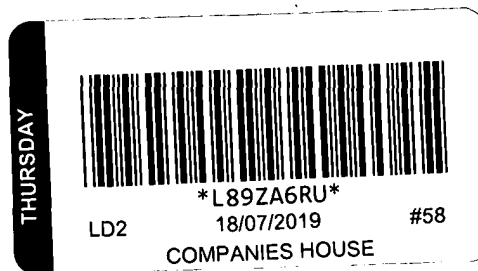


J.B SHROPSHIRE & SONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 3 NOVEMBER 2018



J.B SHROPSHIRE & SONS LIMITED**COMPANY INFORMATION**

Directors	J B Shropshire D Thompson
Company secretary	D Thompson
Registered number	03516726
Registered office	Hailey Farm Barway Ely Cambridgeshire CB7 5TZ
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditors Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU
Bankers	The Royal Bank of Scotland 62/63 Threadneedle Street PO Box 412 London EC2R 8LA

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**GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

Business review

The financial statements have been prepared for the 52 week period ended 3 November 2018 (2017 - 52 week period ended 4 November 2017).

The directors are satisfied with the performance of the group and expect it to trade profitably in the future.

Principal risks and uncertainties

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 that the group is always faced with the uncertainties of the weather and its impact upon both supply of product and demand of the ultimate customers.

The group uses various financial instruments, these include cash 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 group's operations.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

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.

Credit risk

The group's principal 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.

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

Financial key performance indicators

Turnover is a key measure of the group's performance. Sales for the period were £69.5m (2017 - £71.7m).

Overall profitability is a key indicator of the group's performance. The profit for the financial period was £4.3m (2017 - £2.4m). Included within this profit is non-recurring dividend income of £3.4m (2017 - £NIL). Excluding this dividend income the profit for the financial period was £0.9m (2017 - £2.4m).

During the period Chelbury Mushroom Farms Limited, a subsidiary, ceased to trade disposing of the entire operation. The loss for the financial period for this discontinued operation was £0.8m (2017 - £0.2m).

Excluding the non-recurring dividend income and the discontinued operations the profit for the financial period was £1.7m (2017 - £2.7m).

Working capital management is seen as an important target for the business. At the period end, the net current asset level was £24.4m (2018 - £18.5m).

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

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.

In addition to the above, other KPIs both financial and non financial, are used for management purposes.

This report was approved by the board on 21 JUNE 2019

and signed on its behalf.



J B Shropshire
Director

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

The directors present their report and the financial statements for the period ended 3 November 2018.

Results and dividends

The profit for the period, after taxation and minority interests, amounted to £3,525,461 (2017 - £1,817,074).

Excluding the non-recurring dividend income and the discontinued operations the profit for the financial period was £887,506 (2017 - £2,052,837).

There were no dividends declared or paid during the period (2017 - £NIL).

The group declared dividends of £100,000 to minority interests during the period (2017 - £NIL).

Directors

The directors who served during the period were:

J B Shropshire
D Thompson

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 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'. 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Future developments

There is currently no plan to materially alter the operations of the group and as a result we would expect to operate at the same levels going forward.

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

Employee involvement

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 company continues and that appropriate training is arranged. It is the policy of 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 company 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 company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Post balance sheet events

On 11 December 2018, the Company disposed of land and buildings with a carrying value of £1.4 million for proceeds of £1.4 million to a fellow subsidiary.

There have been no other significant events affecting the group since the year end.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the 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 and the Group's auditors are aware of that information.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21 JUNE 2019

and signed on its behalf.



J B Shropshire
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF J.B SHROPSHIRE & SONS LIMITED

Opinion

We have audited the financial statements of J.B Shropshire & Sons Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 3 November 2018, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 3 November 2018 and of the Group's profit for the period then ended;
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF J.B SHROPSHIRE & SONS LIMITED
(CONTINUED)**

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF J.B SHROPSHIRE & SONS LIMITED
(CONTINUED)**

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. This description forms part of our Auditor's report.

