

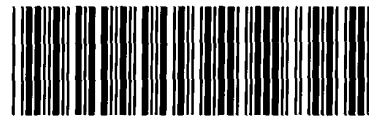
**REGISTERED NUMBER 03516726 (England and Wales)**

**J B SHROPSHIRE & SONS LIMITED**

**Annual Report and Consolidated Financial Statements**

**For the period 1 November 2015 to 5 November 2016**

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# **J B SHROPSHIRE & SONS LIMITED**

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# **J B SHROPSHIRE & SONS LIMITED**

## **Company Information For the period 1 November 2015 to 5 November 2016**

### **DIRECTORS**

J B Shropshire  
D Thompson

### **COMPANY SECRETARY**

D Thompson

### **REGISTERED OFFICE**

Hainey Farm  
Barway Road  
Ely  
Cambridgeshire  
CB7 5TZ

### **REGISTERED NUMBER**

03516726 (England and Wales)

### **INDEPENDENT AUDITOR**

Deloitte LLP  
Statutory Auditor  
1 Station Square  
Cambridge  
CB1 2GA

### **BANKERS**

The Royal Bank of Scotland  
62/63 Threadneedle Street  
PO Box 412  
London  
EC2R 8LA

# **J B SHROPSHIRE & SONS LIMITED**

## **Group Strategic Report**

**For the period 1 November 2015 to 5 November 2016**

The directors present their strategic report for the period 1 November 2015 to 5 November 2016.

The group has adopted Financial Reporting Standard 102 ("FRS 102") for the first time which was effective from 4 May 2014. There were no significant accounting differences between the previous accounting standards applied to the 2014 figures and FRS 102 and therefore no material adjustments have been made to the comparatives in these financial statements (see note 27).

### **REVIEW OF BUSINESS**

The reported results of the group are for 53 weeks, whilst the comparative period was for 78 weeks, including two summers, which is when the majority of the group's activity occurs. The Directors are satisfied with the performance of the group and expect it to continue trading profitably in the future.

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the period and the position at the period end.

The directors' review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties faced.

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

The principal activity of the group is farming.

The group operates in a challenging economic climate, in which inflationary pressure on costs must be balanced against the price expectations of our ultimate customers. The nature of the business, being the farming of fresh produce, means the group is always faced with the uncertainties of the weather and its impact upon both supply and demand of the ultimate customers.

### **FUTURE DEVELOPMENTS**

The directors anticipate no significant changes in the group's activities for the foreseeable future.

### **FINANCIAL KEY PERFORMANCE INDICATORS**

Turnover is a key measure of the group's performance. Turnover for the period were £72.3m (4 May 2014 to 31 October 2015: £94.2m).

Overall profitability is a key indicator of the group's performance. The profit for the financial period was £6.6m (4 May 2014 to 31 October 2015: £4.8m). Included within this profit is nonrecurring dividend income of £4.5m (4 May 2014 to 31 October 2015: £nil).

Excluding the dividend received the profit for the financial period was £2.1m (4 May 2014 to 31 October 2015: £4.8m).

Working capital management is seen as an important target for the business. At the period end, the net current asset level was £14.0m (31 October 2015: £7.1m).

## **J B SHROPSHIRE & SONS LIMITED**

### **Group Strategic Report (continued)**

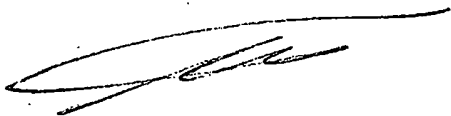
**For the period 1 November 2015 to 5 November 2016**

#### **OTHER KEY PERFORMANCE INDICATORS**

Maintaining health and safety standards across the group is seen as a key issue by the directors. The group continues to invest in health and welfare of its employees and customers.

Energy consumption and pollution controls are key measures. The group is committed to the continuing improvement of energy efficiency and reducing any pollution risk.

This report was approved by the board and signed on its behalf.



**D Thompson**  
Director

Date: 13/10/17

## **J B SHROPSHIRE & SONS LIMITED**

### **Report of the Directors**

#### **For the period 1 November 2015 to 5 November 2016**

The directors present their report with the financial statements of the group for the period 1 November 2015 to 5 November 2016.

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

The group uses various financial instruments, these include cash, loans, overdrafts and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the company's ongoing operations and capital expenditure programme.

The main risks arising from the group and company's financial instruments are interest rate risk, liquidity risk, currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. The use of financial derivatives is governed by the group's policies approved by the board of directors. The group does not use derivative financial instruments for speculative purposes.

##### **Interest rate risk**

The group's exposure to interest rate risk is limited to that associated with loans disclosed in note 17.

##### **Liquidity risk**

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

##### **Currency risk**

The group is exposed to transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions are managed through the use of bank accounts held in foreign currencies.

##### **Credit risk**

The group's financial assets are cash and trade debtors.

The principal credit risk lies with trade debtors. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

#### **GOING CONCERN**

As described in Note 1 to the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **AUDITOR**

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

## **J B SHROPSHIRE & SONS LIMITED**

### **Report of the Directors (Continued)**

**For the period 1 November 2015 to 5 November 2016**

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 November 2015 to the date of this report.

J B Shropshire

D Thompson

#### **DIVIDENDS**

No interim dividends have been declared during the period or prior period. The directors do not recommend the payment of a final dividend (2015: £nil).

#### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **EMPLOYEE CONSULTATION**

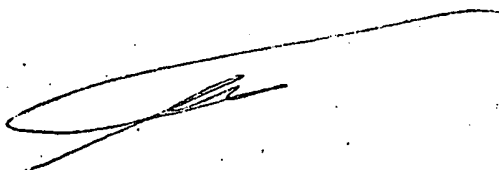
The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

#### **AUDITOR**

Grant Thornton UK LLP resigned as auditors and Deloitte LLP, were subsequently appointed.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed re-appointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



**D Thompson**

Director

Date: 13/10/17

Hainey Farm  
Barway Road  
Ely  
Cambridgeshire  
CB7 5TZ

## **J B SHROPSHIRE & SONS LIMITED**

### **Statement of Directors' Responsibilities For the period 1 November 2015 to 5 November 2016**

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 Financial Reporting Standard 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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



## **Independent Auditor's Report to the Members of J B Shropshire & Sons Limited**

We have audited the financial statements of J B Shropshire & Sons Limited for the period 1 November 2015 to 5 November 2016, which comprise the Consolidated Income Statement, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 5 November 2016 and of the group's profit for the period 1 November 2015 to 5 November 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent Auditor's Report to the Members of J B Shropshire & Sons Limited (Continued)**

**Opinion on other matter 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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

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

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



Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, UK

Date: 13 October 2017

# **J B SHROPSHIRE & SONS LIMITED**

## **CONSOLIDATED INCOME STATEMENT**

**For the period 1 November 2015 to 5 November 2016**

	Note	Period 1.11.15 to 5.11.16 £	Period 4.5.14 to 31.10.15 £
<b>TURNOVER</b>	3	72,298,419	94,176,764
Cost of sales		(65,397,310)	(83,989,875)
<b>GROSS PROFIT</b>		6,901,109	10,186,889
Administrative expenses		(9,666,626)	(9,993,057)
Other operating income		5,900,658	7,001,702
Other operating charges		-	(135,527)
<b>OPERATING PROFIT</b>	4	3,135,141	7,060,007
Income from interests in associated undertakings		504,559	557,893
Dividends received		4,500,000	-
Interest receivable and similar income		911,994	950,394
Interest payable and similar charges	7	(749,059)	(1,414,151)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		8,302,635	7,154,143
Tax on profit on ordinary activities	8	(1,732,804)	(2,305,017)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<u>6,569,831</u>	<u>4,849,126</u>
<b>PROFIT FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO:</b>			
Non-controlling interest		319,040	1,091,177
Equity shareholders of the company		<u>6,250,791</u>	<u>3,757,949</u>
		<u>6,569,831</u>	<u>4,849,126</u>

All amounts relate to continuing operations.

The notes on pages 13 to 34 form part of these financial statements.

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the period 1 November 2015 to 5 November 2016**

	Period 1.11.15 to 5.11.16 £	Period 4.5.14 to 31.10.15 £
Profit for the financial period	6,569,831	4,849,126
Exchange differences on translation of foreign operations	(885,100)	(2,933)
<b>Total comprehensive income</b>	<u>5,684,731</u>	<u>4,846,193</u>
<b>Total comprehensive income for the period attributable to:</b>		
Equity shareholders of the company	5,616,697	3,755,016
Non-controlling interest	68,034	1,091,177
	<u>5,684,731</u>	<u>4,846,193</u>

# J B SHROPSHIRE & SONS LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 5 November 2016

	Note	5 November 2016	31 October 2015
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	9	13,964	6,643
Tangible assets	10	21,156,116	18,846,785
Investments	11	2,782,520	2,970,020
Investments in associates	11	4,281,789	4,145,562
		<u>28,234,389</u>	<u>25,969,010</u>
<b>CURRENT ASSETS</b>			
Stocks	12	5,232,406	5,023,237
Biological assets	13	1,400,470	1,297,951
Debtors: amounts falling due after more than one year	14	7,410,914	2,187,683
Debtors: amounts falling due within one year	14	16,609,591	14,421,133
Cash at bank		3,689,732	1,379,976
		<u>34,343,113</u>	<u>24,309,980</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	15	(20,380,517)	(17,162,590)
<b>NET CURRENT ASSETS</b>		<u>13,962,596</u>	<u>7,147,390</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>42,196,985</u>	<u>33,116,400</u>
<b>CREDITORS:</b>			
Amounts falling due after more than one year	16	(10,614,800)	(7,018,946)
<b>NET ASSETS</b>		<u>31,582,185</u>	<u>26,097,454</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	2,300,000	2,300,000
Retained earnings	20	27,295,931	21,708,936
<b>SHAREHOLDERS' FUNDS</b>		<u>29,595,931</u>	<u>24,008,936</u>
<b>NON-CONTROLLING INTEREST</b>		<u>1,986,254</u>	<u>2,088,518</u>
<b>TOTAL CAPITAL EMPLOYED</b>		<u>31,582,185</u>	<u>26,097,454</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
D Thompson  
Director

Date: 13/10/17

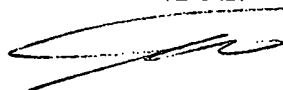
# J B SHROPSHIRE & SONS LIMITED

## STATEMENT OF FINANCIAL POSITION As at 5 November 2016

	Note	5 November 2016		31 October 2015	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	9		13,964		6,643
Tangible assets	10		2,529,358		1,714,313
Investments	11		9,305,439		9,593,238
			<u>11,848,761</u>		<u>11,314,194</u>
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due after more than one year	14	13,118,643		4,187,683	
Debtors: amounts falling due within one year	14	11,031,760		12,781,103	
Cash at bank			2,252,714		165,783
			<u>26,403,117</u>		<u>17,134,569</u>
<b>CREDITORS:</b>					
Amounts falling due within one year	15	(9,474,823)		(8,155,607)	
<b>NET CURRENT ASSETS</b>			<u>16,928,294</u>		<u>8,978,962</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>28,777,055</u>		<u>20,293,156</u>
<b>CREDITORS:</b>					
Amounts falling due after more than one year	16		(10,378,404)		(6,633,428)
<b>NET ASSETS</b>			<u>18,398,651</u>		<u>13,659,728</u>
<b>CAPITAL AND RESERVES</b>					
Called-up share capital	19		2,300,000		2,300,000
Retained earnings	20		16,098,651		11,359,728
<b>SHAREHOLDERS' FUNDS</b>			<u>18,398,651</u>		<u>13,659,728</u>

