

**WHEATSHEAF GROUP LIMITED**

**Annual report and financial statements  
For the year ended 31 December 2018**



# **WHEATSHEAF GROUP LIMITED**

## **CONTENTS**

## **Page**

Officers and professional advisers	1
Strategic report	2
Directors' report	6
<i>Directors' responsibilities statement</i>	8
Independent auditor's report	9
Consolidated profit and loss account	12
Consolidated statement of comprehensive income	13
Balance sheets	14
Consolidated statement of changes in equity	15
Company statement of changes in equity	16
Consolidated cash flow statement	17
Notes to the financial statements	18

# **WHEATSHEAF GROUP LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

F Alexander Scott	Chairman
William B Kendall	
Graham P Ramsbottom	
Dr Clive D Morris	
Mark R Preston	
Anthony WS James	
J Stephan Dolezalek	
Kevin M Lane	

### **SECRETARY**

Geoffrey M Chadwick

### **REGISTERED OFFICE**

The Quarry  
Hill Road  
Ecclestone  
Chester  
CH4 9HQ

### **BANKERS**

HSBC Bank plc  
47 Eastgate Street  
Chester  
CH1 1XW

### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
2 Hardman Street  
Manchester  
M3 3HF

## **WHEATSHEAF GROUP LIMITED**

### **STRATEGIC REPORT**

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006. This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Wheatsheaf Group Limited and its subsidiary undertakings when viewed as a whole.

#### **REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS**

The Group directly operates, invests in and helps develop businesses in the food and agriculture sectors. Our strategy is to improve efficiency in the production of healthy and nutritious food, applying our expertise with a far-sighted perspective to deliver lasting commercial and social benefit.

As expected, and in line with the business' long-term strategy, the Group reported an operating loss of £17,529,000 (2017 – £8,263,000), primarily driven by the results of WGUS FS LLC, and a loss before taxation of £22,195,000 (2017 – £30,413,000).

Discontinued operations turnover in the year represents the software development turnover attributable to FarmWizard Limited, which was sold in the year as reported below and in note 14 of the financial statements. Continuing operations turnover includes a full year of construction material turnover, which is all attributable to DB Group (Holdings) Limited, and controlled environmental sterilisation solutions turnover, which is all attributable to WGUS FS LLC. Both companies became subsidiaries part way through the previous year.

The total capital employed for the Group increased by £53,193,000 to £267,799,000 as a result of the post-tax loss of £22,104,000, other comprehensive income of £936,000, an unrealised gain on investments of £5,032,000, shares issued of £67,898,000 and non-controlling interest acquisitions of £1,807,000. Given the high level of investment, the reported results are in line with our expectations at this stage and with our long-term growth strategy.

Wheatsheaf Group Limited monitors the overall performance and the key performance indicators of each of its investments. The main subsidiary companies during the year, Grosvenor Farms Limited and WGUS FS LLC, had a significant impact upon the Group's annual result.

During the year ended 31 December 2018, operational challenges meant Grosvenor Farms Limited's milk production yield decreased affecting its income stream. This was countered to some extent by the arable operation's wheat yield increasing by 0.32 tonnes to 7.60 tonnes per hectare as a result of improved weather conditions experienced in 2018.

WGUS FS LLC commenced trading in October 2017. In 2018 the business developed operations and entered new protein markets. 66 new contracts were secured in the year. Due to the significant and ongoing losses in WGUS FS LLC the WGUS FS LLC Board took the decision post year end to enter the business into receivership. See note 29 to the financial statements for additional details.

#### **INVESTMENT REVIEW AND FUTURE DEVELOPMENTS**

In line with its strategy, the Group continues to operate and invest into businesses within the food and agriculture sectors. Investments made by the Group during the year deployed over £45m of capital on 50 equity and loan transactions.

As part of the €10,000,000 that the Company has previously committed to the Zouk Capital LLP Renewable Energy and Environmental Infrastructure Fund II the Company invested €1,000,000 into this fund during the year.

In line with the Group's food and agriculture focused strategy, it agreed the sales of eight hydro energy schemes and received a total of £4,141,000.

On 19 January 2018, the Company subscribed to a convertible loan of US \$250,000 in Global Fresh Foods Limited (t/a BluWrap), a company whose shelf-life extending technology has revolutionised fresh protein supply chains across the world. On 28 February 2018 the Company invested US \$4,750,000 in Global Fresh Foods Limited in the form of 10,140,176 series D preferred shares. On the same date, US \$4,560,000 of the outstanding principal and accrued interest converted into 12,166,911 series D preferred shares. As such, the interest in shares became 57.5% and Global Fresh Foods Limited became a subsidiary.

On 24 January 2018, the Company invested C \$1,160,105 in the form of 5,800,523 class C preference shares in Enterra Feed Corporation, which manufactures and markets sustainable insect-based feed ingredients from high-nutrient pre-consumer food waste as a replacement for traditional proteins such as fishmeal in animal feed and pet food. On 11 April 2018 the Company invested C \$1,200,000 in Enterra Feed Corporation in the form of a convertible debenture. On 18 June 2018, the Company invested C \$924,320 in Enterra Feed Corporation in the form of 4,621,602 class C preference shares. On 13 August 2018, C \$2,593,000 of the total outstanding principal and accrued interest owing from Enterra Feed Corporation converted into 12,964,543 common shares. On the same date the Company exercised 1,100,000 warrants for C \$11.00 in common shares. All shares held by the Company were converted in to common

# **WHEATSHEAF GROUP LIMITED**

## **STRATEGIC REPORT (continued)**

### **INVESTMENT REVIEW AND FUTURE DEVELOPMENTS (continued)**

shares and as a result of investments made by new shareholders the Company's interest in Enterra Feed Corporation at the year-end altered from a jointly controlled entity to an associate.

On 1 February 2018, the Company invested US \$1,000,000 in Origin Inc., a life science business, in the form of a repayable or convertible loan note. The loan plus fees and accrued interest of US \$43,000 was repaid on 27 March 2018.

On 9 February 2018, 24 April 2018 and 27 July 2018, the Company subscribed to convertible loan notes totalling US \$2,402,500 in Ostara Nutrient Recovery Technologies Inc., which recovers phosphorus, an essential agricultural fertiliser, from waste water. The total loan notes plus interest converted on 21 December 2018 to 6,671,454 new series B preferred shares. On the same date the Company acquired 2,689,534 new series B preferred shares for US \$2,958,488. As a result of the investments made, the Company's interest in Ostara Nutrient Recovery Technologies Inc., at the year-end had increased to 28.9%.

On 28 February 2018, the Company acquired for £750,000 a 13.01% interest in the form of 1,662,722 A1 Ordinary shares in RowAnalytics Limited, an AI solutions company innovating data analytics to solve challenges in health, food and smart living.

On 5 March 2018, the Group acquired the remaining 15% interest in the shares of FarmWizard Limited for £300,000 and as such FarmWizard Limited became a wholly owned subsidiary.

On 27 March 2018 OWS Agri Limited became a wholly owned subsidiary of the Company when the Company acquired for £253,000 the remaining 50% interest in the shares of OWS Agri Limited, a technology development company which utilises ozone and nitric oxide to enhance the safety of food and agriculture products around the world.

On 21 June 2018, the Company invested A \$8,500,000 in AgriWebb Pty Ltd in the form of 4,530,695 Ordinary shares. On the same day Deva Group Limited sold FarmWizard Limited to AgriWebb Pty Ltd for £3,060,000. The consideration being settled by way of 2,930,950 Ordinary shares in AgriWebb Pty Ltd. At the year end the Company had an interest of 35.3% in AgriWebb Pty Ltd, Australia's market leader in the provision of cloud based agricultural and herd software solutions for the effective management of farm resources across livestock supply chains.

On 26 July 2018 and 14 August 2018, the Group invested US \$2,419,999 and US \$2,802,926 respectively in Shared-X LLC in the form of 1,075,555 and 1,245,745 respectively Series C preferred units. At the year end the Group's interest in Shared-X LLC, which grows high-value speciality crops in emerging countries through advanced, sustainable cultivation techniques and provides a powerful social impact in communities by lifting smallholder farmers out of poverty, was 10.6%.

On 13 March 2018, 4 September 2018, 20 November 2018 and 14 December 2018, the Company invested £2,865,000, £1,927,520, £412,800 and £17,200 respectively in Ozo Innovations Limited in the form of 17,906, 12,047, 2,400 and 100 respectively C ordinary shares. As a result of these additional investments, the Company's interest in the shares of Ozo Innovations Limited, which uses electrolysed water cleaning technology to help food processors eliminate harmful food borne pathogens such as bacteria and mould to reduce the amount of food that is wasted, increased by 19.9% to 48.7% at the year end.

On 8 August 2018, the Company acquired for £3,900,000 a 10.7% interest in the form of 4,062,500 Series B Shares in Farmdrop Limited, an ethical grocer delivering free range foods from small producers and ensuring at least 65% of the price goes back to the farmer.

On 27 November 2018, the Group subscribed to a promissory note for C \$500,000 in Growsafe Systems Limited.

On 2 November 2018 the Group sold the remaining 24% of its interest in Cogent Breeding Limited to Inguran International LLC, a worldwide livestock reproduction business for US \$6,000,000.

The Directors believe that the Group remains well positioned for the future and there is a clear and achievable strategy in place. We are committed to developing sustainable growth in the long-term, through investments and acquisitions, and the Directors continue to recognise that the Group may record annual losses in the short term, in line with our expectations.

### **EVENTS AFTER THE BALANCE SHEET DATE**

Details of significant events since the balance sheet date are contained in note 29 to the financial statements.

## **WHEATSHEAF GROUP LIMITED**

### **STRATEGIC REPORT (continued)**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the businesses and the execution of the Group's strategy are subject to risks. The key business risks and uncertainties affecting the members of the Group are noted below.

##### **Global economy**

Adverse changes in the global economy or in individual countries can have a negative impact upon the performance of portfolio companies. This risk is mitigated by geographic diversification of the Group's investments, (currently operating in 34 countries), as well as investing across a range of sub sectors aligned to the Group's strategy.

##### **Legislation**

Changes to government policy and legislation can affect the trading results of investments. This risk is particularly prominent in the agriculture industry which has high levels of regulation and changes in legislation can have a significant impact. This risk is managed by proactively monitoring legislation and evaluating the impact that changes in legislation might have prior to investment.

##### **Commodity price volatility**

Demand for the products and services provided by our portfolio companies is influenced by the availability of capital across the food system, which in turn can be negatively impacted by volatile food commodity prices. We mitigate this risk through portfolio diversification and encouraging our portfolio companies, where applicable, to employ hedging strategies.