Use of our report

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

Grant Thornton UK LLP

Gareth Norris FCA (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditors, Chartered Accountants

Milton Keynes

Date: **28 JUNE 2019**

J.B SHROPSHIRE & SONS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

	Note	Continuing operations 2018 £	Discontin'd operations 2018 £	Total 2018 £	Continuing operations 2017 £	Discontinued operations 2017 £	Total 2017 £
Turnover	4	67,912,676	1,591,125	69,503,801	67,756,894	3,982,143	71,739,037
Cost of sales		(64,010,383)	(2,406,103)	(66,416,486)	(62,457,860)	(4,152,843)	(66,610,703)
Gross profit		<u>3,902,293</u>	<u>(814,978)</u>	<u>3,087,315</u>	<u>5,299,034</u>	<u>(170,700)</u>	<u>5,128,334</u>
Administrative expenses		(4,827,905)	(66,657)	(4,894,562)	(4,496,883)	(183,317)	(4,680,200)
Other operating income	5	2,910,127	2,789	2,912,916	2,477,039	7,574	2,484,613
Operating profit	6	<u>1,984,515</u>	<u>(878,846)</u>	<u>1,105,669</u>	<u>3,279,190</u>	<u>(346,443)</u>	<u>2,932,747</u>
Income from participating interests		-	-	-	(241,243)	-	(241,243)
Income from fixed assets investments		3,350,000	-	3,350,000	-	-	-
Interest receivable and similar income	11	633,098	-	633,098	700,055	-	700,055
Interest payable and expenses	12	(299,402)	(89,208)	(388,610)	(511,694)	(66,696)	(578,390)
Profit before taxation		<u>5,668,211</u>	<u>(968,054)</u>	<u>4,700,157</u>	<u>3,226,308</u>	<u>(413,139)</u>	<u>2,813,169</u>
Tax on profit	13	(655,140)	217,750	(437,390)	(543,655)	170,105	(373,550)
Profit for the financial period		<u>5,013,071</u>	<u>(750,304)</u>	<u>4,262,767</u>	<u>2,682,653</u>	<u>(243,034)</u>	<u>2,439,619</u>
Profit for the period attributable to:							
Non-controlling interests		775,565	(38,259)	737,306	629,816	(7,271)	622,545
Owners of the parent Company		<u>4,237,506</u>	<u>(712,045)</u>	<u>3,525,461</u>	<u>2,052,837</u>	<u>(235,763)</u>	<u>1,817,074</u>
		<u>5,013,071</u>	<u>(750,304)</u>	<u>4,262,767</u>	<u>2,682,653</u>	<u>(243,034)</u>	<u>2,439,619</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE PERIOD ENDED 3 NOVEMBER 2018

Total
comprehensiv
e income for
the period
attributable
to:

Non-controlling interest	737,306	622,545
Owners of the parent Company	3,525,461	1,962,892
	<u>4,262,767</u>	<u>2,585,437</u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

The notes on pages 18 to 42 form part of these financial statements.

J.B SHROPSHIRE & SONS LIMITED
REGISTERED NUMBER: 03516726

CONSOLIDATED BALANCE SHEET
AS AT 3 NOVEMBER 2018

	Note	3 November 2018 £	4 November 2017 £
Fixed assets			
Intangible assets	14	19,184	28,356
Tangible assets	15	23,193,736	24,096,257
Investments	16	4,238,067	6,238,067
		<u>27,450,987</u>	<u>30,362,680</u>
Current assets			
Biological assets	17	1,674,810	1,619,599
Stocks	18	4,271,096	2,184,899
Debtors: amounts falling due after more than one year	19	7,153,951	7,491,278
Debtors: amounts falling due within one year	19	13,836,252	15,211,953
Cash at bank and in hand	20	10,292,867	6,113,452
		<u>37,228,976</u>	<u>32,621,181</u>
Creditors: amounts falling due within one year	21	(12,849,150)	(14,078,595)
Net current assets		<u>24,379,826</u>	<u>18,542,586</u>
Total assets less current liabilities		<u>51,830,813</u>	<u>48,905,266</u>
Creditors: amounts falling due after more than one year	22	(12,981,795)	(14,033,703)
Provisions for liabilities			
Deferred taxation	26	(128,629)	(113,941)
Other provisions	27	(615,000)	(815,000)
		<u>(743,629)</u>	<u>(928,941)</u>
Net assets		<u><u>38,105,389</u></u>	<u><u>33,942,622</u></u>
Capital and reserves			
Called up share capital	28	2,300,000	2,300,000
Profit and loss account	29	32,441,670	28,916,209
Equity attributable to owners of the parent Company		<u>34,741,670</u>	<u>31,216,209</u>
Non-controlling interests		3,363,719	2,726,413
		<u><u>38,105,389</u></u>	<u><u>33,942,622</u></u>

J.B SHROPSHIRE & SONS LIMITED
REGISTERED NUMBER: 03516726

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 3 NOVEMBER 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21 JUNE 2019



J B Shropshire
Director

The notes on pages 18 to 42 form part of these financial statements.

