

VITACRESS KENT LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Company Registration Number 02783019 (England and Wales)

WEDNESDAY



A754FKD5

A07

02/05/2018

#220

COMPANIES HOUSE

VITAGRESS KENT LIMITED
INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Page(s)
Company information	1
Strategic report	2
Directors' report	3-4
Independent auditor's report	5-6
Income Statement	7
Statement of other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 23

**VITAGRESS KENT LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017**

Directors

T J Brinsmead
S D Rothwell
D H Clifton
P Southorn
C Van Poortvliet
R J Wilkinson

Secretary

R J Wilkinson

Company registration number

02783019

Registered office

Lower Link Farm
St Mary Bourne
Andover
Hampshire
SP11 6DB

Independent auditors

Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB
United Kingdom

Bankers

Deutsche Bank AG, London

VITACRESS KENT LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors have pleasure in presenting their strategic report, directors' report and the audited financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the Company is to provide contract farming services. During the year the Company continued its contract farming agreement with D H Clifton to operate the Minster Farm near Ramsgate, Kent. The Company is part of the larger Vitacress group of companies, which is headed by Vitacress Limited, the RAR Group's holding company for all its fresh produce businesses in the UK.

Review of the business

The Company continued to be profitable in 2017 with a profit before tax of £72,492 (2016: £86,954). The overall financial results for the year were acceptable.

Results and movements in equity

The Income Statement for the year is set out on page 7. The profit after taxation amounted to £59,435 (2016: £67,121). The movements in equity are set out on page 9.

Future developments

In 2017 the Company will continue its existing activity of contract farming, and will try to identify local opportunities to expand the growing base of the wider group.

Risk management objectives and policies

Operating risks

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risk and uncertainty affecting the company is considered to relate to competition from other contract farming services providers.

Financial risks

The Company's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The Company also monitors existing customer accounts on an ongoing basis and takes appropriate action where necessary to minimise any potential credit risk.

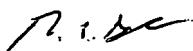
Liquidity risk

The Company retains sufficient cash to ensure it has sufficient available funds for operations and planned expansions. The Company has access to longer term funding if required and participates in group cash pool arrangements.

Key Performance Indicators

The directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company.

Approved by the board, and signed on their behalf on: 16 April 2018


.....
R J Wilkinson
Director

The directors have pleasure in presenting their report for the year ended 31 December 2017.

Directors

The directors who held office during the year and up to the date of signing these financial statements are shown on page 1 of these financial statements.

Statement of directors' responsibilities

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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going Concern

In preparing the financial statements the directors have had regard to the fact that the Company generated a pre-tax profit on continuing operations of £72,492 (2016: £86,954) in the financial year ended 31 December 2017. A key judgment is the appropriateness of using the going concern basis in preparing the financial statements. The directors are confident that the Company has adequate funding in place to support its future operations, for a period of at least 12 months from signing these financial statements.

Dividends

On the 30 June 2017 an interim dividend of £100,000 (2016: £250,000) was paid for the year ending 31 December 2017.

A final dividend for 2017 has not been proposed prior to the approval of these financial statements and there is no intention to declare such a dividend (2016: £nil)

Directors' and officers' indemnity insurance

The intermediate parent company has taken out insurance to indemnify, against third party proceedings, the directors of the intermediate parent company whilst serving on the board of the Company and of any subsidiary. This cover also indemnifies those employees of the Company who serve on the board of the Company. The cover subsisted throughout the year and remains in place at the date of this report.

Employees

The Company's policy is to encourage employee involvement, thereby improving Company performance through regular meetings. Information on matters of concern to employees is given through regular team briefings, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Employees - continued

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Political and charitable donations

During the financial year the Company made donations to UK registered charities of £nil (2016: £nil).