The profit for the period dealt with in the financial statements of the company was £4,738,923 (4 May 2014 to 31 October 2015: £262,984). Included within this profit is nonrecurring dividend income of £4,500,000 (4 May 2014 to 31 October 2015: £nil).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 October 2017.



**D Thompson**  
Director

# **J B SHROPSHIRE & SONS LIMITED**

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** **For the period 1 November 2015 to 5 November 2016**

	Equity attributable to equity shareholders of the company			Non-controlling interest	Total
	Called up share capital	Retained earnings	Total	interest	Total
	£	£	£	£	£
Balance at 4 May 2014	2,300,000	18,053,920	20,353,920	983,718	21,337,638
Profit for the financial period	-	3,757,949	3,757,949	1,091,177	4,849,126
Exchange differences on translation of foreign operations	-	(2,933)	(2,933)	-	(2,933)
Total comprehensive income	-	3,755,016	3,755,016	1,091,177	4,846,193
Dividends (note 21)	-	(100,000)	(100,000)	-	(100,000)
Adjustment for changes in minority interest	-	-	-	13,623	13,623
Balance at 31 October 2015	2,300,000	21,708,936	24,008,936	2,088,518	26,097,454
Profit for the financial period	-	6,250,791	6,250,791	319,040	6,569,831
Exchange differences on translation of foreign operations	-	(634,094)	(634,094)	(251,006)	(885,100)
Total comprehensive income	-	5,616,697	5,616,697	68,034	5,684,731
Dividends (note 21)	-	-	-	(100,000)	(100,000)
Transfer on acquisition of shares	-	(316,929)	(316,929)	216,929	(100,000)
Transfer to non-controlling interest	-	287,227	287,227	(287,227)	-
Balance at 5 November 2016	2,300,000	27,295,931	29,595,931	1,986,254	31,582,185

## **COMPANY STATEMENT OF CHANGES IN EQUITY** **As at 5 November 2016**

	Called up share capital	Retained earnings	Total
	£	£	£
Balance at 4 May 2014	2,300,000	11,096,744	13,396,744
Profit for the financial period	-	262,984	262,984
Balance at 31 October 2015	2,300,000	11,359,728	13,659,728
Profit for the financial period	-	4,738,923	4,738,923
Balance at 5 November 2016	2,300,000	16,098,651	18,398,651

The group's and company's other reserve is as follows:

The retained earnings represents cumulative profits or losses, net of dividends and other adjustments.

# **J B SHROPSHIRE & SONS LIMITED**

## **CONSOLIDATED CASH FLOW STATEMENT** **For the period 1 November 2015 to 5 November 2016**

	Note	Period 1.11.15 to 5.11.16 £	Period 4.5.14 to 31.10.15 £
<b>Net cash flows from operating activities</b>	<b>22</b>	<b>(2,921,956)</b>	<b>11,014,189</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(5,560,060)	(5,420,373)
Sale of tangible fixed assets		2,213,010	198,094
Purchase of additional share in group companies		(112,500)	(449,790)
Sale of share in associates		-	101,455
Income from investments		504,558	557,893
Interest received		752,676	950,394
Dividends received		4,500,000	-
<b>Net cash flows from investing activities</b>		<b>2,297,684</b>	<b>(4,062,327)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(5,351,325)	(1,000,000)
New loans raised		9,093,036	269,376
Repayment of finance leases		(130,576)	(263,885)
Dividends paid		(100,000)	(100,000)
<b>Net cash flows from financing activities</b>		<b>3,511,135</b>	<b>(1,094,509)</b>
<b>Increase in cash and cash equivalents</b>		<b>2,886,863</b>	<b>5,857,353</b>
Cash and cash equivalents at the beginning of the period		1,367,376	(4,487,044)
Effect of foreign exchange rate changes		(579,911)	(2,933)
<b>Cash and cash equivalents at the end of the period</b>		<b>3,674,328</b>	<b>1,367,376</b>
<b>Reconciliation to cash at bank</b>			
Cash at bank		3,689,732	1,379,976
Overdraft		(15,404)	(12,600)
<b>Cash and cash equivalents</b>		<b>3,674,328</b>	<b>1,367,376</b>

# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the period 1 November 2015 to 5 November 2016**

### **1. ACCOUNTING POLICIES**

#### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future; that is for at least 12 months from the date of signing of the financial statements. After making enquiries, and considering the matters that are described in this Annual Report, the directors have concluded that they have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future.

As part of their going concern assessment, the directors have reviewed trading and cash flow forecasts which take into consideration the uncertainties in the operating environment such as seasonal fluctuations and weather risks. On the basis of this assessment, the directors have concluded that the company is a going concern.

J B Shropshire & Sons Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

These financial statements have been prepared in accordance with The Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The impact of adoption of FRS102 in the current period is disclosed in note 27.

The company 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. Exemptions have been taken in relation to presentation of a cash flow statement, intra-group transactions, financial instruments and remuneration of key management personnel.