J.B. SHROPSHIRE & SONS LIMITED
REGISTERED NUMBER: 03516726


COMPANY BALANCE SHEET
AS AT 3 NOVEMBER 2018

	Note	3 November 2018 £	4 November 2017 £
Fixed assets			
Intangible assets	14	2,994	7,186
Tangible assets	15	1,653,639	2,436,867
Investments	16	6,315,612	8,315,443
		<u>7,972,245</u>	<u>10,759,496</u>
Current assets			
Debtors: amounts falling due after more than one year	19	15,583,134	17,297,361
Debtors: amounts falling due within one year	19	9,327,342	7,396,604
Cash at bank and in hand	20	6,494,674	3,561,152
		<u>31,405,150</u>	<u>28,255,117</u>
Creditors: amounts falling due within one year	21	(3,194,756)	(4,369,540)
Net current assets		<u>28,210,394</u>	<u>23,885,577</u>
Total assets less current liabilities		<u>36,182,639</u>	<u>34,645,073</u>
Creditors: amounts falling due after more than one year	22	(12,864,455)	(13,864,060)
Provisions for liabilities			
Deferred taxation	26	(175,561)	(175,561)
Other provisions	27	(615,000)	(615,000)
		<u>(790,561)</u>	<u>(790,561)</u>
Net assets		<u>22,527,623</u>	<u>19,990,452</u>
Capital and reserves			
Called up share capital	28	2,300,000	2,300,000
Profit and loss account brought forward		17,690,452	16,098,651
Profit for the period		2,537,171	1,591,801
Profit and loss account carried forward	29	<u>20,227,623</u>	<u>17,690,452</u>
		<u>22,527,623</u>	<u>19,990,452</u>

J.B SHROPSHIRE & SONS LIMITED
REGISTERED NUMBER: 03516726

COMPANY BALANCE SHEET (CONTINUED)
AS AT 3 NOVEMBER 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21 JUNE 2019



J B Shropshire
Director

The notes on pages 18 to 42 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 5 November 2017	2,300,000	28,916,209	31,216,209	2,726,413	33,942,622
Comprehensive income for the period					
Profit for the period	-	3,525,461	3,525,461	737,306	4,262,767
Contributions by and distributions to owners					
Dividends	-	-	-	(100,000)	(100,000)
At 3 November 2018	<u>2,300,000</u>	<u>32,441,670</u>	<u>34,741,670</u>	<u>3,363,719</u>	<u>38,105,389</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 4 NOVEMBER 2017**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 6 November 2016	2,300,000	27,295,931	29,595,931	1,986,254	31,582,185
Comprehensive income for the period					
Profit for the period	-	1,817,074	1,817,074	622,545	2,439,619
Currency translation differences	-	116,654	116,654	29,164	145,818
Contributions by and distributions to owners					
Dividends	-	-	-	(100,000)	(100,000)
Transfer on acquisition of shares	-	(313,450)	(313,450)	188,450	(125,000)
At 4 November 2017	<u>2,300,000</u>	<u>28,916,209</u>	<u>31,216,209</u>	<u>2,726,413</u>	<u>33,942,622</u>

The notes on pages 18 to 42 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 5 November 2017	2,300,000	17,690,452	19,990,452
Comprehensive income for the period			
Profit for the period	-	2,537,171	2,537,171
At 3 November 2018	<u>2,300,000</u>	<u>20,227,623</u>	<u>22,527,623</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 4 NOVEMBER 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 6 November 2016	2,300,000	16,098,651	18,398,651
Comprehensive income for the period			
Profit for the period	-	1,591,801	1,591,801
At 4 November 2017	<u>2,300,000</u>	<u>17,690,452</u>	<u>19,990,452</u>

The notes on pages 18 to 42 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