Disclosure of information to auditors

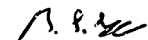
In so far as the directors in office at the date of approval of this report are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the board, and signed on their behalf on: 16 April 2018



.....
R J Wilkinson
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITACRESS KENT LIMITED

Opinion

We have audited the financial statements of Vitacress Kent Limited for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to 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 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 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 this 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 the other information; we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITACRESS KENT LIMITED (CONTINUED)

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 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, set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Ernst & Young LLP

Geraint Davies (senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton

21 April 2018

Income Statement for the year ended 31 December 2017

	Notes	2017 £	2016 £
Revenue	5	982,027	902,187
Raw materials and consumables used		(301,308)	(249,494)
Changes in inventories		38,776	2,917
External supplies and services		(272,499)	(248,756)
Depreciation and amortisation expenses	13	(56,724)	(49,509)
Employee benefit expense	7	(355,712)	(317,281)
Other operating expenses		(88)	(15)
Total operating expenses		(947,555)	(862,138)
Other operating income	6	43,654	42,884
Operating profit		78,126	82,933
Financial income	10	282	5,699
Financial expense	11	(5,916)	(1,678)
Profit before tax		72,492	86,954
Income tax expense	12	(13,057)	(19,833)
PROFIT FOR THE YEAR		59,435	67,121

All of the Company's activities are classed as continuing operations and are attributable to equity holders of the Company.

The accompanying notes form an integral part of these financial statements.

Statement of other comprehensive income for the year ended 31 December 2017

	2017 £	2016 £
Profit for the year	59,435	67,121
Total comprehensive income for the year	59,435	67,121

Statement of financial position as at 31 December 2017

	Notes	<u>31/12/17</u>	<u>31/12/16</u>
		£	£
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	13	246,544	116,514
Deferred tax assets	21	16,476	23,815
Total non-current assets		<u>263,020</u>	<u>140,329</u>
<i>Current assets</i>			
Inventories	14	113,269	74,493
Loans to group companies	19	-	116,543
Trade and other receivables	15	402,626	247,004
Cash and cash equivalents	16	-	622
Total current assets		<u>515,895</u>	<u>438,662</u>
Total assets		<u>778,915</u>	<u>578,991</u>
Equity and liabilities			
<i>Capital and reserves</i>			
Share capital	17	(100)	(100)
Retained earnings		<u>(301,651)</u>	<u>(342,216)</u>
Total equity		<u>(301,751)</u>	<u>(342,316)</u>
<i>Current liabilities</i>			
Loan from group companies	19	(266,454)	-
Trade and other payables	20	<u>(210,710)</u>	<u>(236,675)</u>
Total current liabilities		<u>(477,164)</u>	<u>(236,675)</u>
Total equity and liabilities		<u>(778,915)</u>	<u>(578,991)</u>

The accompanying notes form an integral part of these financial statements. The financial statements were approved by the board of directors and authorised for issue on 16 April 2018 and were signed on its behalf by:



 R J Wilkinson
Director
 Vitacress Kent Limited
 Registered number: 02783019

Statement of changes in equity for the year ended 31 December 2017

	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 January 2016	100	525,095	525,195
Profit for the year	-	67,121	67,121
Dividends paid	-	(250,000)	(250,000)
Balance at 31 December 2016	100	342,216	342,316
Profit for the year	-	59,435	59,435
Dividends paid	-	(100,000)	(100,000)
Balance at 31 December 2017	100	301,651	301,751

The accompanying notes form an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2017

	2017	2016
	<u>£</u>	<u>£</u>
Cash flows from operating activities		
Receipts from customers	714,977	785,214
Payments to suppliers	(564,030)	(467,959)
Payments related to employees	(355,712)	(317,281)
Net payments to group companies	<u>98,507</u>	<u>153,278</u>
Operating cash flow	(106,258)	153,252
Tax payments	<u>(10,195)</u>	<u>-</u>
Net cash (used in)/generated from operating activities	<u>(116,453)</u>	<u>153,252</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	24,500	18,001
Purchases of property, plant and equipment	(186,754)	(25,452)
Interest and similar income from group companies	307	5,392
Interest and similar income from external parties	282	-
Loans repaid by group companies	<u>-</u>	<u>100,885</u>
Net cash (used in)/generated from investing activities	<u>(161,665)</u>	<u>98,826</u>
Cash flows from financing activities		
Dividends paid	(100,000)	(250,000)
Movements in group cash pool	382,997	-
Interest and similar costs to group companies	(2,541)	(762)
Interest and similar costs to external parties	<u>(2,960)</u>	<u>(916)</u>
Net cash generated from /(used in) financing activities	<u>277,496</u>	<u>(251,678)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(622)</u>	<u>400</u>
Cash and cash equivalents at the beginning of the year	<u>622</u>	<u>222</u>
Cash and cash equivalents at the end of the year	<u>-</u>	<u>622</u>

The accompanying notes form an integral part of these financial statements.