The functional currency of J B Shropshire & Sons Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which it operates.

The following principal accounting policies have all been applied consistently throughout the current and prior period.

#### **1.2 Basis of consolidation**

The financial statements consolidate the accounts of J B Shropshire & Sons Limited and all of its subsidiary undertakings ('subsidiaries').

#### **1.3 Turnover**

Turnover represents amounts derived from the provision of goods and services, arising in the United Kingdom, which fall within the group's ordinary activities after deduction of value added tax. The turnover shown in the Income Statement represents total amounts invoiced during the period, to retail, wholesale, processing and other customers. The turnover and profits are entirely attributable to the group's main activity of farming.

#### **1.4 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the income statement over its estimated economic life:

Amortisation is provided on sugar beet quota over 5 years straight line on cost.

Amortisation is provided on single farm payment (SFP/BPS) entitlements over the life of the scheme.



## **J B SHROPSHIRE & SONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **For the period 1 November 2015 to 5 November 2016**

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

##### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Buildings 10-20 years straight line on cost
Leasehold property improvements	-	10-25 years straight line on cost
Plant and machinery	-	25% reducing balance and 3-10 years straight line on cost

Assets under the course of construction are not depreciated.

##### **1.6 Investments**

- (i) Investments in subsidiaries are valued at cost less provision for impairment
- (ii) Investments in associates are stated at the amount of the company's share of net assets. The Income Statement includes the company's share of the associated companies' profits after taxation using the equity accounting basis.
- (iii) Other investments held as fixed assets are shown at cost less provision for impairment.

##### **1.7 Biological assets**

Biological assets are stated at the lower of cost and net realisable value. Cost is calculated as the total inputs into the crop in the year, less the cost of harvested produce and amounts released to the income statement.

Biological assets can be categorised as short or long term depending on the product lifecycle of the asset concerned and its output in the form of harvested crops for sale.

Those biological assets which will produce more than one crop over a number of years are classified as long term biological assets whilst those which will produce a single crop with the asset either being wasted or sold as part of the product offering are classified as short term. Biological assets classified as long term are expensed over the expected useful life.

Short term biological assets are those crops which are planted, grown and harvested in less than 12 months, leaving no residual asset that can generate future revenue.

##### **1.8 Hire purchase**

Assets obtained under hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their useful lives. The finance leases are allocated over the period of the lease rentals in proportion to the capital element outstanding.

## **J B SHROPSHIRE & SONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **For the period 1 November 2015 to 5 November 2016**

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

##### **1.9 Operating leases**

Rentals under operating leases are charged to the Income Statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### **1.10 Stocks**

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

##### **1.11 Taxation**

Current tax, including UK corporation 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 statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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 statement of financial position date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statement 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.

A net deferred tax asset is regarded as recoverable and therefore 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.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. The deferred tax has not been discounted.

##### **1.12 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Income Statement.

##### **1.13 Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Income Statement over the expected useful lives of the assets concerned. Other grants are credited to the Income Statement as the related expenditure is incurred.

##### **1.14 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

##### **1.15 Single payment**

Single payments are receivable on an annual basis. The annual payment only becomes receivable once the occupation period has been completed. Once the occupation period is completed, the income is recognised.

## **J B SHROPSHIRE & SONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **For the period 1 November 2015 to 5 November 2016**

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

##### **1.16 Financial instruments**

Financial assets and financial liabilities are recognised when the Company 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 Company after deducting all of its liabilities.

##### **(i) 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 financing 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 statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company 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 are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## **J B SHROPSHIRE & SONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **For the period 1 November 2015 to 5 November 2016**

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

##### **(ii) Investments**

Investments in subsidiaries 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 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.

#### **1.17 Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each statement of financial position 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.

Where indicators exist for a decrease in impairment loss, 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.

##### **Financial assets**

For financial assets carried at amortised cost, the amount of 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.

#### **1.18 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## **J B SHROPSHIRE & SONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the period 1 November 2015 to 5 November 2016**

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

In the application of the Company's accounting policies, which are described above, 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.

In the opinion of the directors, there are no critical accounting judgements. The key source of estimation uncertainty is over stock valuation. Stocks are assessed for impairment at each reporting date based on the Directors' best estimate of net realisable values with reference to quoted market or contract prices.

#### **3. TURNOVER**

The whole of the turnover and profit before taxation is attributable to farming and arose within the United Kingdom.

# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **For the period 1 November 2015 to 5 November 2016**

### **4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting).

	Period 1.11.15 to 5.11.16 £	Period 4.5.14 to 31.10.15 £
Amortisation of intangible fixed assets	1,661	1,107
Depreciation of tangible fixed assets:		
- owned by the group	2,632,649	4,159,802
- held under finance leases	460,656	162,473
Profit on disposal of fixed assets	(1,403,830)	(301,066)
Fees payable to the Group's auditor and its associates for the audit of the statutory accounts	61,750	31,820
Fees payable to the Group's auditor and its associates for other services to the Group	27,600	18,390
Operating lease rentals:		
- plant and machinery	2,506,203	3,875,281
Foreign exchange differences	224,373	72,657
Cost of stock recognised in the income statement	65,183,373	83,989,875

### **5. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	Period 1.11.15 to 5.11.16 £	Period 4.5.14 to 31.10.15 £
Wages and salaries	13,786,033	21,308,673
Social security costs	858,614	1,623,088
Other pension costs	228,599	370,532
	14,873,246	23,302,293

The average monthly number of employees, including the directors, during the period was as follows:

	Period 1.11.15 to 5.11.16 No	Period 4.5.14 to 31.10.15 No
Directors	2	2
Other	621	750
	623	752

# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **For the period 1 November 2015 to 5 November 2016**

### **6. DIRECTORS' REMUNERATION**

	Period 1.11.15 to 5.11.16 £	Period 4.5.14 to 31.10.15 £
Remuneration	169,550	252,000
Company pension contributions to defined contribution pension schemes	35,005	23,250

The directors J B Shropshire and D Thompson are also directors of the subsidiary companies, Riverfen Farms Limited, Cotswold Compost Ltd, Cambs Farms Growers Limited, Highfield Barn Limited, Fenlander Limited, Sandfields Farms Limited and Chelbury Mushroom Farms Limited. However, it is not practicable to allocate their remuneration between their services as directors of J B Shropshire & Sons Limited and their services as directors to the subsidiaries.

### **7. INTEREST PAYABLE**

	Period 1.11.15 to 5.11.16 £	Period 4.5.14 to 31.10.15 £
On bank loans and overdrafts	113,820	154,302
On other loans	617,465	1,200,949
On finance leases and hire purchase contracts	17,774	58,900
	749,059	1,414,151

# JB SHROPSHIRE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) For the period 1 November 2015 to 5 November 2016

### 8. TAXATION

	Period 1.11.15 to 5.11.16 £	Period 4.5.14 to 31.10.15 £
<b>Analysis of tax charge in the period</b>		
<b>Current tax (see note below)</b>		
UK Corporation tax charge on profit for the period	1,564,863	2,133,784
Foreign tax for current period	6,000	-
Adjustments in respect of prior period	176,777	212,211
<b>Total current tax</b>	<b>1,747,640</b>	<b>2,345,995</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(47,454)	(82,716)
Short term timing differences	17,597	41,738
Adjustment in respect of prior periods	15,021	-
<b>Total deferred tax (see note 18)</b>	<b>(14,836)</b>	<b>(40,978)</b>
<b>Tax on profit on ordinary activities</b>	<b>1,732,804</b>	<b>2,305,017</b>

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than (4 May 2014 to 31 October 2015: higher than) the standard rate of corporation tax in the UK of 20% (4 May 2014 to 31 October 2015: 20.61%). The differences are explained below.

	Period 1.11.15 to 5.11.16 £	Period 4.5.14 to 31.10.15 £
Profit on ordinary activities before tax	8,302,635	7,154,143
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (4 May 2014 to 31 October 2015 - 20.61%)	1,660,527	1,474,469
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	308,522	620,615
Capital allowances in excess of depreciation	-	239,118
Utilisation of tax losses	-	(273,325)
Adjustments to tax charge in respect of prior periods	191,798	150,018
Income not taxable	(976,448)	-
Capital gains	320,486	-
Change in unrecognised deferred tax assets	170,322	207,571
Impairment of investments	40,000	-
Effects of change in tax rates	17,597	-
Other timing differences leading to an increase in taxation	-	(113,449)
<b>Current tax charge for the period (see note above)</b>	<b>1,732,804</b>	<b>2,305,017</b>



# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the period 1 November 2015 to 5 November 2016**

### **9. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Tenancy £</b>	<b>Sugar beet quota £</b>	<b>SPS entitlement £</b>	<b>Goodwill £</b>	<b>Negative goodwill £</b>	<b>Total £</b>
At 1 November 2015	1,250,000	30,152	126,553	1,278,007	(72,220)	2,612,492
Additions	-	-	8,982	-	-	8,982
Disposals	-	(30,152)	-	-	-	(30,152)
At 5 November 2016	1,250,000	-	135,535	1,278,007	(72,220)	2,591,322
<b>Amortisation</b>						
At 1 November 2015	1,250,000	30,152	119,910	1,278,007	(72,220)	2,605,849
Charge for the period	-	-	1,661	-	-	1,661
Disposals	-	(30,152)	-	-	-	(30,152)
At 5 November 2016	1,250,000	-	121,571	1,278,007	(72,220)	2,577,358
<b>Net book value</b>						
At 5 November 2016	-	-	13,964	-	-	13,964
At 31 October 2015	-	-	6,643	-	-	6,643

<b>Company</b>	<b>Tenancy £</b>	<b>SPS Entitlement £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 November 2015	1,250,000	126,553	1,376,553
Additions	-	8,982	8,982
At 5 November 2016	1,250,000	135,535	1,385,535
<b>Amortisation</b>			
At 1 November 2015	1,250,000	119,910	1,369,910
Charge for the period	-	1,661	1,661
At 5 November 2016	1,250,000	121,571	1,371,571
<b>Net book value</b>			
At 5 November 2016	-	13,964	13,964
At 31 October 2015	-	6,643	6,643

# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **For the period 1 November 2015 to 5 November 2016**

### **10. TANGIBLE FIXED ASSETS**

	Freehold property £	Leasehold property improvements £	Plant and machinery £	Assets in the course of construction £	Total £
<b>Group</b>					
<b>Cost</b>					
At 1 November 2015	13,011,695	2,270,771	20,539,695	862,284	36,684,445
Additions	2,902,937	325,509	2,316,294	6,336	5,551,076
Disposals	(736,038)	-	(580,496)	-	(1,316,534)
Exchange differences on translation of foreign operations	100,971	-	932,210	-	1,033,181
At 5 November 2016	15,279,565	2,596,280	23,207,703	868,620	41,952,168
<b>Depreciation</b>					
At 1 November 2015	2,881,916	1,128,608	13,827,136	-	17,837,660
Charge for the period	636,052	77,384	2,379,869	-	3,093,305
Disposals	(54,991)	-	(452,363)	-	(507,354)
Exchange differences on translation of foreign operations	28,089	-	344,352	-	372,441
At 5 November 2016	3,491,066	1,205,992	16,098,994	-	20,796,052
<b>Net book value</b>					
At 5 November 2016	11,788,499	1,390,288	7,108,709	868,620	21,156,116
At 31 October 2015	10,129,779	1,142,163	6,712,559	862,284	18,846,785

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	5 November 2016 £	31 October 2015 £
<b>Group</b>		
Plant and machinery	1,757,178	1,334,561

Included within freehold property is land at cost £3,323,438 (31 October 2015: £2,418,108), which is not depreciated.

# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **For the period 1 November 2015 to 5 November 2016**

### **10. TANGIBLE FIXED ASSETS (continued)**

Company	Freehold property £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 November 2015	2,765,848	45,245	2,811,093
Additions	1,595,621	-	1,595,621
Disposals	(736,038)	-	(736,038)
At 5 November 2016	3,625,431	45,245	3,670,676
<b>Depreciation</b>			
At 1 November 2015	1,051,797	44,983	1,096,780
Charge for the period	99,464	65	99,529
Disposals	(54,991)	-	(54,991)
At 5 November 2016	1,096,270	45,048	1,141,318
<b>Net book value</b>			
At 5 November 2016	2,529,161	197	2,529,358
At 31 October 2015	1,714,051	262	1,714,313

Included within freehold property is land at cost £1,676,634 (31 October 2015: £770,662), which is not depreciated.

### **11. FIXED ASSET INVESTMENTS**

Group	Investments in associates £	Other fixed asset investments £	Total £
<b>Cost or valuation</b>			
At 1 November 2015	4,145,562	2,970,020	7,115,582
Additions	-	12,500	12,500
Share of profits and losses	136,227	-	136,227
Impairment	-	(200,000)	(200,000)
At 5 November 2016	4,281,789	2,782,520	7,064,309
<b>Net book value</b>			
At 5 November 2016	4,281,789	2,782,520	7,064,309
At 31 October 2015	4,145,562	2,970,020	7,115,582

# J B SHROPSHIRE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) For the period 1 November 2015 to 5 November 2016

### 11. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies £	Investments in associates £	Other fixed asset investments £	Total £
<b>Cost or valuation</b>				
At 1 November 2015	9,295,607	5,554,095	2,970,000	17,819,702
Additions	500	-	12,500	13,000
At 5 November 2016	9,296,107	5,554,095	2,982,500	17,832,702
<b>Impairment</b>				
At 1 November 2015	6,876,464	1,350,000	-	8,226,464
Impairment	83,999	16,800	200,000	300,799
At 5 November 2016	6,960,463	1,366,800	200,000	8,527,263
<b>Net book value</b>				
At 5 November 2016	2,335,644	4,187,295	2,782,500	9,305,439
At 31 October 2015	2,419,143	4,204,095	2,970,000	9,593,238

Details of the principal subsidiaries and associates can be found under note 28.

### 12. STOCKS

	Group		Company	
	5 November 2016 £	31 October 2015 £	5 November 2016 £	31 October 2015 £
Raw materials	1,019,937	1,200,187	-	-
Finished goods	4,212,469	3,823,050	-	-
	5,232,406	5,023,237	-	-

# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the period 1 November 2015 to 5 November 2016**

### **13. BIOLOGICAL ASSETS**

	Group £	Company £
<b>COST</b>		
At 1 November 2015	1,297,951	-
Increases resulting from purchases	43,951,595	-
Decreases resulting from harvest	(43,778,102)	-
Released to profit and loss account	(70,974)	-
	<u>1,400,470</u>	<u>-</u>
At 5 November 2016	<u>1,400,470</u>	<u>-</u>

Included in the above are asparagus crowns with a book value of £484,613 (31 October 2015 - £509,608) which are expected to have an average useful life of 8 years.

### **14. DEBTORS**

	Group		Company	
	5 November 2016 £	31 October 2015 £	5 November 2016 £	31 October 2015 £
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	5,707,729	2,000,000
Other debtors	7,410,914	2,187,683	7,410,914	2,187,683
	<u>7,410,914</u>	<u>2,187,683</u>	<u>13,118,643</u>	<u>4,187,683</u>
<b>Due within one year</b>				
Trade debtors	11,088,754	7,680,450	2,134,536	670,083
Amounts owed by group undertakings	-	-	4,738,080	7,522,182
Other debtors	4,270,981	4,694,135	2,490,951	2,610,515
Prepayments and accrued income	882,080	121,352	238,761	109,352
Tax recoverable	312,813	1,885,069	1,429,432	1,868,971
Deferred tax asset (see note 18)	54,963	40,127	-	-
	<u>16,609,591</u>	<u>14,421,133</u>	<u>11,031,760</u>	<u>12,781,103</u>

The company has loans with related parties of £2,671,178 (31 October 2015 £nil) and £3,403,605 (31 October 2015 £nil) which are included within other debtors due after more than one year. These loans incur interest at a rate of 5% per annum and 1.15% over LIBOR per annum respectively.

# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **For the period 1 November 2015 to 5 November 2016**

### **15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>5 November 2016</b>	<b>31 October 2015</b>	<b>5 November 2016</b>	<b>31 October 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	166,536	12,600	151,131	-
Net obligations under finance leases and hire purchase contracts	410,892	482,347	-	-
Trade creditors	9,726,411	3,792,827	4,486,469	3,176,491
Amounts owed to group undertakings	-	-	1,251,088	2,043,409
Corporation tax	-	2,006,568	-	-
Other taxation and social security	772,238	362,266	33,118	14,653
Other creditors	2,771,708	8,335,812	914,174	894,032
Accruals and deferred income	6,532,732	2,170,170	2,638,843	2,027,022
	<u>20,380,517</u>	<u>17,162,590</u>	<u>9,474,823</u>	<u>8,155,607</u>

### **16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>5 November 2016</b>	<b>31 October 2015</b>	<b>5 November 2016</b>	<b>31 October 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	2,867,121	3,500,000	2,867,121	3,500,000
Other loans	7,571,282	3,283,428	7,511,283	3,133,428
Net obligations under finance leases and hire purchase contracts	176,397	235,518	-	-
	<u>10,614,800</u>	<u>7,018,946</u>	<u>10,378,404</u>	<u>6,633,428</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<b>Group</b>		<b>Company</b>	
	<b>5 November 2016</b>	<b>31 October 2015</b>	<b>5 November 2016</b>	<b>31 October 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
In less than one year	410,892	482,347	-	-
Between one and five years	176,397	235,518	-	-
	<u>587,289</u>	<u>717,865</u>	<u>-</u>	<u>-</u>

# JB SHROPSHIRE & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) For the period 1 November 2015 to 5 November 2016

### 17. BORROWINGS

	Group		Company	
	5 November 2016	31 October 2015	5 November 2016	31 October 2015
	£	£	£	£
Bank loans and overdrafts	3,033,657	3,512,600	3,018,252	3,500,000
Loan from associate	436,500	2,603,051	436,500	2,603,051
Loan from subsidiary shareholder	60,000	150,000	-	-
Other loans with related parties	7,074,782	530,377	7,074,783	530,377
<b>Total</b>	<b>10,604,939</b>	<b>6,796,028</b>	<b>10,529,535</b>	<b>6,633,428</b>

	Group		Company	
	5 November 2016	31 October 2015	5 November 2016	31 October 2015
	£	£	£	£
<b>Analysis of loan repayments</b>				
<b>Bank loans and overdrafts</b>				
In one year or less or on demand	166,536	12,600	151,131	-
In more than one year but not more than two years	151,131	-	151,131	-
In more than two years but not more than five years	453,393	3,500,000	453,393	3,500,000
In more than five years	2,262,597	-	2,262,597	-
	<b>3,033,657</b>	<b>3,512,600</b>	<b>3,018,252</b>	<b>3,500,000</b>
<b>Loan from associate</b>				
In more than one year but not more than two years	436,500	2,603,051	436,500	2,603,051
<b>Loan from subsidiary shareholder</b>				
In more than one year but not more than two years	60,000	150,000	-	-
<b>Other loans</b>				
In more than one year but not more than two years	7,074,782	530,377	7,074,783	530,377
<b>Total</b>	<b>10,604,939</b>	<b>6,796,028</b>	<b>10,529,535</b>	<b>6,633,428</b>

The company has the following loans:

A revolving credit facility to drawn down up to £4,000,000 which expires in November 2018. The interest rate is a variable rate of 1.75% per annum over LIBOR. The facility is secured by a fixed and floating charge over the assets of the company and certain subsidiary undertakings. At 5 November 2016 a balance of £nil (31 October 2015 £3,500,000) had been drawn down on this facility.

A loan has been drawn down of £3,018,252 (31 October 2015 £nil) which is repayable in instalments until 2046. Interest is charged at 2.91% per annum. The facility is secured by a fixed charge over certain property held in the group.

# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the period 1 November 2015 to 5 November 2016**

The company has unsecured loans with related parties of £2,671,178 (31 October 2015 £nil) and £3,403,605 (31 October 2015 £nil). These loans incur interest at a rate of 5% per annum and 1.15% over LIBOR per annum respectively.

### **18. DEFERRED TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>5 November 2016</b>	<b>31 October 2015</b>	<b>5 November 2016</b>	<b>31 October 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of period	40,127	(851)	-	-
Released during/(charge for) the period (P&L)	29,856	40,978	-	-
Adjustment in respect of prior periods	(15,020)	-	-	-
At end of period	<u>54,963</u>	<u>40,127</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>5 November 2016</b>	<b>31 October 2015</b>	<b>5 November 2016</b>	<b>31 October 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	(66,682)	(52,241)	-	-
Short term timing differences	121,645	92,368	-	-
	<u>54,963</u>	<u>40,127</u>	<u>-</u>	<u>-</u>

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

### **19. CALLED SHARE CAPITAL**

	<b>5 November 2016</b>	<b>31 October 2015</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
300,000 Ordinary £1 shares of £1 each	300,000	300,000
2,000,000 Redeemable £1 preference shares of £1 each	2,000,000	2,000,000
	<u>2,300,000</u>	<u>2,300,000</u>

The preference shares attract a fixed cumulative dividend of 3.7% per annum and are redeemable at the discretion of the company.



# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the period 1 November 2015 to 5 November 2016**

### **20. PROFIT ATTRIBUTABLE TO THE COMPANY**

As permitted by section 408 of the Companies Act 2006, no separate income statement or statement of comprehensive income is presented in respect of the parent company. The profit attributable to the company is disclosed in the footnote to the company's statement of financial position.