	3 November 2018 £	4 November 2017 £
Cash flows from operating activities		
Profit for the financial period	4,262,767	2,439,619
Adjustments for:		
Amortisation of intangible assets	9,172	5,526
Depreciation of tangible assets	3,094,436	3,134,577
Loss on disposal of tangible assets	155,437	160,744
(Increase) in biological assets	(55,211)	(219,129)
Interest paid	388,610	578,390
Interest and dividends received	(3,983,098)	(700,055)
Taxation charge	437,390	373,550
(Increase)/decrease in stocks	(2,086,197)	3,047,507
Decrease in debtors	1,713,028	2,050,547
(Decrease) in creditors	(1,777,700)	(5,189,097)
(Decrease)/increase in provisions	(200,000)	-
Share of operating loss in associates	-	174,119
Corporation tax received/(paid)	207,422	(992,882)
Impairment of investments	-	652,123
Foreign exchange	-	145,818
Net cash generated from operating activities	<u>2,166,056</u>	<u>5,661,357</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(24,900)
Sale of intangible assets	-	4,982
Purchase of tangible fixed assets	(2,685,167)	(6,819,677)
Sale of tangible fixed assets	337,815	584,215
Purchase of additional share in group companies	-	(125,000)
Sale of share in associates	2,000,000	-
Interest received	633,098	700,055
HP interest paid	(130)	(3,896)
Dividends received	3,350,000	-
Net cash from investing activities	<u>3,635,616</u>	<u>(5,684,221)</u>
Cash flows from financing activities		
Repayment of loans	(151,131)	(151,131)
Other new loans	-	3,552,154
Repayment of other loans	(846,771)	-
Repayment of finance leases	(122,806)	(277,610)
Interest paid	(388,480)	(574,494)
Dividends paid to non controlling interests	(100,000)	(100,000)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 3 NOVEMBER 2018

	3 November 2018 £	4 November 2017 £
Net cash used in financing activities	(1,609,188)	2,448,919
Net increase in cash and cash equivalents	4,192,484	2,426,055
Cash and cash equivalents at beginning of period	6,100,383	3,674,328
Cash and cash equivalents at the end of period	<u>10,292,867</u>	<u>6,100,383</u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	10,292,867	6,113,452
Bank overdrafts	-	(13,069)
	<u>10,292,867</u>	<u>6,100,383</u>

The notes on pages 18 to 42 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

1. General information

J.B Shropshire & Sons Limited is a private company limited by shares and is registered in England and Wales.

Registered number: 03516726.

Registered address: Hainey Farm, Barway Road, Ely, Cambridgeshire, CB7 5TZ.

The principal activity of the group is farming.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 04 May 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

2. Accounting policies (continued)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

2. Accounting policies (continued)

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Tenancy	-	Fully amortised
SFP entitlements	-	5 years straight line
Goodwill	-	Fully amortised
Negative goodwill	-	Fully amortised

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	- Land is not depreciated. Buildings 10 - 20 years straight line
Leasehold property improvements	- 10 - 25 years straight line
Plant and machinery	- 25% reducing balance and 3 - 10 years straight line
Assets in the course of construction	- Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

2. Accounting policies (continued)

2.8 Biological assets

Biological assets are stated at the lower of cost and net realisable value. Costs include materials, direct labour and production overheads appropriate to production. Cost is calculated as the total inputs into the crop in the year, less the cost of harvested produce.

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.

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.

Net realisable value is based on estimated selling price less all further costs to completion.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

2. Accounting policies (continued)

2.12 Financial instruments (continued)

subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

2. Accounting policies (continued)

2.15 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt.

2.16 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.17 Leased assets

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the period in which they are incurred.

2.19 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.20 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

2.21 Single Farm Payments

Single Farm 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.

2.22 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

2. Accounting policies (continued)

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.24 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of financial statements requires the directors to make judgements, estimates and assumptions concerning the future. These are made based on all knowledge, available information and through consultation with professional advisers where necessary.

Fixed assets

Depreciation is charged with due consideration to the useful economic life and residual value of fixed assets and the continuing appropriateness of the applied policy is considered on an annual basis by the directors.

Stock provisions

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.

Biological assets

Biological assets 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.

4. Turnover

The whole of the turnover is attributable to the one principle activity of the group.

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Other operating income	2,912,916	2,484,613

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Impairment of investments	-	652,123
Amortisation of intangible assets	9,172	5,526
Depreciation of tangible fixed assets	3,094,436	3,134,577
Loss on disposal of fixed assets	155,437	160,744
Exchange differences	50,202	(101,478)
Operating lease rentals	2,698,505	2,002,214
Cost of stock recognised in income statement	39,057,471	45,922,623

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

7. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	76,715	78,750
Fees payable to the Group's auditor and its associates in respect of:		
All other services	26,035	24,900

8. Employees

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

	Group 3 November 2018 £	Group 4 November 2017 £	Company 3 November 2018 £	Company 4 November 2017 £
Wages and salaries	13,982,226	14,608,704	2,026,290	623,583
Social security costs	1,182,153	1,155,245	148,530	59,844
Cost of defined contribution scheme	318,443	287,626	80,142	31,802
	<u>15,482,822</u>	<u>16,051,575</u>	<u>2,254,962</u>	<u>715,229</u>

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

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Directors	2	2	2	2
Other	1,326	1,284	18	20
	<u>1,328</u>	<u>1,286</u>	<u>20</u>	<u>22</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	253,580	228,872
Company contributions to defined contribution pension schemes	16,524	16,065
	<u>270,104</u>	<u>244,937</u>

During the period retirement benefits were accruing to 1 directors (2017: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £253,580 (2017: £228,872).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,524 (2017: £16,065).