##### **Changing consumer preferences**

Food demands are strongly influenced by changing global patterns and related consumer expectations as well as increasingly socio/environmental expectations. Applying our expertise with a far sighted perspective and a longstanding approach of preparing for the short term, but planning with a longer-term view means we are well positioned to ensure our investment portfolio continues to be aligned with future changes and trends in food consumption. We recognise that performance could be negatively affected if our investment portfolio fails to align to changes in food consumption or our portfolio companies fail to react to negative perceptions concerning the health implications of certain food products. The risk is mitigated through diversification of exposure to food categories, close monitoring of consumer trends and by supporting portfolio companies to better communicate the benefits of their products.

##### **Bio-security and agriculture**

The agricultural businesses manage the risk of disease outbreak by the maintenance of bio-security policies and the adoption of procedures including quarantine, veterinary surveillance, vaccination and routine health checks. The use of market intelligence and spread and forward selling reduces the risk presented by volatile world commodity markets.

The breeding business is also at risk from competitors gaining an advantage from new technological developments. This risk is mitigated by the continuing review of existing technologies, ongoing research and investment into new areas.

##### **Competition**

An increase in the allocation of global capital towards investment into the food and agribusiness sector could negatively affect the Group's ability to achieve strategic investments at reasonable valuations. The risk is mitigated by the Group's ongoing strategy to expand and strengthen relationships with both strategic co-investors and major multi-national food and agriculture organisations. Furthermore, through seed and venture investment activity the Group is proactively identifying new investment targets with the aim of engaging before such targets commence wider fundraising processes.

##### **Technology**

A number of the businesses within the portfolio use new technologies and are facing the challenges associated with the development of the technology at a commercial level. The risk during the development period is proving that the technology works and is commercially viable while managing the expenditure of the company. The risk is mitigated by monitoring progress against business plans and keeping in close contact with the management team of each company.

# **WHEATSHEAF GROUP LIMITED**

## **STRATEGIC REPORT (continued)**

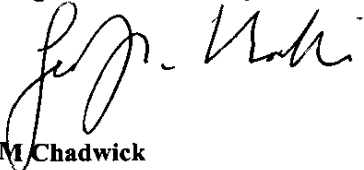
### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

#### **Exit from European Union**

Ongoing delays to the UK leaving the EU have continued to create significant uncertainty for the economy. Uncertainty over the future cost of trade in food and agricultural goods and services, the free movement of EU labour, currency volatility and the potential for changes to agricultural subsidy schemes represent the main risk for the Group. The risk, and impact it may have upon the Group, continues to be monitored closely. The Company is confident that due to its diverse portfolio of investments which are based across the UK, Europe and North America, the immediate risk is adequately mitigated.

Approved and authorised for issue by the Board of Directors

and signed on its behalf by



**G M Chadwick**

Company Secretary

The Quarry  
Hill Road  
Eccleston  
Chester  
CH4 9HQ

17 September 2019

## **WHEATSHEAF GROUP LIMITED**

### **DIRECTORS' REPORT**

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2018.

Details of future developments, principal risks and uncertainties and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 2 to 5 and form part of this report by cross-reference.

#### **GOING CONCERN**

After making enquiries, including consideration of the Group budget, and in view of the positive cash balance the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to financial risks including credit risk, liquidity and cash flow risk and foreign exchange risk. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

##### **Credit risk**

The risk that counterparties will be unable to pay amounts in full when they fall due is mitigated by proactive credit control in relation to trade receivables and by ensuring that investment holdings are kept with counterparties with appropriate credit ratings. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

##### **Liquidity and cash flow risk**

The risk that cash may not be available to pay obligations when they fall due. The Group has put in place appropriate financial and cash flow management structures so that it is able to anticipate demand for cash and meet obligations as they arise.

##### **Foreign exchange risk**

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group monitors changes in foreign currency exchange rates and uses a Group treasury function to ensure the best exchange rate is secured for upcoming transactions. It is the Group's policy to not use foreign exchange forward contracts to hedge exposure.

#### **RESULTS AND DIVIDENDS**

The results for the year are set out in the consolidated profit and loss account on page 12. The loss for the year after taxation was £22,104,000 (2017 – £25,417,000). The Directors do not recommend the payment of a dividend (2017 - £nil).

#### **DIRECTORS**

The membership of the Board, who served throughout the year and to the date of this report except as noted, were as follows:

Peter L Doyle	(resigned 30 September 2018)
F Alexander Scott	
Graham P Ramsbottom	
William B Kendall	
Dr Clive D Morris	
Mark R Preston	
Anthony W S James	
J Stephan Dolezalek	
Kevin M Lane	(appointed 1 May 2019)



# WHEATSHEAF GROUP LIMITED

## DIRECTORS' REPORT (continued)

### EMPLOYEES

The Directors recognise the importance of good communications and relations with the Group's employees and place considerable value on informing them on matters affecting them as employees. Each part of the Group maintains employee relations appropriate to its own particular needs and environment. The Group gives full and fair consideration to applications by disabled people for employment. Disabled employees and those who become disabled are afforded the same training, career development and promotion opportunities as other staff. At Wheatsheaf we aim to build a diverse workforce, reflecting the communities in which we operate in order to ensure our businesses' success. We will achieve this by attracting the best people from as wide a pool as possible and retaining them within an inclusive culture.

### AUDITOR

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

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) the Director has taken all reasonable steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

Approved and authorised for issue by the Board of Directors  
and signed on its behalf by



**G M Chadwick**

Company Secretary

The Quarry  
Hill Road  
Eccleston  
Chester  
CH4 9HQ

17 September 2019

## **WHEATSHEAF GROUP LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 Group, and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATSHEAF GROUP LIMITED**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of WheatSheaf Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 32.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **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 and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

### **Other information**

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

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 respect of these matters.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATSHEAF GROUP LIMITED (continued)**

### **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.

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

### **Report on other legal and regulatory requirements**

#### **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.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

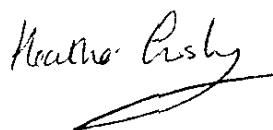
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors'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

We have nothing to report in respect of these matters.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATSHEAF GROUP LIMITED (continued)**

### **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.

A handwritten signature in black ink, appearing to read 'Heather Crosby', with a long, sweeping horizontal stroke underneath.

Heather Crosby BSc ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom

23 September 2019

# WHEATSHEAF GROUP LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2018

	Note	Continuing operations 2018 £'000	Discontinued operations 2018 £'000	Total 2018 £'000	Continuing operations 2017 £'000	Discontinued operations 2017 £'000	Total 2017 £'000
<b>TURNOVER</b>	3	20,221	175	20,396	12,724	10,747	23,471
Cost of sales		(13,865)	(1)	(13,866)	(7,707)	(8,766)	(16,473)
<b>GROSS PROFIT</b>		6,356	174	6,530	5,017	1,981	6,998
Administrative expenses		(29,559)	(741)	(30,300)	(13,346)	(3,818)	(17,164)
Other operating income		1,431	15	1,446	949	77	1,026
Profit on disposal of operations	14	-	4,795	4,795	-	877	877
<b>OPERATING (LOSS)/PROFIT</b>		(21,772)	4,243	(17,529)	(7,380)	(883)	(8,263)
Share of results of jointly controlled entities		(5,033)	132	(4,901)	(5,915)	(751)	(6,666)
Share of results of associates		(11,960)	(368)	(12,328)	(7,849)	(1,673)	(9,522)
Profit on derecognition of associate	13	-	3,714	3,714	-	917	917
Profit on derecognition of jointly controlled entity	13	-	1,206	1,206	-	-	-
Fair value gain/(loss) on investments	25	6,974	-	6,974	(7,744)	-	(7,744)
Finance income (net)	4	645	24	669	701	164	865
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	5	(31,146)	8,951	(22,195)	(28,187)	(2,226)	(30,413)
Tax on (loss)/profit	8	58	33	91	4,955	41	4,996
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<u>(31,088)</u>	<u>8,984</u>	<u>(22,104)</u>	<u>(23,232)</u>	<u>(2,185)</u>	<u>(25,417)</u>

# **WHEATSHEAF GROUP LIMITED**

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 31 December 2018**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<u>(22,104)</u>	<u>(25,417)</u>
Currency translation difference on foreign currency net investments	178	(1,762)
Re-measurement of net defined benefit liability (note 24)	914	1,400
Movement in deferred tax relating to pension deficit (note 23)	(156)	(238)
Gain on revaluation of fixed assets	-	375
<b>Other comprehensive income/(expense)</b>	<u>936</u>	<u>(225)</u>
<b>TOTAL COMPREHENSIVE EXPENDITURE</b>	<u><u>(21,168)</u></u>	<u><u>(25,642)</u></u>
 Loss for the year attributable to:		
Non-controlling interest	(1,220)	(34)
Equity shareholders of the Company	<u>(20,884)</u>	<u>(25,383)</u>
	<u><u>(22,104)</u></u>	<u><u>(25,417)</u></u>
 Total comprehensive expenditure for the year attributable to:		
Non-controlling interest	(1,118)	(34)
Equity shareholders of the Company	<u>(20,050)</u>	<u>(25,608)</u>
	<u><u>(21,168)</u></u>	<u><u>(25,642)</u></u>

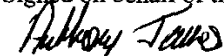
**WHEATSHEAF GROUP LIMITED**  
**BALANCE SHEETS**  
**As at 31 December 2018**

	Note	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
<b>FIXED ASSETS</b>					
Goodwill	10	11,923	10,501	-	-
Other intangible assets	10	4,387	995	-	-
		<u>16,310</u>	<u>11,496</u>	<u>-</u>	<u>-</u>
Tangible assets	11	20,957	16,188	100	148
Investments					
Subsidiary undertakings	12	-	-	86,848	218,089
Other fixed asset investments	15	53,335	48,747	45,951	38,010
Associates	16	32,241	20,679	48,323	25,376
Jointly controlled entities	17	11,579	18,219	4,958	12,528
		<u>134,422</u>	<u>115,329</u>	<u>186,180</u>	<u>294,151</u>
<b>CURRENT ASSETS</b>					
Stocks	18	6,702	5,186	-	-
Debtors – due within one year	19	6,475	5,108	20,097	14,073
Debtors – due after more than one year	19	157	551	19	40
Current asset investments	20	90,210	63,390	86,270	25,242
Cash at bank and in hand		40,069	34,278	36,593	24,857
		<u>143,613</u>	<u>108,513</u>	<u>142,979</u>	<u>64,212</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	21	<u>(5,906)</u>	<u>(5,042)</u>	<u>(26,363)</u>	<u>(117,088)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>137,707</u>	<u>103,471</u>	<u>116,616</u>	<u>(52,876)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>272,129</u>	<u>218,880</u>	<u>302,796</u>	<u>241,275</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	22	<u>(4,330)</u>	<u>(3,679)</u>	<u>(1,937)</u>	<u>(1,790)</u>
<b>PROVISIONS FOR LIABILITIES</b>	24	<u>-</u>	<u>(515)</u>	<u>(4)</u>	<u>(235)</u>
<b>NET ASSETS</b>		<u>267,799</u>	<u>214,606</u>	<u>300,855</u>	<u>239,250</u>
<b>CAPITAL AND RESERVES</b>					
Called-up share capital	27	88,121	55,937	88,121	55,937
Share premium account	27	198,461	162,747	198,461	162,747
Investment revaluation reserve	27	1,049	2,930	-	-
Merger capital reserve	27	19,842	14,114	19,842	14,114
Profit and loss account	27	(41,612)	(22,353)	(5,569)	6,452
<b>SHAREHOLDERS' FUNDS</b>		<u>265,861</u>	<u>213,375</u>	<u>300,855</u>	<u>239,250</u>
<b>NON-CONTROLLING INTEREST</b>		<u>1,938</u>	<u>1,231</u>	<u>-</u>	<u>-</u>
<b>TOTAL CAPITAL EMPLOYED</b>		<u>267,799</u>	<u>214,606</u>	<u>300,855</u>	<u>239,250</u>

The loss for the financial year dealt with in the financial statements of the parent Company was £6,438,000 (2017 – £6,726,000).