1. General information and statement of compliance with IFRS

Vitacress Kent Limited ("the Company") is a limited company incorporated and domiciled in the UK. The principal activity of the Company is to provide contract farming services.

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The address of the registered office is set out on the Company information page.

2. New and revised IFRS's in issue but not yet effective

2.1 New and amended standards adopted by the Company

There are no standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2017 that would be expected to have a material impact on the Company.

At the date of authorisation of these Financial Statements, the following standards, which have not been applied in these financial statements, were adopted by the Group:

- IFRS 9, 'Financial Instruments' (effective 01/01/2018) and
- IFRS 15, 'Revenue from Contracts with Customers' (effective 01/01/2018).

These amendments are not expected to materially impact the Financial Statements of the Company for the year ended 31st December 2018.

2.2 Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's Financial Statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16, 'Leases' is effective for annual periods beginning on or after 1 January 2019. The standard sets out the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under IAS 17.

In 2018, the Company will continue to assess the potential effect of IFRS 16 on its financial statements.

3. Significant accounting policies

3.1 Basis of preparation

The Financial Statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. A summary of the Company's accounting policies, which have been consistently applied, is set out below.

3.2 Foreign currency translation

The Financial Statements are presented in the currency GBP, which is also the functional currency of the Company. The functional currency of the Company has remained unchanged during the financial year. All financial information presented in GBP has been rounded to the nearest pound.

Foreign currency transactions are translated into the functional currency of the entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in the Income Statement.

3. Significant accounting policies – continued**3.3 Revenue recognition**

Revenue from services rendered is recognised in the Income Statement as the fair value of consideration receivable on the delivery of services delivered at the Statement of Financial Position date, net of discounts and sales taxes.

3.4 Borrowing costs

Borrowing costs on loans obtained are recognised in the Income Statement on an accruals basis at the implicit interest rate.

3.5 Retirement benefit costs

The Company provides post-employment benefits through defined contribution retirement benefit plans. Payments to defined contribution retirement benefit plans are recognised as an expense when the relevant employees have rendered service entitling them to the contributions.

3.6 Taxation

Income tax expense is determined based on the taxable income of the Company and includes deferred taxation.

3.6.1 Current tax

Current income tax is based on taxable profit for the year (which differs from the accounting profit) of the Company. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.6.2 Deferred tax

Deferred tax is calculated using the statement of financial position method, and reflects the timing differences between the carrying amounts of assets and liabilities for financial reporting and their income tax bases. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only when there is reasonable expectation that there will be sufficient future taxable income against which to use them. The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in the Income Statement.

3.7 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost is defined as the purchase price, plus any additional costs incurred to bring the asset to its current location and position.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives (see note 13), using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within Other operating income in the Income Statement.

3. Significant accounting policies - continued

3.8 Impairment of tangible assets

Assets are assessed for impairment at each statement of financial position date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in the Income Statement.

The recoverable amount of an asset is the higher of its net realisable value and its value in use. Net realisable value is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable parties, less costs of sale. Value in use is the present value of future cash flows from the continued use of an asset and its sale at the end of its useful life.

Impairment losses recognised in prior years are reversed when there are indications that the impairment losses no longer exist or have decreased. The reversal of impairment losses is recorded in the Income Statement. However, reversal of an impairment loss is recognised up to the amount that would have been recognised (net of depreciation or amortisation) had no impairment loss been recognised for that asset in prior years.

3.9 Inventories

Raw materials are stated at the lower of cost and net realisable value. Cost is determined using a weighted average cost method. The cost is determined as purchase price and direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.10 Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the respective financial instrument.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value taking into account transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

3.10.1 Trade receivables

Receivables from third parties are stated at their nominal value less possible impairment losses, which are recognised under 'Impairment losses on receivables', so that they are reflected at their net realisable value.

3.10.2 Accounts payable

Non-interest bearing accounts payable are stated at their nominal value.