10. Income from investments

	2018 £	2017 £
Non-recurring dividends received from unlisted investments	<u>3,350,000</u>	<u>-</u>

11. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>633,098</u>	<u>700,055</u>

12. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	306,845	313,627
Other loan interest payable	81,635	260,867
Finance leases and hire purchase contracts	130	3,896
	<u>388,610</u>	<u>578,390</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

13. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	551,081	878,823
Adjustments in respect of previous periods	(128,379)	(674,177)
Total current tax	<u>422,702</u>	<u>204,646</u>
Deferred tax		
Origination and reversal of timing differences	(1,790)	(59,541)
Short term timing differences	-	7,403
Adjustments in respect of previous periods	16,290	221,042
Effect of changes in tax rates	188	-
Total deferred tax	<u>14,688</u>	<u>168,904</u>
Taxation on profit on ordinary activities	<u>437,390</u>	<u>373,550</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.41%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>4,700,157</u>	<u>2,813,169</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.41%)	893,030	546,141
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	127,854	773,477
Capital allowances for period in excess of depreciation	98,014	27,603
Adjustments to tax charge in respect of prior periods	(112,089)	(453,135)
Other timing differences leading to an increase in taxation	-	7,323
Non-taxable income	(636,500)	(491,409)
Change in unrecognised deferred tax assets	-	(146,190)
Impairment of investments	-	102,334
Effects of change in tax rates	188	7,406
Other tax changes	66,893	-
Total tax charge for the period	<u>437,390</u>	<u>373,550</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

13. Taxation (continued)**Factors that may affect future tax charges**

During the period, the main rate of UK corporation tax was 19%. The tax rate will reduce to 17% from 1 April 2020. These changes have been substantively enacted at the balance sheet date. Temporary differences have been measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

14. Intangible assets**Group**

	SFP Entitlements £	Tenancy £	Goodwill £	Negative goodwill £	Total £
Cost					
At 5 November 2017	33,882	1,250,000	1,278,007	(72,220)	2,489,669
At 3 November 2018	33,882	1,250,000	1,278,007	(72,220)	2,489,669
Amortisation					
At 5 November 2017	5,526	1,250,000	1,278,007	(72,220)	2,461,313
Charge for the year	9,172	-	-	-	9,172
At 3 November 2018	14,698	1,250,000	1,278,007	(72,220)	2,470,485
Net book value					
At 3 November 2018	19,184	-	-	-	19,184
At 4 November 2017	28,356	-	-	-	28,356

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

14. Intangible assets (continued)

Company

	SFP Entitlement £	Tenancy £	Total £
Cost			
At 5 November 2017	8,982	1,250,000	1,258,982
At 3 November 2018	8,982	1,250,000	1,258,982
Amortisation			
At 5 November 2017	1,796	1,250,000	1,251,796
Charge for the year	4,192	-	4,192
At 3 November 2018	5,988	1,250,000	1,255,988
Net book value			
At 3 November 2018	2,994	-	2,994
At 4 November 2017	7,186	-	7,186

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018

15. Tangible fixed assets

Group

	Freehold property £	Leasehold property imp'ments £	Plant and machinery £	Assets in the course of construction £	Total £
Cost or valuation					
At 5 November 2017	18,712,438	2,296,754	22,419,651	870,165	44,299,008
Additions	574,554	302,966	1,807,647	-	2,685,167
Disposals	(39,971)	-	(1,935,094)	-	(1,975,065)
At 3 November 2018	19,247,021	2,599,720	22,292,204	870,165	45,009,110
Depreciation					
At 5 November 2017	4,355,662	1,304,395	14,542,694	-	20,202,751
Charge for the period on owned assets	779,466	121,371	2,124,610	-	3,025,447
Charge for the period on financed assets	-	-	68,989	-	68,989
Disposals	(52,759)	-	(1,429,054)	-	(1,481,813)
At 3 November 2018	5,082,369	1,425,766	15,307,239	-	21,815,374
Net book value					
At 3 November 2018	14,164,652	1,173,954	6,984,965	870,165	23,193,736
At 4 November 2017	14,356,776	992,359	7,876,957	870,165	24,096,257

Included within freehold property is land at cost of £6,941,900 (2017: £6,941,643) which is not depreciated.