These financial statements of Wheatsheaf Group Limited, with company registration number 3221116, were approved and authorised for issue by the Board of Directors on 1<sup>st</sup> September 2019.

Signed on behalf of the Board of Directors

  
**Anthony W S James**  
 Director



**WHEATSHEAF GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**As at 31 December 2018**

	Equity attributable to equity shareholders of the Company						Non-	
	Called-up share capital £'000	Share premium account £'000	Investment revaluation reserve £'000	Merger capital reserve £'000	Profit and loss account £'000	Total £'000	controlling interest £'000	Total £'000
<b>At 1 January 2017</b>	55,937	162,747	3,822	11,461	579	234,546	23	234,569
Loss for the financial year	-	-	-	-	(25,383)	(25,383)	(34)	(25,417)
Currency translation difference on foreign currency net investments	-	-	(1,470)	-	(292)	(1,762)	-	(1,762)
Re-measurement of net defined benefit liability	-	-	-	-	1,400	1,400	-	1,400
Movement in deferred tax relating to pension	-	-	-	-	(238)	(238)	-	(238)
Gain on revaluation of fixed assets	-	-	-	-	375	375	-	375
<b>Total comprehensive expense</b>	-	-	(1,470)	-	(24,138)	(25,608)	(34)	(25,642)
Remeasurement of equity attributable to shareholders	-	-	-	-	(207)	(207)	(7)	(214)
Non-distributable investment gain (note 16 and 17)	-	-	-	-	4,644	4,644	-	4,644
Acquisition of subsidiary	-	-	-	-	-	-	1,249	1,249
Transfer between reserves	-	-	578	2,653	(3,231)	-	-	-
<b>At 31 December 2017</b>	<u>55,937</u>	<u>162,747</u>	<u>2,930</u>	<u>14,114</u>	<u>(22,353)</u>	<u>213,375</u>	<u>1,231</u>	<u>214,606</u>
Loss for the financial year	-	-	-	-	(20,884)	(20,884)	(1,220)	(22,104)
Currency translation difference on foreign currency net investments	-	-	76	-	-	76	102	178
Re-measurement of net defined benefit liability	-	-	-	-	914	914	-	914
Movement in deferred tax relating to pension	-	-	-	-	(156)	(156)	-	(156)
<b>Total comprehensive expense</b>	-	-	76	-	(20,126)	(20,050)	(1,118)	(21,168)
Issue of shares	32,184	35,714	-	-	-	67,898	-	67,898
Remeasurement of equity attributable to shareholders	-	-	-	-	(394)	(394)	18	(376)
Non-distributable investment gain (note 16)	-	-	-	-	5,032	5,032	-	5,032
Acquisition of subsidiary	-	-	-	-	-	-	1,807	1,807
Transfer between reserves	-	-	(1,957)	5,728	(3,771)	-	-	-
<b>At 31 December 2018</b>	<u>88,121</u>	<u>198,461</u>	<u>1,049</u>	<u>19,842</u>	<u>(41,612)</u>	<u>265,861</u>	<u>1,938</u>	<u>267,799</u>

**WHEATSHEAF GROUP LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**As at 31 December 2018**

	<b>Called-up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Merger capital reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 1 January 2017</b>	55,937	162,747	11,461	15,989	246,134
Loss for the financial year	-	-	-	(6,726)	(6,726)
Re-measurement of net defined benefit liability	-	-	-	(190)	(190)
Movement in deferred tax relating to pension	-	-	-	32	32
<b>Total comprehensive expense</b>	-	-	-	(6,884)	(6,884)
Transfer between reserves	-	-	2,653	(2,653)	-
<b>At 31 December 2017</b>	<u>55,937</u>	<u>162,747</u>	<u>14,114</u>	<u>6,452</u>	<u>239,250</u>
Loss for the financial year	-	-	-	(6,438)	(6,438)
Re-measurement of net defined benefit liability	-	-	-	175	175
Movement in deferred tax relating to pension	-	-	-	(30)	(30)
<b>Total comprehensive expenditure</b>	-	-	-	(6,293)	(6,293)
Issue of share capital	32,184	35,714	-	-	67,898
Transfer between reserves	-	-	5,728	(5,728)	-
<b>At 31 December 2018</b>	<u>88,121</u>	<u>198,461</u>	<u>19,842</u>	<u>(5,569)</u>	<u>300,855</u>

**WHEATSHEAF GROUP LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 2018**

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
<b>Net cash flows from operating activities</b>	28		(13,145)		(7,218)
<b>Cash flows from investing activities</b>					
Proceeds from sale of tangible and intangible fixed assets		233		738	
Purchase of intangible fixed assets		(2,504)		(839)	
Purchase of tangible fixed assets		(6,001)		(3,705)	
Interest received		347		456	
Acquisition of investment in joint ventures		(2,392)		(2,050)	
Loan repayments from joint ventures		-		130	
Acquisition of investment in associates		(17,541)		(4,502)	
Loan repayments from associates		-		11	
Disposal of subsidiary undertaking		3,064		9,212	
Receipts from sale of associates, jointly controlled entities and other fixed asset investments		13,619		-	
Cash disposed with subsidiary undertakings		(71)		(951)	
Purchases of fixed asset investments		(9,868)		(3,287)	
Investment in trade and assets		-		(8,471)	
Acquisition of subsidiary undertaking		(4,001)		(158)	
Cash acquired with subsidiary undertakings		3,212		376	
Cash receipts from repayment of loans made to other parties		-		29,608	
<b>Net cash flows from investing activities</b>			(21,903)		16,568
<b>Cash flows from financing activities</b>					
Interest paid		(96)		(43)	
Repayments of borrowings		(56)		(77)	
Movement on obligations under finance leases		(65)		(28)	
Proceeds on issue of shares		67,898		-	
<b>Net cash flows from financing activities</b>			67,681		(148)
<b>Taxation</b>					
Taxation (paid)/received			(22)		403
<b>Net increase in cash and cash equivalents</b>			32,611		9,605
<b>Cash and cash equivalents at beginning of year</b>			97,668		88,063
<b>Cash and cash equivalents at end of year</b>			130,279		97,668
<b>Reconciliation to cash at bank and in hand:</b>					
Cash at bank and in hand			40,069		34,278
Cash equivalents			90,210		63,390
<b>Cash and cash equivalents</b>			130,279		97,668

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the previous year.

**a. General information and basis of accounting**

Wheatsheaf Group Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2016 and is registered in England and Wales. The address of the registered office is shown on page 1.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 2 to 5.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Wheatsheaf Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Wheatsheaf Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

For the year ended 31 December 2018 the following wholly-owned subsidiaries of the Company, which were consolidated at 31 December 2018, claimed exemption from audit under Section 479A of the Companies Act 2006.

<i>Subsidiary Name</i>	<i>Companies House Registration Number</i>
Deva Group Limited	3671671
Grosvenor Green Energy Limited	4056262

**b. Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**c. Going concern**

The financial statements have been prepared using the going concern basis of accounting as described in the Directors' Report on pages 6 and 7.

**d. Intangible assets – goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which varies between 5 and 10 years depending on the type of business invested in to. Provision is made for any impairment.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e. Other intangible assets**

Intangible fixed assets are stated at cost less aggregate amortisation, and provision for impairment, and are amortised on a straight-line basis so as to spread their cost over their expected useful economic lives, being three to five years for internally generated software, five to seven years for licences, three to seven years for other acquired intangibles and 10 years for intellectual property.

Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date.

**f. Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is provided at the following annual rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life or, if held under a finance lease, over the lease term, whichever is shorter.

Buildings	- 2%
Leasehold property and improvements	- 2-10%
Plant and equipment	- 4-50%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Depreciation is not provided on assets under the course of construction or freehold land.

Biological assets are measured using the cost model. The assets at year end comprise a dairy herd, representing cows used for milk production, the components of which are depreciated on a straight-line basis to write off the asset over the expected useful life of 3.5 years, with a residual value of £500.

**g. Financial instruments**

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

*Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transactions) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**g. Financial instruments (continued)**

*(i) Financial assets and liabilities (continued)*

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

*(ii) Investments*

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Company balance sheet, investments (including investments in associates and jointly controlled entities) are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued plus fair value of other consideration. Any premium is ignored.

*(iii) Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

*(iv) Convertible loan notes*

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. On initial recognition the financial liability component is recorded at its fair value. At the date of issue, in the case of a convertible bond denominated in the functional currency of the issuer that may be converted into a fixed number of equity shares, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently remeasured.

Transaction costs are apportioned between the liability and equity components of the convertible instrument based on their relative fair values at the date of issue. The portion relating to the equity component is charged directly against equity. Where the financial liability component meets the criteria in (i) above, the finance costs of the financial liability are recognised over the term of the debt using the effective interest method. If those criteria are not met, the financial liability component is measured at fair value through profit or loss.

*(v) Derivative financial instruments*

The Group has financial derivatives that relate to its investment activities. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

*(vi) Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

**h. Associates and jointly controlled entities**

In the Group financial statements investments in associates and jointly controlled entities are accounted for using the equity method. Investments are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the investment. Goodwill arising on the acquisition is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment.

In the Company financial statements investments in associates and jointly controlled entities are accounted for at cost less impairment.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i. Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of production overheads. Cost is calculated using a standard costing or FIFO (first-in, first-out) method. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

**j. Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

*Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGU') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

*Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**k. Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**k. Taxation (continued)**

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (not payable) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be recovered (not payable) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**l. Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

**m. Dividend and interest revenue**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.



**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**n. Research and development expenditure**

Research expenditure is written off as incurred. Development expenditure is also written off, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. This period is between three and five years. Provision is made for any impairment.

**o. Employee benefits**

Defined benefit scheme

Wheatsheaf Group Limited participates in a defined benefit plan that shares risks between entities under common control. A stated policy is in place for charging the net defined benefit cost of the defined benefit plan, as a whole measured in accordance with FRS 102, to individual group entities. FRS 102 requires that the Group recognises the net defined benefit cost of the defined benefit plan so charged.

The amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Defined contribution schemes

The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

**p. Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity in the investment revaluation reserve.

**q. Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**r. Leases**

*The Group as lessor*

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

*The Group as lessee*

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in note 1, 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.

**Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Business combinations – critical judgement**

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the profit and loss account.

**Evaluation of levels of control and influence – critical judgement**

The determination of the level of influence the Group has over a business is often a mix of contractually defined and subjective factors that can be critical to the appropriate accounting treatment of entities in the consolidated financial statements. Control or influence is achieved through Board representation and by obtaining rights of veto over significant actions.

Where the Group holds less than 20% of the equity of an entity, the investment is generally treated as an other fixed asset investment. These other fixed asset investments are carried at market value where market prices are available. Where quoted market prices in an active market are not available, and where fair value cannot be reliably measured, unquoted equity instruments are measured at cost less impairment.

Where the Group owns between 20% and 50% of the equity of an entity and is in a position to exercise significant influence over the entity's operating and financial policies, the entity is treated as either a joint venture or an associate. Equally, where the Group holds a substantial interest (but less than 20%) in an entity and has the power to exert significant influence over its operations, it is treated as a joint venture or an associate.

Where the Group has the power to control the operations of an entity, and it has less than 50% of the equity, the entity is treated as a subsidiary when required.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Impairment of goodwill and investments – key source of estimation uncertainty**

Goodwill and investments are tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may exceed the recoverable amount, for example due to changes in technological, market, economic or legal environments or a deterioration in the economic performance of the asset.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £11,923,000.

In assessing whether the investment carrying values are impaired the net assets of the investment and the business plans for each company are considered. The Group performs impairment reviews when required using a projection of cash flows based upon industry growth expectations and a suitable discount rate. For the two impairment review valuations performed for 2018, an EBITDA multiple of 8x and 10x has been used for the terminal value and discount rates applied range between 20-30%.

**Derivative financial assets – key source of estimation uncertainty**

Determining the fair value of derivative financial assets requires the use of the Black Scholes model for valuing options. This volatility rate used is subjective for private companies; in determining the appropriate rate comparable volatility rates for listed companies have been used. The fair value of the derivative relating to equity investments is valued by determining the financial impact for each of the differing outcomes, assigning a probability to each outcome and summing the products of the probability and the financial impact.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**3. TURNOVER**

An analysis of the Group's turnover by class of business is set out below:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover:</b>		
Farming and breeding products	10,736	18,994
Controlled environmental sterilisation solutions	3,216	969
Construction material	6,269	3,139
Software development	175	369
	<u>20,396</u>	<u>23,471</u>

An analysis of the Group's turnover by geographical market is set out below:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	14,859	16,441
Rest of Europe	34	1,945
North America	4,902	3,709
Australia	4	602
Rest of the world	597	774
	<u>20,396</u>	<u>23,471</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Sale of goods	15,399	20,313
Rendering of services	2,860	2,083
Rental income	112	65
Government subsidies	656	643
Franchise fee	1,074	327
Other	295	40
	<u>20,396</u>	<u>23,471</u>

Government subsidies represent amounts received in respect of the Single Payment Scheme which is the main agricultural subsidy scheme in the EU. The Group has not directly benefited from any other significant forms of government assistance.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**4. FINANCE INCOME (NET)**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable and similar charges	(96)	(43)
Investment income	676	791
Other finance income	89	117
	<u>669</u>	<u>865</u>

**Investment income**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Income from fixed asset investments:		
Loans receivable from group undertakings	345	350
Other loans receivable	-	27
Other interest receivable and similar income	331	414
	<u>676</u>	<u>791</u>

**Interest payable and similar charges**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Loan interest	<u>(96)</u>	<u>(43)</u>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**5. (LOSS)/PROFIT BEFORE TAXATION**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit before taxation is stated after charging/(crediting):		
Amortisation of goodwill and other intangibles (note 10)	3,616	756
Write off of intangibles (note 10)	703	-
Impairment of goodwill and other acquired intangibles (note 10)	4,359	-
Depreciation of tangible fixed assets (note 11)	1,757	2,172
Loss on disposal of fixed assets	123	80
Profit on derecognition of associate	(3,714)	(917)
Profit on derecognition of jointly controlled entity	(1,206)	-
Profit on disposal of operations	(4,795)	(877)
Operating lease rentals	1,074	1,137
Rents receivable	(533)	(476)
Dividends received	(534)	(416)
Foreign exchange gains	(1,305)	(285)
Fair value losses on listed investments (note 15)	476	9,059
Fair value gains on other assets held at fair value	(7,450)	(1,315)
Cost of stock recognised as an expense	9,961	7,927
Research and development	1,558	458
Government grants	58	77

Amortisation and impairment of intangible assets, including goodwill, is included in administrative expenses.

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	110	106
Fees payable to the Company's auditor and its associates for other services to the Group:		
The audit of the Company's subsidiaries	109	23
<b>Total audit fees</b>	<b>219</b>	<b>129</b>
 Non-audit fees:		
Other assurance work	5	-

Fees payable to the Company's auditor and its associates for non-audit services to the Company are not required to be disclosed because the consolidated statements are required to disclose such fees on a consolidated basis.

No services were provided pursuant to contingent fee arrangements.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**6. STAFF NUMBERS AND COSTS**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Employee costs during the year, including Executive Directors:				
Wages and salaries	13,785	11,579	2,604	3,297
Social security costs	1,118	1,215	250	260
Pension costs included within operating costs:				
Defined benefit schemes	639	699	42	46
Defined contribution schemes (note 30)	588	335	110	131
	<u>16,130</u>	<u>13,828</u>	<u>3,006</u>	<u>3,734</u>

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Average number of employees by business, including Directors:				
Farming and breeding products	42	189	-	-
Controlled environmental sterilisation solutions	85	56	-	-
Construction material	60	58	-	-
Software development	8	8	-	-
Holding companies	22	20	21	19
	<u>217</u>	<u>331</u>	<u>21</u>	<u>19</u>

**7. DIRECTORS' REMUNERATION**

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>Total</b>	<b>Highest paid</b>	<b>Total</b>	<b>Highest paid</b>
	<b>£'000</b>	<b>Director</b>	<b>£'000</b>	<b>Director</b>
		<b>£'000</b>		<b>£'000</b>
Emoluments	966	549	1,008	549
Company contributions to money purchase pension schemes	20	10	46	10
Sums paid to third parties in respect of Directors' services	125	-	102	-
	<u>1,111</u>	<u>559</u>	<u>1,156</u>	<u>559</u>

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Number of Directors who are members of the defined benefit and defined contribution pension schemes	<u>3</u>	<u>3</u>

The accrued pension entitlement of the highest paid Director under the defined benefit scheme was £9,741 (2017 - £9,475). There is no accrued lump sum.

Certain Directors are remunerated for their services across the Grosvenor Estate by The Fourth Duke of Westminster's 1964 Trust or receive a Trustee Fee. For Directors remunerated by a Grosvenor Trust it is not practical to allocate the remuneration of the Directors between their services as Directors of WheatSheaf Group Limited and their services as Directors of other entities (2017 – same).

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**8. TAX ON LOSS**

The tax credit comprises:	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax on loss</b>		
UK corporation tax	32	(7)
Overseas tax	11	(460)
Adjustments in respect of prior periods	-	(18)
<b>Total current tax</b>	<b>43</b>	<b>(485)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(97)	(5,116)
Effect of decrease in tax rate on opening liability	17	496
Release on disposal of JV	(35)	-
Adjustments in respect of prior years	(19)	87
<b>Total deferred tax (see note 23)</b>	<b>(134)</b>	<b>(4,533)</b>
Share of tax charge of jointly controlled entities:		
Current tax	-	22
	-	22
<b>Total tax on loss</b>	<b>(91)</b>	<b>(4,996)</b>

The difference between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group loss before tax</b>	<b>(22,195)</b>	<b>(30,413)</b>
Tax on Group loss at standard UK corporation tax rate of 19% (2017 – 19.25%):	(4,217)	(5,855)
Unprovided deferred tax movements	1,203	1,870
Expenditure not qualifying for tax purposes	1,339	1,362
Non-taxable income	(102)	(78)
Share of results of associates and jointly controlled entities	2,316	3,138
Profit on disposal of SSE qualifying shares	(829)	(345)
Transfer pricing interest adjustment	177	-
Tax rate changes	117	496
Adjustments in respect of prior years	(19)	69
Effect of foreign tax rates	11	-
Release of deferred tax – change in tax laws	-	(5,141)
Overseas tax credit	-	(460)
Enhanced R&D deduction	(52)	(52)
Release on disposal of JV	<b>(35)</b>	-
<b>Group total tax credit for year</b>	<b>(91)</b>	<b>(4,996)</b>



**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**8. TAX ON LOSS (continued)**

**Factors that may affect the future tax charge**

A total net deferred tax asset of £5,437,000 (2017 - £3,293,000) has not been recognised in respect of timing differences relating to fixed assets of £16,000 (asset) (2017 - £9,000 (liability)), losses carried forward of £6,325,000 (asset) (2017 - £2,970,000 (asset)) and short term timing differences of £904,000 (liability) (2017 - £332,000 (asset)) as there is insufficient evidence that the asset will be recovered.

From 1 April 2020, the UK corporation tax rate will reduce to 17% (Finance Act 2016).

A current tax rate of 19% has been applied to the year ended 31 December 2018 (2017 - 19.25%). A deferred tax rate of 17% has been applied to opening balances and movements in deferred tax in the year ended 31 December 2018 (2017 - 17%). To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax liability will be £496,000.

**9. PROFIT/(LOSS) ATTRIBUTABLE TO THE COMPANY**

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The profit/(loss) attributable to the Company is disclosed in the footnote to the balance sheets.