3.10.3 Loans

Loans are recorded as liabilities at their amortised cost. Possible costs incurred with the issuance of these loans are recorded as deductions from the liability and recognised over the period of the loans based on the effective interest rate. Financial expenses are calculated based on the effective interest rates, including premiums payable, and are reflected in the Income Statement on an accruals basis.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 Critical judgements in applying accounting policies

4.1.1 Going concern

In preparing the financial statements the directors have had regard to the fact that the Company generated a pre-tax profit on continuing operations of £ 72,492 in the financial year ended 31 December 2017 (2016: £86,954). A key judgment is the appropriateness of using the going concern basis in preparing the financial statements. The directors are confident that the Company has adequate funding in place to support its future operations, for a period of at least 12 months from signing these financial statements.

4.2 Key sources of estimation uncertainty

4.2.1 Recoverability of trade receivables

The directors have reviewed the carrying value of trade receivables and made no provision against non-payment of these receivables. The significant factors in determining the fair value of the Company's trade receivables are listed below:

- Past payment history;
- Indications from credit insurer;
- Credit rating information and analysis of customer financial statements;
- Any special factors such as notification of the appointment of an administrator;
- Indications from the customer which cause doubt over their ability to pay.

5. Revenue

The following is an analysis of the Company's revenue for the year.

	<u>2017</u>	<u>2016</u>
	£	£
Revenue from the provision of services in the UK	<u>982,027</u>	<u>902,187</u>

6. Other operating income

	<u>2017</u>	<u>2016</u>
	£	£
Gain on sale of property, plant and equipment	24,500	29,162
Operational exchange gains	22	40
Rental Income	12,191	10,500
Other income	<u>6,941</u>	<u>3,182</u>
	<u>43,654</u>	<u>42,884</u>

7. Employee benefit expense

Employee benefit expense is made up as follows:

	2017	2016
	<u>£</u>	<u>£</u>
Wages and salaries	(316,573)	(286,583)
Social security expense	(30,071)	(26,072)
Pension contributions	(3,827)	-
Other personnel costs	(5,241)	(4,626)
	<u>(355,712)</u>	<u>(317,281)</u>

Number of employees

	2017	2016
	<u>Number</u>	<u>Number</u>
Management and administration	2	2
Production and packing	8	8
	<u>10</u>	<u>10</u>

Average monthly number of staff employed by the Company

8. Directors' emoluments

	2017	2016
	<u>£</u>	<u>£</u>
Salary payments and other short-term employee benefits	<u>(20,000)</u>	<u>(20,000)</u>

Four (2016: Four) of the directors consider that their services to this Company are incidental to their other activities within the group. Accordingly, the emoluments of Four (2016: four) of the directors are paid by Vitacress Limited, the Company's intermediate parent company. It is not possible to determine a specific allocation for services rendered to this Company. The aggregate emoluments of the highest paid director was £15,000 for salary payments and other benefits (2016: £15,000).

9. Fees to auditors

There was no charge in either the current year or prior year's financial statements for auditors' remuneration as the fees were charged in the financial statements of Vitacress Limited, the Company's intermediate parent company. It is not possible to allocate the audit or tax fee charged in Vitacress Limited across the entities within the group.

10. Financial income

	2017	2016
	<u>£</u>	<u>£</u>
Interest income	282	-
Interest income on intercompany loans	-	5,699
	<u>282</u>	<u>5,699</u>

11. Financial expense

	2017	2016
	<u>£</u>	<u>£</u>
Bank charges	(2,960)	(916)
Interest expense on intercompany loans	(2,956)	(762)
	<u>(5,916)</u>	<u>(1,678)</u>

12. Income tax expense**12.1 Income tax recognised in the Income Statement**

	<u>2017</u>	<u>2016</u>
	£	£
Current tax		
Current year charge	(5,718)	(10,195)
Total current tax	(5,718)	(10,195)
Deferred tax		
Current year	(8,309)	(7,196)
Effect of changes in tax rates	970	(2,442)
Total deferred tax	(7,339)	(9,638)
Total income tax (expense) recognised in Income Statement	(13,057)	(19,833)

12.2 Reconciliation of tax charge

The tax expense for the year can be reconciled to the accounting profit as follows:

	<u>2017</u>	<u>2016</u>
	£	£
Profit before tax	72,492	86,954
Income tax calculated at UK average corporation tax rate of 19.25% (2016: 20%)	(13,955)	(17,391)
Effect of changes in tax rates	970	(2,442)
Expenses not deductible	(72)	-
Total income tax (expense) recognised in the Income Statement	(13,057)	(19,833)

12.3 Factors affecting future tax charges

The main rate of corporation tax has been 20% since 1 April 2015. A reduction in the corporation tax rate to 19% from 1 April 2017 was enacted during 2015 and a further reduction to 17% from 1 April 2020 was enacted during 2016. All closing deferred tax balances have been valued at 17%, being the rate at which most balances are expected to reverse.