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

	3 November 2018 £	4 November 2017 £
Plant and machinery	358,602	693,599

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

15. Tangible fixed assets (continued)**Company**

	Freehold property £	Plant and machinery £	Total £
Cost or valuation			
At 5 November 2017	3,625,431	45,245	3,670,676
Disposals	(1,277,081)	(13,495)	(1,290,576)
At 3 November 2018	<u>2,348,350</u>	<u>31,750</u>	<u>2,380,100</u>
Depreciation			
At 5 November 2017	1,188,712	45,097	1,233,809
Charge for the period on owned assets	73,219	37	73,256
Disposals	(567,109)	(13,495)	(580,604)
At 3 November 2018	<u>694,822</u>	<u>31,639</u>	<u>726,461</u>
Net book value			
At 3 November 2018	<u>1,653,528</u>	<u>111</u>	<u>1,653,639</u>
At 4 November 2017	<u>2,436,719</u>	<u>148</u>	<u>2,436,867</u>

Included within freehold property is land at cost of £1,517,396 (2017: £1,676,634) which is not depreciated.

The company had no assets held under finance leases or hire purchase contracts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

16. Fixed asset investments**Group**

	Investments in associates £	Other fixed asset investments £	Total £
Cost or valuation			
At 5 November 2017	3,580,545	2,982,522	6,563,067
Disposals	(2,000,000)	-	(2,000,000)
At 3 November 2018	<u>1,580,545</u>	<u>2,982,522</u>	<u>4,563,067</u>
Impairment			
At 5 November 2017	-	325,000	325,000
At 3 November 2018	<u>-</u>	<u>325,000</u>	<u>325,000</u>
Net book value			
At 3 November 2018	<u>1,580,545</u>	<u>2,657,522</u>	<u>4,238,067</u>
At 4 November 2017	<u>3,580,545</u>	<u>2,657,522</u>	<u>6,238,067</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Riverfen Farms Ltd	Ordinary	100 %	Farming
Cotswold Compost Ltd	Ordinary	100 %	Not trading
Cambs Farms Growers Limited	Ordinary	100 %	Farming
Sandfields Farms Limited	Ordinary	80 %	Farming
Fenlander Ltd	Ordinary	100 %	Dormant
Chelbury Mushroom Farms Limited	Ordinary	97 %	Not trading
Highfield Barn Limited	Ordinary	100 %	Farming
G W Prop Limited	Ordinary	100 %	Farming
C J Prop Limited	Ordinary	100 %	Farming
H J Prop Limited	Ordinary	100 %	Dormant
West Africa Farms Holdings Limited	Ordinary (indirect)	80 %	Holding company
West Africa Farms SARL	Ordinary (indirect)	80 %	Farming

The registered office address of all subsidiary undertakings other than West Africa Farms SARL is the same as that of the company.

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

Participating interests

Associates

Name	Registered office	Class of shares	Holding	Principal activity
Fiddleford Holdings Limited	United Kingdom	Ordinary	49%	Investment holding company
Littleport Mushroom Farms LLP	United Kingdom	Designated Member	34.35%	Mushroom farming

At 3 November 2018, the aggregate of share capital and reserves of Fiddleford Holdings Limited was £698,106 and the loss for the period then ended was £79,223.

At 3 November 2018, the aggregate of share capital and reserves of Littleport Mushroom Farms LLP was £1,645,981 and the profit for the year then ended was £508,415.

The result of one of the associated undertakings has been excluded from the consolidated accounts on the basis that it is immaterial to the group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018

16. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Investments in associates £	Other fixed asset investments £	Total £
Cost or valuation				
At 5 November 2017	9,096,111	5,537,295	2,982,500	17,615,906
Additions	169	-	-	169
Disposals	-	(2,000,000)	-	(2,000,000)
At 3 November 2018	9,096,280	3,537,295	2,982,500	15,616,075
Impairment				
At 5 November 2017	7,025,463	1,950,000	325,000	9,300,463
At 3 November 2018	7,025,463	1,950,000	325,000	9,300,463
Net book value				
At 3 November 2018	2,070,817	1,587,295	2,657,500	6,315,612
At 4 November 2017	2,070,648	3,587,295	2,657,500	8,315,443

17. Biological assets

	3 November 2018 £	4 November 2017 £
Cost		
At 5 November 2017	1,619,599	1,400,470
Increases resulting from purchases	40,972,231	45,552,534
Decreases resulting from harvest	(40,917,020)	(45,333,405)
At 3 November 2018	1,674,810	1,619,599

Included in the above balance are Asparagus Crowns with a book value of £706,892 (2017 - £637,666) which are expected to have an average useful life of 8 years.

