tax on loss	263,475	214,316

12. Tangible assets

Group	Fixtures and fittings $	Equipment $	Computer Software $	**Total $**
Cost				
At 1 January 2017	19,895	50,320	141,081	211,296
Additions	–	92,858	–	92,858
At 31 December 2017	19,895	143,178	141,081	304,154
Depreciation				
At 1 January 2017	19,895	47,425	98,281	165,601
Charge for the year	–	19,158	28,216	47,374
At 31 December 2017	19,895	66,583	126,497	212,975
Carrying amount				
At 31 December 2017	–	76,595	14,584	91,179
At 31 December 2016	–	2,895	42,800	45,695

Company	Fixtures and fittings $	Equipment $	Computer Software $	**Total $**
Cost				
At 1 January 2017 and 31 December 2017	19,895	46,858	141,081	207,834
Depreciation				
At 1 January 2017	19,895	46,858	98,281	165,034
Charge for the year	–	–	28,216	28,216
At 31 December 2017	19,895	46,858	126,497	193,250
Carrying amount				
At 31 December 2017	–	–	14,584	14,584
At 31 December 2016	–	–	42,800	42,800

13. Investments

The group has no investments.

13. Investments *(continued)*

Company	**Shares in group undertakings**
	$
Cost	
At 1 January 2017 and 31 December 2017	4,113,030
Impairment	
At 1 January 2017	1,130,500
Impairment losses	11,556
At 31 December 2017	1,142,056
Carrying amount	
At 31 December 2017	2,970,974
At 31 December 2016	2,982,530

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Finagra USA Inc	Ordinary	100
Amcafe USA LLC	Ordinary	100
Finagra Grains Ltd	Ordinary	100
Finagra Vietnam Ltd	Ordinary	100
Mumbi Coffee Merchants Ltd	Ordinary	60

13. Investments *(continued)*

The company holds the entire issued share capital of Finagra USA Inc, a company incorporated in the USA. The registered office is at 5 West Main Street, Suite 203, Elmsford, New York, 10523. Finagra USA Inc has been formed to assist the group in its marketing activities in the USA. Finagra USA Inc owns 100% of Amcafe USA LLC, a company incorporated in the USA. The registered office is at 5 West Main Street, Suite 203, Elmsford, New York, 10523.

The company holds the entire issued share capital of Finagra Grains Limited. Further details of the acquisition is given in Note 25. Finagra Grains Limited carried on a business of trading in grains and ceased trading in November 2016. The registered office is at New Burlington House, 1075 Finchley Road, London, NW11 0PU.

The company holds entire issued capital of Finagra Vietnam Limited, a company incorporated in Vietnam. The registered office is at An Phuoc Ward, Long Thanh District, Dong Nai Province, Vietnam. The company also holds 60% ordinary share capital in Mumbi Coffee Merchants Ltd, a company incorporated in Kenya. Both Finagra Vietnam Limited and Mumbi Coffee Merchants Limited have been formed to assist the group with trading. The registered office is at 6th Floor, Coffee Plaza, Exchange Lane, Off Haile Selasie Avenue, PO Box 30015-00100, Nairobi, Kenya.

The results of the subsidiary undertakings for the period ended 31 December 2017 are as follows:

Profit / (loss) for the year

	2017	2016
	$	$
Finagra USA Inc	(169,073)	(14,990)
Amcafe USA LLC	100,787	95,425
Finagra Grains Ltd	(359)	(1,029,697)
Finagra Vietnam Ltd	(52,115)	(145,002)
Mumbi Coffee Merchants Ltd	(16,973)	(26,588)

Net Assets at 31 December 2017

	2017	2016
	$	$
Finagra USA Inc	(168,528)	545
Amcafe USA LLC	111,439	10,652
Finagra Grains Ltd	2,970,974	2,971,333
Finagra Vietnam Ltd	(137,663)	(83,003)
Mumbi Coffee Merchants Ltd	(42,400)	(26,588)

14. Stocks

	Group		**Company**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Total stocks	29,408,249	29,651,372	28,957,447	29,342,465

15. Debtors

	Group		Company	
	2017	2016	**2017**	2016
	$	$	**$**	$
Trade debtors	16,528,421	18,779,439	17,357,240	19,410,534
Deferred tax asset	–	263,475	–	263,475
Prepayments and accrued income	6,603,077	1,788,341	6,602,231	1,769,628
Other debtors	3,115,871	2,410,142	2,924,161	2,259,607
	26,247,369	23,241,397	26,883,632	23,703,244

Included in trade debtors of the company is a net amount (after provisions) of $1.3m due from other group undertakings.

16. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	**2017**	2016
	$	$	**$**	$
Bank loans and overdrafts	45,453,096	36,907,829	45,435,279	36,907,829
Trade creditors	3,286,853	3,212,899	3,211,863	2,989,815
Amounts owed to group undertakings	–	–	2,974,283	3,246,692
Accruals and deferred income	6,987,631	4,192,731	6,982,631	3,915,325
Other creditors	18,256	37,301	–	–
	55,745,836	44,350,760	58,604,056	47,059,661

The bank loans represent non-committed trade finance and are secured by way of charges on trade receivables, bills of lading, warehouse warrants and goods in warehouses.

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	**2017**	2016
	$	$	**$**	$
Bank loans and overdrafts	27,966	–	–	–
Shares classed as financial liabilities	3,402,308	3,257,961	3,402,308	3,257,961
Other creditors	2,500,000	2,500,000	2,500,000	2,500,000
	5,930,274	5,757,961	5,902,308	5,757,961

18. Deferred tax

The deferred tax included in the balance sheet is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$	$	**$**	$
Included in debtors (note 15)	–	263,475	–	263,475

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2017	2016	**2017**	2016
	$	$	**$**	$
Unused tax losses	–	(263,475)	–	(263,475)

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was $13,962 (2016: $14,311).

20. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets measured at fair value through profit or loss

	Group		Company	
	2017	2016	**2017**	2016
	$	$	**$**	$
Financial assets measured at fair value through profit or loss	2,983,705	2,279,791	2,812,342	2,146,491

Financial assets that are debt instruments measured at amortised cost

	Group	
	2017	2016
	$	$
Financial assets that are debt instruments measured at amortised cost	16,563,317	18,804,403

Financial liabilities measured at amortised cost

	Group	
	2017	2016
	$	$
Financial liabilities measured at amortised cost	54,688,479	45,915,990

21. Analysis of other comprehensive income

Group

	Other reserve	Profit and loss account	**Total**
	$	$	**$**
Year ended 31 December 2017			
Transfer	(144,347)	144,347	–

Company

	Other reserve	Profit and loss account	**Total**
	$	$	**$**
Year ended 31 December 2017			
Transfer	(144,347)	144,347	–
Year ended 31 December 2016			
Transfer	(69,565)	69,565	–

22. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	**$**	No.	$
Ordinary shares of $1.50 each	5,455,000	8,182,500	5,455,000	8,182,500
Preference shares of $1,000 each	4,000	4,000,000	4,000	4,000,000
		12,182,500		12,182,500
Amounts presented in equity:				
Ordinary shares		8,182,500		8,182,500
Preference shares		597,692		742,039
Amounts presented in liabilities:				
Preference shares		3,402,308		3,257,961

Included in the share capital of the company are 4,000 redeemable 2.5% Preference Shares with a nominal value of $1,000 each redeemable in June 2021 with a fixed preferential dividend payable annually. The Preference Shareholders are also entitled to a proportion of any other distributions made by the company and to a proportion of the assets on winding up.

Accordingly, these shares have been treated as compound instruments and the debt and equity elements have been separated using the "effective interest method". Interest is accrued annually on the debt element and the equity element is amortised over the repayment period.

The company's shareholders are currently restructuring the shareholding whereby certain shares (including the Preference Shares) are expected to be acquired by a new investor shareholder. It is expected that on completion, all of the Preference Shares will be converted to Ordinary Shares.

23. Capital and reserves

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

Other reserve - This records the equity element of the Preference Shares classified as liabilities.

24. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$	$	$	$
Not later than 1 year	102,319	83,965	83,299	76,816
Later than 1 year and not later than 5 years	133,373	143,073	48,591	121,626
Later than 5 years	3,836	–	–	–
	239,528	227,038	131,890	198,442

25. Other financial commitments

The company enters into forward and future contracts as part of the overall hedging strategy. At the end of the year, the net position in respect of coffee contracts taking into account its physical inventory was as follows:

Arabica - Short 1 lot of 17mt
Robusta - Long 7 lots of 10mt

26. Related party transactions

Group

(i) Other creditors falling due after more than one year represent a subordinated loan advanced by one of the company's shareholders, Amtrust International Limited, on 8 September 2015. The loan is due to be repaid on 8 September 2020 and interest is payable at 7.5% per annum. Interest totalling $436,875 remains outstanding as at the year end.

Company

(i) During the year, Finagra Group Limited purchased goods totalling $7.45m from Mumbi Coffee Merchants Limited.

(ii) At the year end, Mumbi Coffee Merchants Limited owed $49,043 to Finagra Group Limited, which has been provided in full in the parent company's financial statements.

27. Parent company and controlling party

The company is controlled by Ambertown International Limited (a company registered in the British Virgin Islands).

Companies House

COMPANY NAME: FINAGRA GROUP LIMITED
COMPANY NUMBER: 02754740

Unnecessary material was administratively removed from the accounts on the public register on 22/10/2018.