13. Property, plant and equipment

	Plant and machinery	Vehicles	Office furniture and fittings	WIP	Total
	£	£	£	£	£
Cost or valuation					
Balance at 1 January 2017	717,981	69,804	5,850	-	793,635
Additions	-	-	-	186,754	186,754
Disposals	(15,884)	(15,634)	(700)	-	(32,218)
Transfers	84,989	-	1,586	(86,575)	-
Balance at 31 December 2017	787,086	54,170	6,736	100,179	948,171
Accumulated depreciation and impairment					
Balance at 1 January 2017	602,920	69,250	4,951	-	677,121
Depreciation expense	55,152	554	1,018	-	56,724
Disposals	(15,884)	(15,634)	(700)	-	(32,218)
Balance at 31 December 2017	642,188	54,170	5,269	-	701,627
Carrying amount 31 December 2017	144,898	-	1,467	100,179	246,544

	Plant and machinery	Vehicles	Office furniture and fittings	WIP	Total
	£	£	£	£	£
Cost or valuation					
Balance at 1 January 2016	715,393	142,134	5,850	-	863,377
Additions	23,440	-	-	-	23,440
Disposals	(20,852)	(72,330)	-	-	(93,182)
Balance at 31 December 2016	717,981	69,804	5,850	-	793,635
Accumulated depreciation and impairment					
Balance at 1 January 2016	577,890	138,421	4,482	-	720,793
Depreciation expense	45,882	3,158	469	-	49,509
Disposals	(20,852)	(72,329)	-	-	(93,181)
Balance at 31 December 2016	602,920	69,250	4,951	-	677,121
Carrying amount 31 December 2016	115,061	554	899	-	116,514

13.1 Useful economic lives

The following useful lives are used in the calculation of depreciation.

Plant and machinery	3 – 10 years
Vehicles	4 – 7 years
Office furniture and fittings	3 – 10 years

14. Inventories

	<u>31/12/17</u>	<u>31/12/16</u>
	£	£
Raw materials	<u>113,269</u>	<u>74,493</u>

The cost of inventories recognised as an expense during the year was £301,308 (2016: £249,494)

The cost of inventories recognised as an expense includes £nil (2016: £nil) in respect of write-downs of inventory to net realisable value.

15. Trade and other receivables

	<u>31/12/17</u>	<u>31/12/16</u>
	£	£
Trade receivables	182,266	13,169
Amounts owed by group companies – trade (note 24.1)	213,319	96,750
Other receivables	<u>7,041</u>	<u>137,085</u>
	<u>402,626</u>	<u>247,004</u>

All amounts are short-term, interest free and repayable on demand. The net carrying amount of trade receivables is considered a reasonable approximation of fair value.

All of the Company's trade and other receivables have been reviewed for indicators of impairment and no impairment provision was found to be necessary (2016: £nil).

16. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	<u>31/12/17</u>	<u>31/12/16</u>
	£	£
Cash and cash equivalents	<u>-</u>	<u>622</u>

17. Share capital

	<u>31/12/17</u>	<u>31/12/16</u>
	£	£
Share capital	<u>(100)</u>	<u>(100)</u>

Authorised share capital comprises:

100 ordinary shares of £1 each	<u>(100)</u>	<u>(100)</u>
--------------------------------	--------------	--------------

Issued share capital comprises:

100 ordinary shares of £1 each	<u>(100)</u>	<u>(100)</u>
--------------------------------	--------------	--------------

18. Dividends

On the 30th June 2017 an interim dividend of £100,000 was paid for the year ending 31st December 2017 (2016: £250,000).

A final dividend for 2017 has not been proposed prior to the approval of these financial statements and there is no intention to declare such a dividend (2016: £nil).