The company has no biological assets (2017: £Nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

18. Stocks

	Group 3 November 2018 £	Group 4 November 2017 £	Company 3 November 2018 £	Company 4 November 2017 £
Raw materials and consumables	777,286	759,866	-	-
Finished goods and goods for resale	3,493,810	1,425,033	-	-
	<u>4,271,096</u>	<u>2,184,899</u>	<u>-</u>	<u>-</u>

19. Debtors

	Group 3 November 2018 £	Group 4 November 2017 £	Company 3 November 2018 £	Company 4 November 2017 £
Due after more than one year				
Amounts owed by group undertakings	-	-	8,429,183	9,806,083
Other debtors	7,153,951	7,491,278	7,153,951	7,491,278
	<u>7,153,951</u>	<u>7,491,278</u>	<u>15,583,134</u>	<u>17,297,361</u>

	Group 3 November 2018 £	Group 4 November 2017 £	Company 3 November 2018 £	Company 4 November 2017 £
Due within one year				
Trade debtors	8,999,151	9,505,012	1,161,493	2,040,664
Amounts owed by group undertakings	-	-	5,709,000	2,250,435
Other debtors	4,025,743	4,476,656	1,645,491	1,883,397
Prepayments and accrued income	811,358	1,230,285	811,358	1,222,108
	<u>13,836,252</u>	<u>15,211,953</u>	<u>9,327,342</u>	<u>7,396,604</u>

20. Cash and cash equivalents

	Group 3 November 2018 £	Group 4 November 2017 £	Company 3 November 2018 £	Company 4 November 2017 £
Cash at bank and in hand	10,292,867	6,113,452	6,494,674	3,561,152
Less: bank overdrafts	-	(13,069)	-	-
	<u>10,292,867</u>	<u>6,100,383</u>	<u>6,494,674</u>	<u>3,561,152</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

21. Creditors: Amounts falling due within one year

	Group 3 November 2018 £	Group 4 November 2017 £	Company 3 November 2018 £	Company 4 November 2017 £
Bank overdrafts	-	13,069	-	-
Bank loans	68,201	66,498	68,201	66,498
Trade creditors	5,777,857	5,901,933	756,262	1,897,991
Corporation tax	630,124	-	596,671	-
Other taxation and social security	442,778	622,216	18,875	20,800
Obligations under finance lease and hire purchase contracts	129,533	237,536	-	-
Other creditors	2,749,403	2,864,963	606,507	522,373
Accruals and deferred income	3,051,254	4,372,380	1,148,240	1,861,878
	<u>12,849,150</u>	<u>14,078,595</u>	<u>3,194,756</u>	<u>4,369,540</u>

All hire purchase obligations are secured against the assets to which they relate.

22. Creditors: Amounts falling due after more than one year

	Group 3 November 2018 £	Group 4 November 2017 £	Company 3 November 2018 £	Company 4 November 2017 £
Bank loans	2,820,362	2,887,824	2,820,362	2,887,824
Other loans	10,104,093	11,036,236	10,044,093	10,976,236
Net obligations under finance leases and hire purchase contracts	57,340	72,143	-	-
Other creditors	-	37,500	-	-
	<u>12,981,795</u>	<u>14,033,703</u>	<u>12,864,455</u>	<u>13,864,060</u>

All hire purchase obligations are secured against the assets to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

23. Loans

The group had loans as follows:

	Group 3 November 2018 £	Group 4 November 2017 £	Company 3 November 2018 £	Company 4 November 2017 £
Amounts falling due within one year				
Bank loans	68,201	66,498	68,201	66,498
Amounts falling due 1-2 years				
Bank loans	68,651	151,131	68,651	151,131
Other loans	10,104,093	11,036,236	10,044,093	10,976,236
	<u>10,172,744</u>	<u>11,187,367</u>	<u>10,112,744</u>	<u>11,127,367</u>
Amounts falling due 2-5 years				
Bank loans	223,278	453,393	223,278	453,393
Amounts falling due after more than 5 years				
Bank loans	2,528,433	2,283,300	2,528,433	2,283,300
	<u>12,992,656</u>	<u>13,990,558</u>	<u>12,932,656</u>	<u>13,930,558</u>

The company has the following loans:

A loan of £2,888,563 (2017: £2,954,322) 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.