**10. INTANGIBLE FIXED ASSETS - GROUP**

	<b>Goodwill</b>	<b>Other acquired intangibles</b>	<b>Milk quota</b>	<b>Intellectual property /Licences</b>	<b>Software</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>						
At 1 January 2018	11,316	-	2,005	328	934	14,583
Additions	11,182	-	-	2,145	15	13,342
Re-categorisation	(6,990)	6,990	-	-	-	-
Acquisition of undertakings	-	-	-	782	-	782
Exchange rate	153	-	-	64	2	219
Written off	-	-	-	-	(703)	(703)
Disposal of subsidiary undertaking	(889)	-	-	-	(207)	(1,096)
At 31 December 2018	14,772	6,990	2,005	3,319	41	27,127
<b>Amortisation</b>						
At 1 January 2018	815	-	2,005	179	88	3,087
Charge for the year	2,243	1,084	-	219	70	3,616
Re-categorisation	(182)	182	-	-	-	-
Impairment	252	4,107	-	-	-	4,359
Acquisition of undertakings	-	-	-	103	-	103
Exchange rate	10	48	-	-	2	60
Disposal of subsidiary undertaking	(289)	-	-	-	(119)	(408)
At 31 December 2018	2,849	5,421	2,005	501	41	10,817
<b>Net book value</b>						
At 31 December 2018	11,923	1,569	-	2,818	-	16,310
At 31 December 2017	10,501	-	-	149	846	11,496

The Company does not hold any intangible fixed assets.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**11. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Land and buildings £'000</b>	<b>Leasehold property and improvements £'000</b>	<b>Plant and equipment £'000</b>	<b>Dairy herd* £'000</b>	<b>Asset under construction £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>						
At 1 January 2018	2,240	8,562	8,864	2,233	12	21,911
Additions	-	39	3,366	1,360	1,377	6,142
Acquisition of undertakings	-	-	1,650	-	-	1,650
Re-categorisation	-	867	-	-	(867)	-
Exchange adjustments	-	2	166	-	-	168
Disposals	-	(71)	(346)	(741)	-	(1,158)
Disposal of subsidiary	-	-	(15)	-	-	(15)
At 31 December 2018	2,240	9,399	13,685	2,852	522	28,698
<b>Depreciation</b>						
At 1 January 2018	246	1,366	3,774	337	-	5,723
Charge for the year	45	183	1,100	429	-	1,757
Acquisition of undertakings	-	-	967	-	-	967
Exchange adjustments	-	1	109	-	-	110
Disposals	-	(71)	(297)	(434)	-	(802)
Disposal of subsidiary	-	-	(14)	-	-	(14)
At 31 December 2018	291	1,479	5,639	332	-	7,741
<b>Net book value</b>						
At 31 December 2018	1,949	7,920	8,046	2,520	522	20,957
At 31 December 2017	1,994	7,196	5,090	1,896	12	16,188

Included in plant and equipment are assets held under hire purchase contracts having a net book value of £293,000 (2017 – £253,000).

Included within land and buildings is land which has a cost of £300,000 and is not depreciated.

\* Biological assets

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**11. TANGIBLE FIXED ASSETS (continued)**

<b>Company</b>	<b>Plant and equipment</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 January 2018	382
Additions	32
Disposals	(1)
At 31 December 2018	413
<b>Depreciation</b>	
At 1 January 2018	234
Charge for the year	79
31 December 2018	313
<b>Net book value</b>	
At 31 December 2018	100
At 31 December 2017	148

**12. SUBSIDIARY UNDERTAKINGS**

<b>Company</b>	<b>£'000</b>
<b>Shares at cost</b>	
At 1 January 2018	235,521
Additions	11,858
Written off in line with the capital reductions undertaken	(144,643)
At 31 December 2018	102,736
<b>Provisions for impairment</b>	
At 1 January 2018	17,432
Release of provision	(5,728)
Increase in provision	4,184
At 31 December 2018	15,888
<b>Net book value</b>	
At 31 December 2018	86,848
At 31 December 2017	218,089

Consistent with previous years, the Directors have reviewed the carrying value of the investments held by Wearsheaf Group Limited and considered whether any investments in subsidiaries are impaired by reference to the recoverable amounts.

A release of the provision of £5,728,000 against the investment in Deva Group Limited has been made (2017 – £2,653,000) in line with the consolidated net assets of the Deva Group Limited sub-group. An increase in the provision of £4,184,000 against the investment in Wearsheaf Group US Inc. has been made (2017 – £nil) in line with the recoverable net assets of the Wearsheaf Group US Inc. sub-group. The cost of shares in Wearsheaf Group Finance Company and Wearsheaf Investment Management Limited have been written down by £144,643,000 in line with the capital reductions undertaken in those companies.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**12. SUBSIDIARY UNDERTAKINGS (continued)**

The parent Company and the Group have investments in the following subsidiary undertakings, all of which are consolidated.

	<b>Principal activity</b>	<b>Registered Office</b>	<b>% Owned</b>
DB Group (Holdings) Limited *	Innovation led construction materials manufacturer & supplier	Wellington Way, Bourn Airfield, Cambridge, England, CB23 2TQ	54.8
David Ball Asia Pte Limited	Sales agent for David Ball Group	200 Soo Chow Rise, 575462, Singapore	54.8
Deva Developments Limited *	Software development	The Quarry, Hill Road, Ecclestone, Chester, England CH4 9HQ	100
Deva Group Limited *+	Holding company	The Quarry, Hill Road, Ecclestone, Chester, England CH4 9HQ	100
Deva US Inc. **	Holding company	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States	100
Global Fresh Foods Limited *	Holding company	Suite 1, 3 <sup>rd</sup> Floor 11-12 St James' Square, London, England, SW1Y 4LB	57.5
Global Fresh Foods Inc. dba Bluwrap	Provider of controlled environment logistics solutions for the transport of fresh proteins	33 W. Ontario Street, Ste 56AB Chicago, Illinois 60654, United States	57.5
GFF Bluwrap Norway AS	Food service technology	Azets Insight AS, Avd Bjørvika, Dronning Eufemias gate 16, 0191 Oslo, Norway	57.5
Global Fresh Foods Chile Limitada	Food service technology	RELY SpA, Avenida Libertador Bernardo O'Higgins 1302 Oficina 70, Santiago, Chile	57.5
GFF Germany GmbH	Food service technology	RSM AWT AG Wirtschafts-Treuhand, Liebigstr 3 84030 Landshut, Germany	57.5
Grosvenor Farms Limited	Farming	Aldford Hall Farm, Chester Road, Aldford, England CH3 6HJ	100
Grosvenor Green Energy Limited *+	Holding company	The Quarry, Hill Road, Ecclestone, Chester, England CH4 9HQ	100
M.P.S. Concrete Solutions Limited	Concrete remedial work	ECL House, Lake Street, Leighton Buzzard, Bedfordshire, England, LU7 1RT	54.8
OWS Agri Limited *	Technology development company	The Quarry, Hill Road, Ecclestone, Chester, England CH4 9HQ	100
Pudlo Middle East Building Materials LLC ***	Sale of building materials	Unit 111, Arenco Office Building, Dubai Investment Park 2, Dubai, UAE	54.8
Vytelle Holdings Inc. * **	Bovine genetics	780 Commercial Street SE STE 100, Salem, Oregon 97301, United States	100
Vytelle LLC ***	Bovine genetics	780 Commercial Street SE STE 100, Salem, Oregon 97301, United States	100
WGUS FS LLC ***	Development of sterilisation techniques	9E Loockerman Street, Suite 311, Dover, Kent, Delaware 19901, United States	88.9
Wheatsheaf Group Canada Limited * **	Holding company	c/o Blake, Cassels & Graydon LLP, 855 2 <sup>nd</sup> Street S.W, Suite 3500, Bankers Hall East Tower, Calgary, Alberta T2P 4J8, Canada	100
Wheatsheaf Group Finance Company *	Holding company	The Quarry, Hill Road, Ecclestone, Chester, England CH4 9HQ	100
Wheatsheaf Group US Inc. * **	Holding company	9E Loockerman Street, Suite 311, Dover, Kent, Delaware 19901, United States	100
WIL Finco	Non trading	The Quarry, Hill Road, Ecclestone, Chester, England CH4 9HQ	100

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**12. SUBSIDIARY UNDERTAKINGS (continued)**

	<b>Principal activity</b>	<b>Registered Office</b>	<b>% Owned</b>
David Ball Group Limited	Dormant company	Wellington Way, Bourn Airfield, Cambridge, England, CB23 2TQ	54.8
Greencem Limited	Dormant company	Wellington Way, Bourn Airfield, Cambridge, England, CB23 2TQ	54.8
Cemfree Limited	Dormant company	Wellington Way, Bourn Airfield, Cambridge, England, CB23 2TQ	54.8
Pudlo Limited	Dormant company	Wellington Way, Bourn Airfield, Cambridge, England, CB23 2TQ	54.8
Wheatsheaf Investment Management Limited *	Dormant company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
Wheatsheaf Developments	Dormant company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
Wheatsheaf Investments Limited	Dormant company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
Grosvenor Garden Centre Limited	Dormant company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
Deva Holdings	Dormant company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100

Each of the above companies is indirectly owned unless marked with an asterisk to signify that it is directly held. All interests are in the form of ordinary shares, with the exception of \*\* where the interest is in the form of common shares and \*\*\* where the interest is in the form of a membership interest.

+ These subsidiaries have taken advantage of an exemption from audit under Section 479A of the Companies Act 2006. As the ultimate parent, Wheatsheaf Group Limited has provided a statutory guarantee for any outstanding liabilities of this business. All subsidiary undertakings have been included in the consolidation.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**13. ACQUISITIONS**

**Acquisition of subsidiary undertakings**

Global Fresh Foods Limited, a holding company of Global Fresh Foods Inc., became a subsidiary of the Company on 28 February 2018. On that date the Company invested US \$4,750,000 in Global Fresh Foods Limited in the form of 10,140,176 series D preferred shares and US \$4,560,000 of the outstanding convertible loans to Global Fresh Foods Limited converted into 12,166,911 series D preferred shares. As such, the interest in shares became 57.5%. The fair value of the total consideration for the shares held is considered to be the cost of the original interest plus the shares purchased in the current year plus the fair value of the loan instrument at 28 February 2018. The fair value of the assets acquired was £4,246,000. The useful life of goodwill on acquisition is 5 years. Acquisitions are accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	<b>Book value and fair value to Group £'000</b>
<b>Fixed assets</b>	
Intangible	679
Tangible	683
<b>Current assets</b>	
Trade & other debtors	39
Cash	3,197
<b>Total assets</b>	<u>4,598</u>
<b>Creditors</b>	
Trade & other creditors	<u>(352)</u>
<b>Net assets</b>	<u>4,246</u>
<b>Non-controlling interest</b>	(1,807)
Goodwill	9,048
	<u>11,487</u>
<b>Satisfied by</b>	
Shares purchased in prior years *	3,913
Cash consideration	3,443
Loan instrument converted into shares	4,131
	<u>11,487</u>

\* Previously treated as an associate

In the period ended 31 December 2018, turnover of £nil and loss of £1,959,000 was included in the consolidated profit and loss account in respect of Global Fresh Foods Limited since the acquisition date and a gain of £3,714,000 has been recognised in respect to the remeasurement of the existing interest held.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**13. ACQUISITIONS (continued)**

**Acquisition of subsidiary undertakings (continued)**

On 27 March 2018 OWS Agri Limited became a wholly owned subsidiary of the Company when the Company acquired the remaining 50% interest in the shares of OWS Agri Limited from Origin Inc. for consideration comprising the cost of the original interest and cash consideration. The fair value of the liabilities acquired was £1,419,000. The useful life of goodwill on acquisition is 5 years. Acquisitions are accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	<b>Book value and fair value to Group £'000</b>
<b>Current assets</b>	
Trade & other debtors	50
Cash	15
	<hr/>
<b>Total assets</b>	65
	<hr/>
<b>Creditors</b>	
Loans due to Wheatsheaf Group Limited	(1,484)
	<hr/>
<b>Net liabilities</b>	(1,419)
	<hr/>
Goodwill	1,790
	<hr/>
	371
	<hr/>
<b>Satisfied by</b>	
Shares purchased in prior years *	118
Cash consideration	253
	<hr/>
	371
	<hr/>

\* Previously treated as a jointly controlled entity

In the period ended 31 December 2018, turnover of £nil and loss of £718,000 was included in the consolidated profit and loss account in respect of OWS Agri Limited since the acquisition date and a gain of £1,206,000 has been recognised in respect to the remeasurement of the existing interest held.

