

Registered number: 06319343

SANDFIELDS FARMS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 3 NOVEMBER 2018



SANDFIELDS FARMS LIMITED

COMPANY INFORMATION

Directors	J B Shropshire D Thompson W D Wilkinson
Company secretary	D Thompson
Registered number	06319343
Registered office	Hainey 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

SANDFIELDS FARMS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 26

SANDFIELDS FARMS LIMITED
STRATEGIC REPORT
FOR THE PERIOD ENDED 3 NOVEMBER 2018

Business review

The results for the company show sales of £37.4m (2017: £39.6m) and pre-tax profit of £3.0m (2017: £2.7m) for the period. At the period end the company had net assets of £12.4m (2017: £10.5m).

The directors are satisfied with the performance of the company and expect it to continue trading profitably in the future.

The principal activity of the company is farming.

Principal risks and uncertainties

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

The company uses various financial instruments, these include cash, finance lease arrangements 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 operations.

The main risks arising from the company'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.

Interest rate risk

The company's exposure to market risk for the changes in interest rates relates primarily to the company's finance leases.

Liquidity risk

The company 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 company 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 company'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.

Financial key performance indicators

Turnover is a key measure of the company's performance. Turnover for the period was £37.4m (2017: £39.6m).

Overall profitability is a key indicator of the company's performance. The profit for the financial period was £2.4m (2017: £2.1m).

Working capital management is seen as an important target for the business. At the period end, the net current asset level was £5.1m (2017: £3.2m).

The directors are satisfied with the financial performance of the company in the period.

SANDFIELDS FARMS LIMITED

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

Other key performance indicators

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

Energy consumption and pollution controls are key measures. The company 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 *29 May 2019* and signed on its behalf.



W D Wilkinson
Director

SANDFIELDS FARMS LIMITED

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.

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

Results and dividends

The profit for the period, after taxation, amounted to £2,423,426 (2017 - £2,122,212).

Dividends paid to the shareholders during the period were £500,000 (2017: £500,000).

Directors

The directors who served during the period were:

J B Shropshire
D Thompson
W D Wilkinson

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.

Future developments

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

Post balance sheet events

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

SANDFIELDS FARMS LIMITED

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 for the Company'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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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'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'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 **29 May 2019** and signed on its behalf.



W D Wilkinson
Director

SANDFIELDS FARMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SANDFIELDS FARMS LIMITED

Opinion

We have audited the financial statements of Sandfields Farms Limited (the 'Company') for the period ended 3 November 2018, which comprise the Statement of comprehensive income, the Balance sheet, the 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 Company's affairs as at 3 November 2018 and of its 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 Company 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 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 Directors' Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

SANDFIELDS FARMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SANDFIELDS FARMS LIMITED (CONTINUED)

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 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 Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

SANDFIELDS FARMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SANDFIELDS FARMS 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: **21 June 2019**

SANDFIELDS FARMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 3 NOVEMBER 2018

	Note	2018 £	2017 £
Turnover	4	37,437,480	39,621,511
Cost of sales		(35,053,368)	(36,113,102)
Gross profit		<u>2,384,112</u>	<u>3,508,409</u>
Administrative expenses		(155,802)	(940,287)
Other operating income	5	907,387	307,891
Operating profit	6	<u>3,135,697</u>	<u>2,876,013</u>
Interest payable and expenses	10	(178,769)	(205,296)
Profit before tax		<u>2,956,928</u>	<u>2,670,717</u>
Tax on profit	11	(533,502)	(548,505)
Profit for the financial period		<u><u>2,423,426</u></u>	<u><u>2,122,212</u></u>

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

There was no other comprehensive income for 2018 (2017: £NIL).

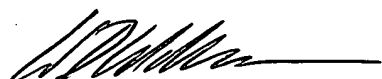
The notes on pages 11 to 26 form part of these financial statements.