The company has unsecured loans with related parties of £10,044,093 (2017: £10,976,236). These loans incur interest at a rate of between 0% and 5%.

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 3 November 2018 £	Group 4 November 2017 £
Within one year	129,533	237,536
Between 1-5 years	57,340	72,143
	<u>186,873</u>	<u>309,679</u>

The company has no obligations under finance leases and hire purchase contracts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

25. Financial instruments

	Group 3 November 2018 £	Group 4 November 2017 £	Company 3 November 2018 £	Company 4 November 2017 £
Financial assets				
Financial assets measured at fair value through profit or loss	10,292,867	6,113,452	6,494,674	3,561,152
Financial assets that are debt instruments measured at amortised cost	19,927,071	20,337,752	24,083,614	22,408,094
	<u>30,219,938</u>	<u>26,451,204</u>	<u>30,578,288</u>	<u>25,969,246</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(21,704,279)	(23,114,909)	(14,295,425)	(16,350,922)

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, bank overdraft, bank loans, other loans and obligations under finance lease and hire purchase contracts.

26. Deferred taxation**Group**

	2018 £	2017 £
At 5 November 2017	(113,941)	54,963
Charged to profit or loss	(14,688)	(168,904)
At 3 November 2018	<u>(128,629)</u>	<u>(113,941)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018

26. Deferred taxation (continued)

Company

	2018 £	2017 £
At 5 November 2017	(175,561)	-
Charged to profit or loss	-	(175,561)
At 3 November 2018	(175,561)	(175,561)

	Group 3 November 2018 £	Group 4 November 2017 £	Company 3 November 2018 £	Company 4 November 2017 £
Accelerated capital allowances	27,925	(39,094)	-	-
Other timing differences	(156,554)	(74,847)	(175,561)	(175,561)
	(128,629)	(113,941)	(175,561)	(175,561)

27. Provisions

Group

	Dilapidations provision £
At 5 November 2017	815,000
Charged to profit or loss	(200,000)
At 3 November 2018	615,000

Company

	Dilapidations provision £	Total £
At 5 November 2017	615,000	615,000
At 3 November 2018	615,000	615,000

Amounts provided for in respect of property dilapidations will become payable when leases are terminated, none of which are expected to be in the next 12 months.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

28. Share capital

	3 November 2018 £	4 November 2017 £
Allotted, called up and fully paid		
300,000 Ordinary shares of £1.00 each	-	300,000
150,000 Ordinary A of £1.00 each	150,000	-
50,000 Ordinary B shares of £1.00 each	50,000	-
50,000 Ordinary C shares of £1.00 each	50,000	-
50,000 Ordinary D shares of £1.00 each	50,000	-
2,000,000 Redeemable preference shares shares of £1.00 each	2,000,000	2,000,000
	<u>2,300,000</u>	<u>2,300,000</u>

The ordinary shares carry full voting rights.

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

29. Reserves**Profit and loss account**

Includes all current and prior period retained profits and losses.

30. Discontinued operations

During the period Chelbury Mushroom Farms Limited, a subsidiary, ceased to trade disposing of the entire operation. The loss for the financial period for this discontinued operation was £0.8m (2017 - £0.2m).

31. 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 £318,443 (2017: £287,626). Contributions totalling £54,485 (2017: £291,533) were payable to the fund at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

32. Commitments under operating leases

At 3 November 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 3 November 2018 £	Group 4 November 2017 £	Company 3 November 2018 £	Company 4 November 2017 £
Not later than 1 year	1,782,339	1,598,503	-	61,600
Later than 1 year and not later than 5 years	2,786,252	2,028,674	-	-
Later than 5 years	1,466,570	1,741,620	-	-
	<u>6,035,161</u>	<u>5,368,797</u>	<u>-</u>	<u>61,600</u>

33. Related party transactions

The group had related party transactions as follows during the period:

Entities over which the group has control, joint control or significant influence

	3 November 2018 £	4 November 2017 £
Sales and recharges	41,757,771	44,977,625
Purchases	8,368,522	13,055,936
Debtors	9,513,538	13,956,011
Creditors	8,502,211	13,606,622

Key management personnel of the group were remunerated £661,955 (2017: £599,460).

34. Controlling party

The ultimate controlling party is J B Shropshire.