On 5 March 2018, the Group acquired the remaining 15% interest in the shares of FarmWizard Limited for £305,000, taking its total interest to 100%.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**14. SALE OF SUBSIDIARY UNDERTAKING**

Subsequent to the acquisition in note 13, on 21 June 2018 the Group sold its 100% interest in the ordinary share capital of FarmWizard Limited as part of the Company's investment in AgriWebb Pty Ltd. The loss of FarmWizard Limited up to the date of disposal was £135,000 and for its last financial year was a loss of £211,000.

Net assets disposed of and the related sale proceeds were as follows:

	<b>£'000</b>
Fixed assets – intangible and tangible	89
Current assets	206
Creditors	(41)
<b>Net assets</b>	<u>254</u>
Related goodwill	600
	<u>854</u>
Profit on sale	2,210
<b>Sale proceeds net of costs</b>	<u><u>3,064</u></u>
Satisfied by:	
Cash and cash equivalents	<u><u>3,064</u></u>
Net cash inflows in respect of the sale comprised:	
Cash and cash equivalents	3,064
Less: cash and cash equivalents disposed of	(71)
	<u><u>2,993</u></u>

The profit on sale is included in the results of discontinued operations.



**WHEATSHEAF GROUP LIMITED**

## 15. OTHER FIXED ASSET INVESTMENTS

	Group				Company			
	Listed investments £000	Other investments £000	Loans £000	Total £000	Listed Investments £000	Other investments £000	Loans £000	Total £000
<b>Carrying amount before impairment</b>								
At 1 January 2018	30,042	15,335	3,370	48,747	30,042	7,968	-	38,010
Additions	-	9,602	266	9,868	-	5,537	266	5,803
Interest	-	-	82	82	-	-	5	5
Disposals	-	(4,351)	(3,447)	(7,798)	-	-	-	-
Adjustment for the fair value of listed and other investments	(476)	1,985	56	1,565	(476)	1,834	56	1,414
Exchange movements	91	780	-	871	91	628	-	719
<b>At 31 December 2018</b>	<b>29,657</b>	<b>23,351</b>	<b>327</b>	<b>53,335</b>	<b>29,657</b>	<b>15,967</b>	<b>327</b>	<b>45,951</b>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**15. OTHER FIXED ASSET INVESTMENT (continued)**

The other investments are detailed below:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Principal activity</b>	<b>Holding</b>	<b>% Owned</b>
AKVA*	Norway	Capital equipment and services provider to the aquaculture industry	Ordinary	11.7
Benchmark Holdings Plc*	UK	Producer of animal health products and vaccines, veterinary and diagnostic services	Ordinary	1.8
Farmdrop Limited*	UK	Online grocery shopping service	Series B preferred	10.6
Guillemot Green Energy Limited	UK	Hydro power electricity generation	B	3.9
Mulard Renewables Limited	UK	Hydro power electricity generation	B	5.0
Nightjar Sustainable Power Limited	UK	Hydro power electricity generation	B	7.8
Origin, Inc.*	USA	Life sciences business	Ordinary	2.3
RowAnalytics Limited*	UK	Analysis of genomic and phenotypic data to aid implementation of precision medical treatment	A1 ordinary	13.0
Shared-X LLC	USA	Business that implements advanced farming practices in developing countries	Series C preferred units	10.6
Zouk REEIF II Fund	UK	Renewable energy and environmental infrastructure fund	Fund	n/a

Each of the above companies is indirectly owned unless marked with an asterisk to signify that it is directly held.

During the year the Company invested €1,000,000 into Zouk. The Company has signed an agreement to invest a total of €10,000,000 into the REEIF II fund. At 31 December 2018 the Company had invested €6,700,000 into the REEIFII fund (2017 - €5,700,000).

Listed investments represent investments in non-puttable ordinary shares. The fair value of listed investments was determined with reference to the quoted market price at the reporting date. The cost of the shares on acquisition was £17,026,000.

Other investments are held at either fair value or at cost less impairment because their fair value cannot be measured reliably. Fair value is determined by the price of a recent transaction. If this is not available fair value is determined by calculating the net present value of the future cash flows anticipated using an appropriate discount rate.

Loans receivable constitute financing transactions and are measured at the present value of the future cash flows, discounted at a market rate of interest.

During the year the Group sold 100% of its interests in the following hydro-electric companies: Gilkes Hydro Investments Limited on 9 April 2018 for £864,000; Gilkes Energy (Ederline Hydro) Limited on 15 May 2018 for £117,000; Torrential Potential Limited on 6 June 2018 for £111,000; Redstart Renewables Limited on 6 September 2018 for £513,000; Goldeneye Renewables Limited on 14 September 2018 for £445,000; Goshawk Energy Limited on 9 November 2018 for £440,000; Merkland and Reay Forest Limited on 21 November 2018 for £758,000; and Osprey Green Power Limited on 14 December 2018 for £893,000.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**16. ASSOCIATES**

	<b>Group 2018 £'000</b>	<b>Group 2017 £'000</b>	<b>Company 2018 £'000</b>	<b>Company 2017 £'000</b>
Share of net assets / cost	13,302	6,811	48,323	20,704
Loans to associates	-	4,724	-	4,672
Goodwill	18,939	9,144	-	-
Net book value	<u>32,241</u>	<u>20,679</u>	<u>48,323</u>	<u>25,376</u>

The associates are detailed below:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Principal Activity</b>	<b>Registered Office</b>	<b>Share Class</b>	<b>Share- holding</b>
AgriWebb Pty Limited	Australia	Software development	Level 29, 66 Goulburn Street, Sydney, NSW 2000	Ordinary	35.3%
AgriWebb UK Limited (formerly FarmWizard Limited)	Northern Ireland	Software development	The Innovation Centre Queens Road Belfast BT3 9DT	Ordinary	35.3%
Dream Holdings, Inc	USA	Indoor vertical farming	212 Rome Street, Newark, New Jersey 07105, United States	Common, series C preferred and series D preferred	16.9%
Enterra Feed Corporation	Canada	Producer of insect larvae protein and organic fertilisers through the recycling of pre consumer food waste	10 <sup>th</sup> Floor, 595 Howe Street, Vancouver, V6C 2T5, British Columbia, Canada	Common	38%
Ostara Nutrient Recovery Technologies Inc	Canada	Development and provision of nutrient recovery solutions to the waste water industry	690 – 1199 West Pender Street, Vancouver, British Columbia, V6E 2R1, Canada	Class A preferred series 3, class B preferred series 3, 4, 5 and 6	28.9%
Ozo Innovations Limited	England	Development of sterilisation techniques	Unit 29 Chancerygate Business Centre, Langford Lane, Kidlington, Oxford, England, OX5 1FQ	Ordinary, A ordinary and C ordinary	47.4%*

\* Legal shareholding

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**16. ASSOCIATES (continued)**

The following information is given in respect of the share of associate investments.

	<b>Group £'000</b>	<b>Company £'000</b>
<b>Share of net assets / cost</b>		
At 1 January 2018	6,811	20,704
Additions	10,417	28,984
Share of funding from new investors	5,032	-
Share of retained loss for the year	(8,197)	-
Transfer to subsidiary undertakings	850	(11,487)
Transfer from jointly controlled entities	1,014	10,122
Disposal	(2,410)	-
Exchange movements	(215)	-
At 31 December 2018	<u>13,302</u>	<u>48,323</u>
<b>Loan</b>		
At 1 January 2018	4,724	4,672
Addition	1,943	1,944
Interest	246	235
Repayments/conversion into equity	(10,003)	(9,941)
Change in value of loans receivable measured at fair value	2,962	2,962
Exchange movements	128	128
At 31 December 2018	<u>-</u>	<u>-</u>
<b>Goodwill</b>		
At 1 January 2018	9,144	
Addition	10,994	
Amortisation	(4,131)	
Transfer to subsidiary undertakings	(1,049)	
Transfer from jointly controlled entities	3,892	
Disposal	(7)	
Exchange movements	96	
At 31 December 2018	<u>18,939</u>	
<b>Net book value</b>		
At 31 December 2018	<u>32,241</u>	<u>48,323</u>
At 31 December 2017	<u>20,679</u>	<u>25,376</u>

The share of results of associates reported in the profit and loss account includes the share of retained loss for the year and the amortisation and impairment of goodwill.

There is no goodwill in the company.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**17. JOINTLY CONTROLLED ENTITIES**

	<b>Group 2018 £'000</b>	<b>Group 2017 £'000</b>	<b>Company 2018 £'000</b>	<b>Company 2017 £'000</b>
Share of net assets/cost	4,388	5,361	4,958	10,502
Loans to joint ventures	290	2,290	-	2,026
Goodwill	6,901	10,568	-	-
	<u>11,579</u>	<u>18,219</u>	<u>4,958</u>	<u>12,528</u>
Net book value	<u>11,579</u>	<u>18,219</u>	<u>4,958</u>	<u>12,528</u>

The jointly controlled entities are detailed below:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Principal Activity</b>	<b>Registered Office</b>	<b>Share Class</b>	<b>Shareholding</b>
Tatra Holding Limited	British Virgin Islands	Holding company	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Series B preference	31.1%
Growsafe Systems Limited	Canada	Development of optimum bovine feeding systems	4000, 421 – 7 <sup>th</sup> Ave SW, Calgary, Alberta, Canada, T2P 4K9	Class A Common	48.2%

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**17. JOINTLY CONTROLLED ENTITIES (continued)**

The following information is given in respect of the share of joint venture investments.