SANDFIELDS FARMS LIMITED
REGISTERED NUMBER: 06319343

BALANCE SHEET
AS AT 3 NOVEMBER 2018

	Note	3 November 2018 £	4 November 2017 £
Fixed assets			
Tangible assets	13	7,166,196	7,382,897
Investments	14	214,000	214,000
		<u>7,380,196</u>	<u>7,596,897</u>
Current assets			
Biological assets		913,543	752,917
Stocks	16	685,388	660,208
Debtors: amounts falling due within one year	17	11,569,975	10,189,925
Cash at bank and in hand	18	71,263	37,020
		<u>13,240,169</u>	<u>11,640,070</u>
Creditors: amounts falling due within one year	19	(8,144,536)	(8,476,101)
Net current assets		<u>5,095,633</u>	<u>3,163,969</u>
Total assets less current liabilities		<u>12,475,829</u>	<u>10,760,866</u>
Creditors: amounts falling due after more than one year	20	(57,340)	(65,803)
Provisions for liabilities			
Other provisions		-	(200,000)
Net assets		<u><u>12,418,489</u></u>	<u><u>10,495,063</u></u>
Capital and reserves			
Called up share capital	24	1,125	1,125
Share premium account	25	298,875	298,875
Profit and loss account	25	12,118,489	10,195,063
		<u><u>12,418,489</u></u>	<u><u>10,495,063</u></u>

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



W D Wilkinson
Director

The notes on pages 11 to 26 form part of these financial statements.

SANDFIELDS FARMS LIMITED

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 November 2016	1,125	298,875	8,572,851	8,872,851
Comprehensive income for the period				
Profit for the period	-	-	2,122,212	2,122,212
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(500,000)	(500,000)
At 5 November 2017	<u>1,125</u>	<u>298,875</u>	<u>10,195,063</u>	<u>10,495,063</u>
Comprehensive income for the period				
Profit for the period	-	-	2,423,426	2,423,426
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(500,000)	(500,000)
At 3 November 2018	<u>1,125</u>	<u>298,875</u>	<u>12,118,489</u>	<u>12,418,489</u>

The notes on pages 11 to 26 form part of these financial statements.

SANDFIELDS FARMS LIMITED

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

1. General information

Sandfields Farms Limited is a private company limited by shares and is registered in England and Wales.

Registered number: 06319343

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

The principal activity of the company 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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of J.B Shropshire & Sons Limited as at 3 November 2018 and these financial statements may be obtained from Companies House.

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

SANDFIELDS FARMS LIMITED

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

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company 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 Company 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.

2.4 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	- 10 - 25 years straight line
Plant and machinery	- 20% reducing balance
Motor vehicles	- 25% reducing balance and 33% straight line

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 Statement of comprehensive income.

SANDFIELDS FARMS LIMITED

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

2. Accounting policies (continued)

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 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.

2.7 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.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 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.

2.10 Financial instruments

The Company 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 subsequently at amortised cost.

SANDFIELDS FARMS LIMITED

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

2. Accounting policies (continued)

2.10 Financial instruments (continued)

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 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 Company 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.

2.11 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.

2.12 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.

2.13 Government grants

Government grants of a revenue nature are credited to the income statement in the same period as the related expenditure.

2.14 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.

SANDFIELDS FARMS LIMITED

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 Statement of comprehensive income over the term of the debt.

2.16 Operating leases: the Company as lessee

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

2.17 Leased assets: the Company as lessee

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 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 Statement of comprehensive income in the period in which they are incurred.

2.19 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the 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 Company in independently administered funds.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Statement of comprehensive income in the year that the Company 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.

2.21 Dividends

Equity dividends are recognised when they become legally payable.

SANDFIELDS FARMS LIMITED

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

2. Accounting policies (continued)

2.22 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 principal activity of the company.

All turnover arose within the United Kingdom.