### **21. DIVIDENDS**

	Period 1.11.15 to 5.11.16 £	Period 4.5.14 to 31.10.15 £
Dividends paid by subsidiaries to minority interests	<u>100,000</u>	<u>100,000</u>

### **22. CASH FLOW STATEMENT**

*Reconciliation of operating profit to cash generated by operations:*

	Period 1.11.15 to 5.11.16 £	Period 4.5.14 to 31.10.15 £
Operating profit	3,135,141	7,060,007
Adjustment for:		
Amortisation of intangible fixed assets	1,661	1,107
Depreciation of tangible fixed assets	3,093,305	4,322,275
(Profit)/loss on disposal of tangible fixed assets	(1,403,830)	175,492
Impairment of investments	200,000	-
Unrealised foreign exchange	(645,635)	-
Share of income from associates	<u>(136,227)</u>	<u>(502,423)</u>
Operating cash flows before movement in working capital	4,244,415	11,558,881
(Increase)/decrease in stocks and biological assets	(311,688)	420,777
(Increase)/decrease in debtors	(9,130,083)	8,422,989
Increase/(decrease) in creditors	<u>5,151,376</u>	<u>(6,736,173)</u>
Cash generated by operations	(45,980)	13,164,051
Taxation paid	(2,181,952)	(735,711)
Interest paid	<u>(694,024)</u>	<u>(1,414,151)</u>
Net cash flows from operating activities	<u>(2,921,956)</u>	<u>11,014,189</u>

# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the period 1 November 2015 to 5 November 2016**

### **23. PENSION COMMITMENTS**

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £228,599 (2015: £358,001). The contributions payable to the fund at the statement of financial position date were £286,350 (2015: £260,661).

### **24. OPERATING LEASE COMMITMENTS**

	Group		Company	
	5 November 2016 £	31 October 2015 £	5 November 2016 £	31 October 2015 £
<b>Expiry date</b>				
Within one year	1,418,654	1,319,809	61,600	61,600
Between two and five years	2,053,274	903,400	61,600	123,200
Greater than five years	1,928,650	459,150	-	-
	<u>5,400,578</u>	<u>2,682,359</u>	<u>123,200</u>	<u>184,800</u>

# **J B SHROPSHIRE & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **For the period 1 November 2015 to 5 November 2016**

### **25. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption afforded by FRS 102 Section 33 "Related Party Disclosures" when preparing its individual financial statements and has not disclosed certain transactions with its wholly-owned subsidiaries.

		Period ending 5 November 2016			
		Sales £	Purchases £	Outstanding debtor £	Outstanding creditor £
<b>Group</b>					
Entities over which the group has significant influence		4,772,753	6,731,240	2,967,763	1,732,269
Other related parties		45,066,128	4,816,899	16,021,681	11,982,882
<b>Company</b>					
Entities over which the company has control		179,086	-	2,504,723	-
Entities over which the company has significant influence		4,705,835	6,591,225	2,956,717	1,494,253
Other related parties		2,852,676	240,105	1,997,933	14,110,162

		Period ending 31 October 2015			
		Sales £	Purchases £	Outstanding debtor £	Outstanding creditor £
<b>Group</b>					
Entities over which the group has significant influence		369,840	1,003,367	3,400,739	3,187,369
Other related parties		77,230,476	8,009,549	11,535,938	9,120,440
<b>Company</b>					
Entities over which the company has control		137,427	-	2,410,430	-
Entities over which the company has significant influence		246,104	979,744	3,373,608	3,092,311
Other related parties		15,701,410	563,613	4,483,447	6,697,918

During the period, total remuneration to key management personnel of the group was £599,143 (2015 – £825,414).

The company received dividends during the period from other related parties of £4,500,000 (2015 - £nil).

### **26. CONTROLLING PARTY**

The immediate and ultimate controlling party is J B Shropshire.

### **27. EXPLANATION OF TRANSITION TO FRS 102**

This is the first period that the group has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the period ended 31 October 2015 and the date of transition to FRS 102 was therefore 4 May 2014. As a consequence of adopting FRS 102, there have been no significant changes in accounting policies nor significant accounting adjustments required to the comparative balances.

## **J B SHROPSHIRE & SONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **For the period 1 November 2015 to 5 November 2016**

#### **28. PRINCIPAL SUBSIDIARIES AND ASSOCIATES**

##### **Principal subsidiaries**

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Description</b>
Riverfen Farms Limited	England	100%	Farming
Cotswold Compost Limited	England	100%	Not trading
Cambs Farms Growers Limited	England	100%	Farming
Sandfields Farms Limited	England	80%	Farming
Buttercup Catering Limited	England	100%	Dormant
Fenlander Limited	England	100%	Farming
Chelbury Mushroom Farms Limited	England	97%	Farming
West Africa Farms Holdings Limited	England	90% (indirect)	Holding company
West Africa Farms SARL	Senegal	72% (indirect)	Farming

All subsidiary companies other than West Africa Farms SARL are registered at Hainey Farm, Barway Road, Ely, Cambridgeshire, CB7 5TZ.

West Africa Farms SARL is registered at Louga, Yamane Comuntute Rurale Nguith.

##### **Principal associates**

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Description</b>
Fiddleford Holdings Limited	England	49%	Holding company
Fiddleford Mushrooms Limited	England	49% (indirect)	Farming
Littleport Mushroom Farms LLP	England	n/a	Farming
Littleport Mushroom Farms (2011) Limited	England	34.45% (indirect)	Farming

Fiddleford Holdings Limited and Fiddleford Mushrooms Limited are registered at Banbury Cross Farm, Angers Lane, Fiddleford, Sturminster Newton, DT10 2BY.

Littleport Mushroom Farms LLP and Littleport Mushroom Farms (2011) Limited are registered at Hainey Farm, Barway Road, Ely, Cambridgeshire, CB7 5TZ.