	<b>Group £'000</b>	<b>Company £'000</b>
<b>Share of net assets / cost</b>		
At 1 January 2018	5,361	10,502
Addition	1,607	4,949
Transfer to subsidiary undertakings	1,124	(371)
Transfer to associate entities	(1,014)	(10,122)
Share of retained loss for the year	(2,445)	-
Disposal	(450)	-
Exchange movements	(16)	-
Prior year adjustments	221	-
	<hr/>	<hr/>
At 31 December 2018	4,388	4,958
	<hr/>	<hr/>
<b>Loan</b>		
At 1 January 2018	2,290	2,026
Addition	1,140	846
Interest	90	84
Repayment/conversion into equity	(4,969)	(4,702)
Change in value of loans receivable measured at fair value	1,718	1,718
Exchange movements	21	28
	<hr/>	<hr/>
At 31 December 2018	290	-
	<hr/>	<hr/>
<b>Goodwill</b>		
At 1 January 2018	10,568	
Addition	3,155	
Amortisation	(2,677)	
Transfer to subsidiary undertakings	(48)	
Transfer to associate entities	(3,892)	
Exchange movements	(205)	
	<hr/>	
At 31 December 2018	6,901	
	<hr/>	
<b>Net book value</b>		
At 31 December 2018	11,579	4,958
	<hr/>	<hr/>
At 31 December 2017	18,219	12,528
	<hr/>	<hr/>

The share of results of associates reported in the profit and loss account includes the share of retained profit for the year, prior year adjustments and the amortisation of goodwill.

There is no goodwill in the company.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**18. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Livestock	914	804	-	-
Consumables	3,925	2,671	-	-
Growing crops	458	427	-	-
Breeding products	176	81	-	-
Goods for resale	1,229	1,203	-	-
	<u>6,702</u>	<u>5,186</u>	<u>-</u>	<u>-</u>

The replacement value is not materially different from the above.

**19. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>				
Trade debtors	2,815	2,632	447	113
Amounts owed by group companies	-	-	18,684	13,505
Corporation tax	85	100	-	-
Other debtors	1,459	1,511	30	252
Other taxation and social security	-	-	29	-
Prepayments and accrued income	1,140	561	179	87
Derivative financial assets (note 26)	976	304	728	116
	<u>6,475</u>	<u>5,108</u>	<u>20,097</u>	<u>14,073</u>
<b>Amounts falling due after more than one year</b>				
Pension asset (note 24)	41	-	19	-
Deferred tax (note 23)	116	138	-	40
Loan receivable	-	413	-	-
	<u>157</u>	<u>551</u>	<u>19</u>	<u>40</u>

Amounts owed by group companies are repayable on demand and unsecured.

**20. CURRENT ASSET INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Short term deposits	<u>90,210</u>	<u>63,390</u>	<u>86,270</u>	<u>25,242</u>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Mortgage	53	51	-	-
Obligations under finance leases and hire purchase contracts	88	53	-	-
Trade creditors	2,188	1,277	309	215
Other creditors	52	1,104	-	8
Amounts due to group companies	-	-	24,768	115,493
Corporation tax	36	12	-	-
Other taxation and social security	269	6	-	-
Accruals and deferred income	3,220	2,539	1,286	1,372
	<u>5,906</u>	<u>5,042</u>	<u>26,363</u>	<u>117,088</u>

**22. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Mortgage:				
Between two and five years	234	225	-	-
Falling due in more than five years	182	249	-	-
Unsecured loan notes payable:				
Between two and five years	700	700	-	-
Hire purchase lease payments payable:				
Between two and five years	213	172	-	-
Deferred income				
Between two and five years	52	52	-	-
Falling due in more than five years	381	394	-	-
Accruals	2,568	1,887	1,937	1,790
	<u>4,330</u>	<u>3,679</u>	<u>1,937</u>	<u>1,790</u>

Amounts due to group companies are repayable on demand.

The unsecured loan notes payable bear interest at a rate of 9% per annum and are repayable by 2021.

The mortgage is in place in DB Group Limited, a directly owned subsidiary. The mortgage rate is 3.56% above the HSBC base rate. The mortgage is repayable in blended monthly payments and is secured by a fixed legal charge over the subsidiary's freehold premises and a debenture dated 23 November 2004 over all present freehold and leasehold property, a first fixed charge over book and other debts both present and future and a first floating charge over all assets both present and future.

Hire purchase liabilities are secured against the relevant assets.



**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**23. DEFERRED TAX**

<b>Group</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Balance brought forward – (asset)/liability	(138)	4,157
Credit to profit and loss account	(134)	(4,533)
Charge to other comprehensive income	156	238
	<hr/>	<hr/>
Balance carried forward – asset note 19	(116)	(138)
	<hr/>	<hr/>
<b>The analysis of the deferred tax asset is as follows:</b>		
Tax losses available	(441)	(378)
Other timing differences	(40)	(108)
	<hr/>	<hr/>
	(481)	(486)
	<hr/>	<hr/>
<b>The analysis of the deferred tax liability is as follows</b>		
Fair value adjustments payable after 12 months	95	75
Accelerated capital allowances	270	273
	<hr/>	<hr/>
	365	348
	<hr/>	<hr/>

**24. PROVISIONS FOR LIABILITIES**

<b>Group</b>	<b>Defined benefit pension scheme liability £'000</b>
At 1 January 2018	515
Charge to profit and loss account	358
Credit to other comprehensive income	(914)
Recognised in debtors falling due after more than one year (note 19)	41
	<hr/>
At 31 December 2018	-
	<hr/>

<b>Company</b>	<b>Deferred taxation £'000</b>	<b>Defined benefit pension scheme liability £'000</b>	<b>Total £'000</b>
At 1 January 2018 – liability	-	235	235
At 1 January 2018 – (asset)	(40)	-	(40)
Charge/(credit) to profit and loss account	14	(79)	(65)
Charge/(credit) to other comprehensive income	30	(175)	(145)
Recognised in debtors falling due after more than one year (note 19)	-	19	19
	<hr/>	<hr/>	<hr/>
At 31 December 2018	4	-	4
	<hr/>	<hr/>	<hr/>

**Deferred taxation**

Refer to note 23

**Defined benefit pension scheme**

Refer to note 31

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**25. FINANCIAL INSTRUMENTS**

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial assets</b>		
Cash at bank and in hand	40,069	34,278
Measured at fair value through profit or loss		
- Investments in listed equity instruments (note 15)	29,657	30,042
- Loans receivable (convertible debt) (note 15)	327	5,436
- Derivative financial assets (note 26)	976	304
- Investments in unlisted equity investments (note 15)	23,351	10,827
Measured at undiscounted amount receivable		
- Trade and other debtors (note 19)	4,274	4,143
- Current asset investment (note 20)	90,210	63,390
Debt instruments measured at amortised cost		
- Long term loans receivable (note 15 and note 19)	-	3,783
- Amounts due from joint ventures (note 17)	290	1,527
- Amounts due from associates	-	51
Equity instruments measured at cost less impairment		
- Fixed asset unlisted investments	-	4,508
	<u>189,154</u>	<u>158,289</u>
<b>Financial liabilities</b>		
Measured at amortised cost or undiscounted amount payable		
- Unsecured loan notes payable (note 22)	(700)	(700)
- Trade and other creditors (notes 21)	(2,240)	(2,381)
- Mortgage (notes 21 and 22)	(469)	(525)
- Hire purchase (notes 21 and 22)	(301)	(225)
	<u>(3,710)</u>	<u>(3,831)</u>

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest income and (expense)</b>		
Total interest income for financial assets at amortised cost	676	791
Total interest expense for financial liabilities at amortised cost	(96)	(43)
	<u></u>	<u></u>
<b>Fair value gains and (losses)</b>		
On investments including listed investments measured at fair value through profit and loss	1,509	(8,812)
On financial assets measured at fair value through profit and loss	5,465	1,068
	<u>6,974</u>	<u>(7,744)</u>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**26. DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>Current</b>		<b>Non-current</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Group</b>				
<b>Derivatives carried at fair value</b>				
<b>Assets</b>				
Options and warrants	976	304	-	-

Options and warrants are valued by applying either the Black Scholes model using a volatility rate of comparable listed companies or by determining the financial impact for each of the differing outcomes, assigning a probability to each outcome and summing the products of the probability and the financial impact.

**27. CALLED-UP SHARE CAPITAL AND RESERVES**

<b>Group and Company</b>	<b>Number of shares 2018</b>	<b>£'000 2018</b>	<b>Number of shares 2017</b>	<b>£'000 2017</b>
Equity interests – called-up and issued				
Ordinary shares of 10p each	88,120,925	8,812	55,937,017	5,594
Non-voting shares of 10p each	704,967,400	70,497	447,496,136	44,749
12% Non-cumulative irredeemable preference shares of 10p each	88,120,925	8,812	55,937,017	5,594
	<u>881,209,250</u>	<u>88,121</u>	<u>559,370,170</u>	<u>55,937</u>

**Rights of classes of shares**

Profits determined by the Directors as available for distribution are to be applied first in paying a fixed non-cumulative dividend of 12% per annum on the amounts paid up on 12% non-cumulative irredeemable preference shares. The balance of profits for distribution is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

On a return of the Company's assets to shareholders, the assets are to be applied first in repaying to the holders of the 12% non-cumulative irredeemable preference shares other amounts paid up on their shares. The balance of the assets is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

Holders of the 12% non-cumulative irredeemable preference shares and non-voting shares are not entitled to vote at general meetings of the members of the Company except on resolutions varying or abrogating any of the special rights or privileges attaching to their shares.

During the year the Company allotted 32,183,908 ordinary shares of 10p each, 32,183,908 12% non-cumulative irredeemable preference shares of 10p each and 257,471,264 non-voting shares of 10p each. The share package was issued for 0.522p but only 0.211p was called during the year.

The Group and Company's other reserves are as follows:

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

The investment revaluation reserve represents the cumulative effect of revaluations of fixed asset investments into sterling.

The merger capital reserve represents a reserve recognised on a previous restructure of the Group. As a result any reversal/provision for impairment in the financial period relating to the carrying value of the Company's investments in its subsidiary Deva Group Limited results in a transfer to/from this reserve from/to the profit and loss reserve.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**28. CASH FLOW STATEMENT**

Reconciliation of operating loss to net cash flows from operating activities:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Operating loss	(17,529)	(8,263)
Adjustment for:		
Depreciation	1,757	2,172
Provision for impairment	4,359	-
Amortisation	3,616	756
Loss on disposal of tangible fixed assets	123	46
Loss on disposal of intangible fixed assets	703	34
Profit on disposal of operations	(4,795)	(877)
Effect of foreign exchange rate changes	(739)	92
Operating cash flow before movement in working capital	(12,505)	(6,040)
Increase in stocks	(1,516)	(1,016)
Increase in debtors	(560)	(1,382)
Increase in creditors	1,078	883
Adjustment for pension funding	358	337
<b>Net cash flows from operating activities</b>	<b>(13,145)</b>	<b>(7,218)</b>

**Non-cash transactions**

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at inception of the leases of £141,000.