SANDFIELDS FARMS LIMITED

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

5. Other operating income

	2018 £	2017 £
Other operating income	907,387	307,891

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	931,038	998,306
Loss /(profit) on disposal of fixed assets	5,065	(29,695)
Impairment in investment	-	131,000
Exchange differences	(420)	273
Other operating lease rentals	1,038,214	1,213,698
Cost of stock recognised in income statement	27,316,377	27,811,602

7. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	30,490	28,000
Fees payable to the Company's auditor and its associates in respect of:		
All other services	9,760	9,000

SANDFIELDS FARMS LIMITED

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

8. Employees

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

	2018 £	2017 £
Wages and salaries	8,321,425	8,541,487
Social security costs	683,292	625,104
Cost of defined contribution scheme	153,962	129,254
	<u>9,158,679</u>	<u>9,295,845</u>

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

	2018 No.	2017 No.
Directors	3	3
Other	354	392
	<u>357</u>	<u>395</u>

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	312,250	230,558
Company contributions to defined contribution pension schemes	10,000	11,647
	<u>322,250</u>	<u>242,205</u>

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

The highest paid director received remuneration of £312,250 (2017 - £230,558).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2017 - £11,647).

10. Interest payable and similar expenses

	2018 £	2017 £
Other loan interest payable	<u>178,769</u>	<u>205,296</u>

SANDFIELDS FARMS LIMITED

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

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	467,681	562,877
Adjustments in respect of previous periods	64,563	(33,028)
Total current tax	<u>532,244</u>	<u>529,849</u>
Deferred tax		
Origination and reversal of timing differences	3,969	(42,244)
Changes to tax rates	(418)	5,252
Adjustments in respect of previous periods	(2,293)	55,648
Total deferred tax	<u>1,258</u>	<u>18,656</u>
Taxation on profit on ordinary activities	<u>533,502</u>	<u>548,505</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2017 - higher 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>2,956,928</u>	<u>2,670,717</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.41%)	561,816	518,485
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(156,969)	-
Adjustments to tax charge in respect of prior periods	62,270	22,620
Tax rate changes	(418)	5,252
Other tax charges	66,803	2,148
Total tax charge for the period	<u>533,502</u>	<u>548,505</u>

Factors that may affect future tax charges

During the year, the main rate of UK corporation tax has remained at 19%. The 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.

SANDFIELDS FARMS LIMITED

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

12. Dividends

	3 November 2018 £	4 November 2017 £
Dividends paid	500,000	500,000

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 5 November 2017	7,418,049	6,051,748	876,274	14,346,071
Additions	192,672	479,116	49,859	721,647
Disposals	-	(14,205)	-	(14,205)
At 3 November 2018	7,610,721	6,516,659	926,133	15,053,513
Depreciation				
At 5 November 2017	2,003,565	4,513,638	445,971	6,963,174
Charge for the period on owned assets	343,059	460,303	90,622	893,984
Charge for the period on financed assets	-	37,054	-	37,054
Disposals	-	(6,895)	-	(6,895)
At 3 November 2018	2,346,624	5,004,100	536,593	7,887,317
Net book value				
At 3 November 2018	5,264,097	1,512,559	389,540	7,166,196
At 4 November 2017	5,414,484	1,538,110	430,303	7,382,897

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	262,799	127,978

SANDFIELDS FARMS LIMITED

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

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 5 November 2017	214,000
At 3 November 2018	<u>214,000</u>
Net book value	
At 3 November 2018	<u>214,000</u>
At 4 November 2017	<u>214,000</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
West Africa Farms Holdings Limited	Ordinary	90 %	Holding company
West Africa Farms SARL*	Ordinary	100 %	Farming

* Indirect subsidiary

The registered office for West Africa Farms Holdings Limited is Hainey Farm, Barway, Ely, Cambridgeshire, CB7 5TZ and for West Africa Farms SARL is Louga, Yamane Comuntute Rurale Nguith.

The aggregate of the share capital and reserves as at 3 November 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves 4 November £	Profit/(loss) 4 November £
West Africa Farms Holdings Limited	127,760	-
West Africa Farms SARL	<u>(1,638,027)</u>	<u>311,656</u>

SANDFIELDS FARMS LIMITED

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

15. Biological assets

	3 November 2018 £	4 November 2017 £
Cost		
At 5 November 2017	752,917	614,066
Increases resulting from purchases	23,023,270	23,766,081
Decreases resulting from harvest	(22,862,644)	(23,627,230)
At 3 November 2018	<u>913,543</u>	<u>752,917</u>

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.