19. Financial assets and liabilities

	31/12/17	31/12/16
	£	£
Financial assets		
<i>Loans and receivables</i>		
Trade receivables (note 15)	182,266	13,169
Amounts owed by group companies - trade (note 15)	213,319	96,750
Loans to group companies (note 24.2)	-	116,543
Cash and cash equivalents (note 16)	-	622
	<u>395,585</u>	<u>227,084</u>

Disclosed as:

Current	<u>395,585</u>	<u>227,084</u>
---------	----------------	----------------

	31/12/17	31/12/16
	£	£
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Trade payables (note 20)	(144,770)	(147,500)
Social security and other taxes (note 20)	(9,215)	(26,863)
Other current liabilities (note 20)	(31,694)	(16,318)
Amounts owed to group companies – trade (note 20)	(25,031)	(45,994)
Loans from group companies (note 24.2)	(266,454)	-
	<u>(477,164)</u>	<u>(236,675)</u>

Disclosed as:

Current	<u>(477,164)</u>	<u>(236,675)</u>
---------	------------------	------------------

20. Trade and other payables

	31/12/17	31/12/16
	£	£
Trade payables	(144,770)	(147,500)
Social security and other taxes	(9,215)	(26,863)
Other current liabilities	(31,694)	(16,318)
Amounts owed to group companies - trade (note 24.1)	(25,031)	(45,994)
	<u>(210,710)</u>	<u>(236,675)</u>

All amounts are short-term, interest free and repayable upon demand.

21. Deferred tax assets and liabilities**21.1 Deferred tax assets**

The following is the analysis of deferred tax assets presented in the statement of financial position:

	<u>31/12/17</u>	<u>31/12/16</u>
	£	£
Deferred tax assets	<u>16,476</u>	<u>23,815</u>

21.2 Deferred tax movement

	<u>Opening balance</u>	<u>Recognised in profit or loss</u>	<u>Closing balance</u>
	£	£	£
2017			
<i>Deferred tax asset in relation to:</i>			
Property, plant & equipment	<u>23,815</u>	<u>(7,339)</u>	<u>16,476</u>
2016			
<i>Deferred tax asset in relation to:</i>			
Property, plant & equipment	<u>33,453</u>	<u>(9,638)</u>	<u>23,815</u>

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

There are no unrecognised deductible temporary differences, unused tax losses and unused tax credits.

22. Retirement benefit plans

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company, in independently administered funds.

The total expense recognised in the Income Statement of £3,827 (2016: £nil) represents contributions payable to the plan by the Company at rates specified in the rules of the plan. As at 31 December 2017, contributions of £nil (2016: £nil) due in respect of the reporting year had not been paid over to the plan.

23. Financial instruments**23.1 Financial risk management objectives**

The Company is exposed to various risks in relation to financial instruments; however none give rise to material exposures for the Company. The main types of risk are credit risk and liquidity risk.

The Company's risk management is coordinated at its head office in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium cash flows by minimising the exposure to financial markets. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

23.2 Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2016.

The capital structure of the Company consists solely of the equity of the Company (comprising issued capital, and retained earnings).

23. Financial instruments - continued**23.2 Capital management - continued**

The Company is not subject to any externally imposed capital requirements.

The Company manages its capital by regularly reviewing internal reports such as short and medium term cash flow forecasts and capital expenditure reports. Management use this information to assess the Company's capital availability against targets set by the parent company and manage it in line with the Company's objectives.

23.3 Credit risk management

The Company has very few customers; credit risk is managed through regularly reviewing and analysing accounts receivable.

23.4 Liquidity risk management

Liquidity risk is the risk that the Company cannot meet or settle its obligations on time or at a reasonable price. Due to the existence of liquidity risk, management of liquidity is performed with the objective of ensuring permanent and efficient access to funds to fulfil commitments, minimising the probability of not being able to fulfil commitments and minimising the opportunity cost of retaining excess liquidity in the short-term.

The Company manages liquidity risk by regularly reviewing internal reports such as daily, weekly and medium term cash flow forecasts and matching the maturity profiles of financial assets and liabilities. Management uses this information to ensure sufficient liquidity is available for the Company's day to day needs.