**29. FINANCIAL COMMITMENTS AND POST BALANCE SHEET EVENTS**

**Group**

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

	<b>2018</b>		<b>2017</b>	
	<b>Land and buildings</b>	<b>Other assets</b>	<b>Land and buildings</b>	<b>Other assets</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	876	216	793	110
Within 2 to 5 years	1,549	355	1,886	112
After 5 years	2,771	-	2,978	-
	<u>5,196</u>	<u>571</u>	<u>5,657</u>	<u>222</u>

**Company**

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

	<b>2018</b>		<b>2017</b>	
	<b>Land and buildings</b>	<b>Other assets</b>	<b>Land and buildings</b>	<b>Other assets</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	61	1	61	1
Within 2 to 5 years	244	2	244	3
After 5 years	86	-	147	-
	<u>391</u>	<u>3</u>	<u>452</u>	<u>4</u>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**29. FINANCIAL COMMITMENTS AND POST BALANCE SHEET EVENTS (continued)**

On 29 March 2012 the Company signed a subscription agreement with Zouk to invest a total of €10,000,000 into Zouk's Renewable Energy and Environmental Infrastructure Fund II. As at 31 December 2018 the Company had invested €6,700,000 into the fund. On 2 April 2019 the Company invested a further €1,800,000 in to the fund and has a commitment to invest the remaining €1,500,000.

The Group had contracted for but not provided financial commitments for tangible fixed assets of £162,000 (2017 - £nil).

On 1 January 2019, the Group acquired a 90% interest in e14 South LLC,(dba Purfresh) for US \$1,234,000.

On 18 January 2019, the Group invested C \$10,000,000 in Growsafe Systems Limited in the form of 2,053,387 new and existing class A common shares. On the same date, C \$504,932 of the outstanding principal and accrued interest on the demand promissory note was repaid. As such, the interest in shares became 67% and Growsafe Systems Limited became a subsidiary.

On 22 January 2019 the Group sold its 100% interest in Mulard renewables Limited, a hydro-electric company, for £470,000. On 3 September 2019 the Group sold its 100% interest in Nightjar Sustainable Power Limited, a hydro-electric company, for £993,000.

On 17 April 2019 and 4 July 2019, the Company invested £350,000 and £500,000 respectively in RowAnalytics Limited in the form of convertible loan notes.

On 1 May 2019 the Group invested US \$1,000,000 in Dream Holdings, Inc. in the form of a convertible loan note. The total loan note plus interest accrued converted on 16 May 2019 to 189,031 new series 2 preferred shares. On the same date the Group acquired 652,456 new series 2 preferred shares for US \$3,469,000.

On 20 June 2019, the Company subscribed to a convertible loan of US \$3,000,000 in Global Fresh Foods Limited (t/a BluWrap).

On 15 July 2019, the Company subscribed to a convertible loan of £5,000,000 in Ozo Innovations Limited. At the same time the rights attached to the C Ordinary shares that the Company holds in Ozo Innovations Limited were varied to mirror the rights attached to the A Ordinary shares. As a result of this variation, the Company's interest in the shares of Ozo Innovations Limited increased by 16.1% to 64.8% and Ozo Innovations Limited became a subsidiary.

On 31 July 2019, the Company invested £2,000,000 in Farmdrop Limited in the form 2,083,333 Series B Shares.

On 16 August 2019, the Company subscribed to a convertible loan of US \$2,044,000 in Ostara Nutrient Recovery Technologies Inc.

As a result of ongoing losses in WGUS FS LLC, Wheatsheaf Group US Inc, the majority owner of the Company, reviewed its approach to the provision of ongoing funding to WGUS FS LLC. As a result of reduced certainty of its funding situation, the Board of WGUS FS LLC commenced the evaluation of available options to reduce the losses being incurred and to protect the value of its assets. The Board of WGUS FS LLC considered that the most appropriate way to protect the assets and hence the interests of the creditors was for the Company to be entered into receivership, which was initiated on 31 May 2019. The value of the acquired intangibles in WGUS FS LLC is hence considered to be impaired as at 31 December 2018 and an impairment of £4,107,000 has been recognised in the year ended 31 December 2018 (2017 - £nil). In addition, for Wheatsheaf Group Limited (company only) the investment in and the intercompany loan with Wheatsheaf Group US Inc. at 31 December 2018 are considered to be impaired, thus an impairment of £4,184,000 of the investment and a provision of £13,176,000 against the intercompany loan have been recognised in the year ended 31 December 2018 (2017 - £nil).

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**30. EMPLOYEE BENEFITS**

**Defined contribution schemes**

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2018 was £588,000 (2017 - £335,000).

**Defined benefit schemes**

Wheatsheaf Group Limited participates in a defined benefit plan that shares risks between entities under common control. The agreement for charging the net defined benefit cost of the group plan and the policy for determining the contribution by entity is based on the accrued benefit of the current and former employees of that entity.

The analysis in note 31 relates to the Grosvenor Pension Plan ("the plan") as a whole, measured in accordance with accounting standards on the basis of assumptions that apply to the plan as a whole, including that element that relates to non-company employees.

The plan is open to qualifying employees of the Group, the Grosvenor Estate and the UK subsidiaries of Grosvenor Group. Under the plan, the employees are entitled to retirement benefits based on service of final salary on attainment of a retirement age of 65. No other post-retirement benefits are provided. The plan is a funded plan. This includes the amount and timing of the future payments to be made by the entity under any agreement with the defined benefit plan to fund a deficit (such as a schedule of contributions).

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2018 by Mr. Tavener, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

**31. RETIREMENT BENEFIT SCHEMES**

	<b>Valuation at</b>	
	<b>2018</b>	<b>2017</b>
Key assumptions used:		
Discount rate	2.9%	2.4%
Future pension increases	3.2%	3.2%
Inflation	3.2%	3.2%

**Mortality assumptions:**

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	<b>Valuation at</b>	
	<b>2018</b>	<b>2017</b>
	<b>years</b>	<b>years</b>
Retiring today:		
Males	24.4	24.2
Females	26.1	25.9
Retiring in 20 years:		
Males	26.1	25.9
Females	27.6	27.4

Profit and loss account amounts for the Grosvenor Pension Plan as a whole are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'m</b>	<b>£'m</b>
Current service cost	13.4	15.2
Past service cost	0.3	0.1
Loss on curtailment	-	(0.9)
Net interest cost	0.2	0.8
	<b>13.9</b>	<b>15.2</b>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**31. RETIREMENT BENEFIT SCHEMES (continued)**

Recognised in other comprehensive income (for the scheme as a whole):	<b>2018</b> <b>£'m</b>	<b>2017</b> <b>£'m</b>
Actual return less expected return on assets	(24.9)	18.6
Changes in assumptions underlying liabilities	46.0	14.4
<b>Total credit relating to defined benefit scheme</b>	<b>21.1</b>	<b>33.0</b>

The balance sheet amounts for the Grosvenor Pension Plan as a whole are as follows:

	<b>2018</b> <b>£'m</b>	<b>2017</b> <b>£'m</b>
Present value of defined benefit obligations	(280.4)	(311.2)
Fair value of scheme assets	281.3	300.0
<b>Net asset/(liability)</b>	<b>0.9</b>	<b>(11.2)</b>

Movements in the present value of defined benefit obligations for the entire scheme were as follows:

	<b>2018</b> <b>£'m</b>	<b>2017</b> <b>£'m</b>
At 1 January	311.2	310.0
Employer's part of current service cost	13.4	15.2
Interest on plan liabilities	7.3	8.0
Actuarial gains	(46.0)	(14.4)
Benefit payments	(5.8)	(6.8)
Past service costs	0.3	0.1
Curtailments and settlements	-	(0.9)
<b>At 31 December</b>	<b>280.4</b>	<b>311.2</b>

Movements in the fair value of scheme assets were as follows:

	<b>2018</b> <b>£'m</b>	<b>2017</b> <b>£'m</b>
At 1 January	300.0	275.7
Interest on plan liabilities	7.1	7.2
Actual return on plan assets less interest on plan assets	(24.9)	18.6
Contributions by the employer	4.9	5.3
Benefit payments	(5.8)	(6.8)
<b>At 31 December</b>	<b>281.3</b>	<b>300.0</b>

	<b>Fair value of assets</b>	
	<b>2018</b> <b>£'m</b>	<b>2017</b> <b>£'m</b>
The analysis of the scheme assets at the balance sheet date was as follows:		
Equity instruments	217.9	235.9
Gilts and corporate bonds	34.7	34.8
Multi asset credit funds	25.2	26.0
Other assets	3.5	3.3
	<b>281.3</b>	<b>300.0</b>

The scheme does not invest directly in property occupied by the Group or in financial securities issued by the Group. The scheme's assets are invested in a diversified range of asset classes as set out in this note.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**32. ULTIMATE CONTROLLING PARTIES AND RELATED PARTY TRANSACTIONS**

The Company is wholly-owned by Trustees of the Grosvenor Estate who hold the shares for the benefit of current and future generations of the Grosvenor family headed by the Duke of Westminster. These trusts are based in the United Kingdom and as such pay income tax, capital gains tax and inheritance tax. The individual beneficiaries of the trusts are all resident in the United Kingdom and as such are subject to United Kingdom income tax laws.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Rental and other administrative costs totalling £965,000 (2017 - £1,224,000) were paid by Group companies to a Grosvenor Trust. At 31 December 2018 Group companies owed the Trust £26,000 (2017 - £95,000). In addition, subsidiaries within the Group provided services to and made payments on behalf of this Trust and received funds for the surrendering of a tenancy agreement and for service jobs for the sum of £234,000 (2017 - £8,000). At 31 December 2018 the Trust owed Group companies £29,000 (2017 - £4,000).

Rent and management charges totalling £496,000 (2017 - £363,000) were paid to companies within Grosvenor Group Limited. WheatSheaf Group Limited and Grosvenor Group Limited are under common control. At 31 December 2018 £nil was included in debtors (2017 - £25,000) and £168,000 was included in creditors in respect to recharged amounts (2017 - £33,000).

Insurance premiums paid by the Group to a company owned by a Grosvenor Trust, were £68,000 (2017 - £254,000). At 31 December 2018 £nil was owed (2017 - £nil).

Subsidiaries within the Group purchased £248,000 from and invoiced £2,152,000 to related parties with significant influence over the subsidiary. At 31 December 2018 £700,000 was included in unsecured loan notes payable (2017 - £700,000) and £8,000 was included in trade debtors (2017 - £nil).

During the year services and management charges totalling £447,000 (2017 - £112,000) were invoiced to associate and jointly controlled companies by other Group companies and services totalling £123,000 (2017 - £30,000) were invoiced from associate companies to other Group companies. At 31 December 2018 the associate and jointly controlled companies owed the Group companies £362,000 (2017 - £82,000) and were owed £nil (2017 - £11,000). Details of loans provided and interest charged to associate and jointly controlled entities can be found in notes 16 and 17 respectively.

During the year services and management charges totalling £32,000 (2017 - £13,000) were invoiced to other investment companies by the Group. At 31 December 2018 the other investment companies owed the Group companies £2,000 (2017 - £nil).

**Other related party transactions**

The total remuneration for key management personnel for the year totalled £1,111,000 (2017 - £1,156,000), being Directors' remuneration disclosed in note 7.