16. Stocks

	3 November 2018 £	4 November 2017 £
Raw materials	481,788	437,096
Finished goods and goods for resale	203,600	223,112
	<u>685,388</u>	<u>660,208</u>

17. Debtors

	3 November 2018 £	4 November 2017 £
Trade debtors	3,607,693	3,016,334
Amounts owed by group undertakings	7,619,770	6,274,623
Other debtors	256,307	811,504
Deferred taxation	86,205	87,464
	<u>11,569,975</u>	<u>10,189,925</u>

SANDFIELDS FARMS LIMITED

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

18. Cash and cash equivalents

	3 November 2018 £	4 November 2017 £
Cash at bank and in hand	71,263	37,020
Less: bank overdrafts	-	(13,069)
	<u>71,263</u>	<u>23,951</u>

19. Creditors: Amounts falling due within one year

	3 November 2018 £	4 November 2017 £
Bank overdrafts	-	13,069
Trade creditors	1,168,444	1,231,393
Amounts owed to group undertakings	4,436,363	4,129,649
Other taxation and social security	303,092	281,977
Obligations under finance lease and hire purchase contracts	85,693	34,607
Other creditors	490,177	500,916
Accruals and deferred income	1,660,767	2,284,490
	<u>8,144,536</u>	<u>8,476,101</u>

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

Amounts owed to group undertakings are unsecured, interest bearing and repayable on demand.

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

	3 November 2018 £	4 November 2017 £
Net obligations under finance leases and hire purchase contracts	57,340	28,303
Other creditors	-	37,500
	<u>57,340</u>	<u>65,803</u>

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

SANDFIELDS FARMS LIMITED

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

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	3 November 2018 £	4 November 2017 £
Within one year	85,693	34,607
Between 1-5 years	57,340	28,303
	<u>143,033</u>	<u>62,910</u>

22. Deferred taxation

	2018 £	2017 £
At beginning of year	87,464	106,120
Charged to profit or loss	(1,259)	(18,656)
At end of year	<u>86,205</u>	<u>87,464</u>

The deferred tax asset is made up as follows:

	3 November 2018 £	4 November 2017 £
Accelerated capital allowances	82,871	26,883
Short term timing differences	3,334	60,581
	<u>86,205</u>	<u>87,464</u>

23. Provisions

	Dilapidation provision £
At 5 November 2017	200,000
Released to profit or loss	(200,000)
At 3 November 2018	<u>-</u>

SANDFIELDS FARMS LIMITED

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

24. Share capital

	3 November 2018 £	4 November 2017 £
Allotted, called up and fully paid		
112,500 (2017 - 112,500) Ordinary shares of £0.01 each	1,125	1,125
	<u>1,125</u>	<u>1,125</u>

25. Reserves

Share premium account

This reserve contains the premium arising on issue of equity shares net of issue expenses.

Profit and loss account

This reserve includes all current and prior period retained profits and losses less dividends paid.

26. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £153,962 (2017: £129,254). Contributions totalling £37,888 (2017: £273,929) were payable to the fund at the reporting date.

27. Commitments under operating leases

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

	3 November 2018 £	4 November 2017 £
Not later than 1 year	834,629	1,074,629
Later than 1 year and not later than 5 years	1,928,756	1,985,474
Later than 5 years	1,466,570	1,568,820
	<u>4,229,955</u>	<u>4,628,923</u>

SANDFIELDS FARMS LIMITED

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

28. Related party transactions

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

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

	3 November 2018 £	4 November 2017 £
Sales and recharges	26,629,064	29,449,166
Purchases	4,663,348	4,515,774
Debtors	9,655,701	6,612,148
Creditors	4,528,168	4,681,413

29. Ultimate parent undertaking and controlling party

The ultimate and immediate parent undertaking of the company is J.B Shropshire & Sons Limited (Company number: 03516726); a company registered in England and Wales. The registered office of J.B Shropshire & Sons Limited is the same as that of the company.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by J.B Shropshire & Sons Limited. Copies of the group accounts are available to the public and can be obtained from Companies House, 4 Abbey Orchard Street, Westminster, London, SW1P 2HT.

The ultimate controlling party is J B Shropshire by virtue of his shareholding in J.B Shropshire & Sons Limited.