23.4.1 Liquidity risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. All mature within 12 months. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Liquidity risk	Carrying amount	Contractual cash flows	Total
	£	£	£
31 December 2017			
<i>Non-derivative financial liabilities</i>			
Amounts owed to group companies	(25,031)	(25,031)	(25,031)
Trade payables	(144,770)	(144,770)	(144,770)
	<u>(169,801)</u>	<u>(169,801)</u>	<u>(169,801)</u>
31 December 2016			
<i>Non-derivative financial liabilities</i>			
Amounts owed to group companies	(45,994)	(45,994)	(45,994)
Trade payables	(147,500)	(147,500)	(147,500)
	<u>(193,494)</u>	<u>(193,494)</u>	<u>(193,494)</u>

24. Related party transactions

The Company's immediate parent company is Vitacress Salads Limited, a company registered in the UK. The Company's intermediate parent company is Vitacress Limited, a company registered in the UK. The Company's ultimate parent company and controlling party is SIEL SGPS SA, a company registered in Portugal, who owns 100% of RAR – Sociedade de Controle (Holding) SA. The address of its registered office and principal place of business is Rua Passeio Alegre 624, 4169-002, Porto, Portugal.

RAR – Sociedade de Controle (Holding) SA is the largest group to consolidate these financial statements, and copies of its consolidated financial statements can be obtained from the address above. Vitacress Limited is the smallest group to consolidate these financial statements, and copies of its consolidated financial statements can be obtained from the Secretary at Vitacress Limited, Pagham Road, Runcton, Chichester, West Sussex, PO20 1LJ, UK.

24. Related party transactions - continued

Mr D Clifton and Ms P Southorn, directors of this Company, are partners of D H Clifton, a partnership with which Vitacress Kent Limited has a contract farming arrangement. D H Clifton sells salad leaves to Vitacress Salads Limited. Details of transactions between the Company and its related parties are disclosed below.

24.1 Trading transactions

During the year, the Company entered into the following trading transactions, in relation to the Company's principal activities, with related parties:

	Sales of goods and services rendered	
	2017	2016
	£	£
D H Clifton	758,156	796,905
Immediate parent	223,871	105,282
	<u>982,027</u>	<u>902,187</u>

In addition to the above trading transactions, the Company (was charged by)/made charges to fellow subsidiaries, which include all companies that are subsidiaries of Vitacress Limited as follows:

	2017	2016
	£	£
Group tax relief claimed	-	(10,195)
Dividend to immediate parent company	(100,000)	(250,000)
Interest on group loan receivable from intermediate parent	-	5,699
Interest on group loan payable to intermediate parent	(2,956)	(762)
	<u>(102,956)</u>	<u>(255,258)</u>

The following balances were outstanding at the end of the reporting year:

	Amounts owed by related parties		Amounts owed to related parties	
	31/12/17	31/12/16	31/12/17	31/12/16
	£	£	£	£
Intermediate parent	-	307	(2,248)	(11,522)
Immediate parent	212,048	96,132	(22,783)	(34,472)
Fellow subsidiary	1,271	311	-	-
Group companies	213,319	96,750	(25,031)	(45,994)
D H Clifton	-	107,547	(6,420)	(118,134)
	<u>213,319</u>	<u>204,297</u>	<u>(31,451)</u>	<u>(164,128)</u>

The amounts outstanding are unsecured, interest free trading balances repayable in accordance with the standard terms of trade. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

24. Related party transactions - continued

24.2 Loans to related parties

	<u>31/12/17</u>	<u>31/12/16</u>
	£	£
Intermediate parent	<u>(266,454)</u>	<u>116,543</u>

The loans to the immediate parent are unsecured and attract interest at a fixed rate of 2.5% above the 3 months LIBOR ruling in the month preceding the month in which the loan was made. The loans are considered by management to be short-term and are repayable on demand.

24.3 Key management compensation

Key management comprises the executive directors of the parent company. The compensation paid or payable to key management for employee services is shown in note 8.

25. Operating lease arrangements

	<u>31/12/17</u>	<u>31/12/16</u>
	£	£
<i>Non-cancellable operating lease commitments</i>		
Not later than 1 year	26,834	34,585
Later than 1 year and not later than 5 years	<u>38,221</u>	<u>42,932</u>
	<u>65,055</u>	<u>77,517</u>

26. Events after the reporting period

There are no events after the reporting period that require disclosure in these financial statements.