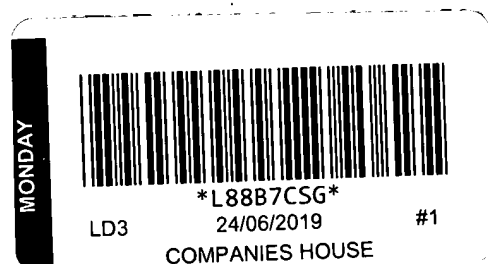


Registered number: 08239135

TERRADACE HOLDINGS LIMITED

CONSOLIDATED DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018



TERRADACE HOLDINGS LIMITED

COMPANY INFORMATION

Directors

P Beaumont
D Price
J P Beynon
N Laister
N Harbury

Registered number

08239135

Registered office

4th Floor
7/10 Chandos Street
London
W1G 9DQ

Independent auditors

Simmons Gainsford LLP
Chartered Accountants & Statutory Auditors
7-10 Chandos Street
London
W1G 9DQ

TERRADACE HOLDINGS LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10 - 11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13 - 14
Company Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16 - 17
Notes to the Financial Statements	18 - 40

TERRADACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

Introduction

The directors present their strategic report, which is followed by the directors' report, together with the audited financial statements for the year ended 30 September 2018.

Business review

The principal activity is that of a holding company.

The purpose of the company is to invest in a diverse portfolio of business interests. Investing in a diverse portfolio provides the Group with a sustainable platform that diversifies our risk and vertically integrates the business on many levels. The global nature of the Group allows Terradace Holdings to cross fertilize innovation and key knowledge across the country portfolio in which it operates. This maximises the skills and knowledge inherent within the Group.

The subsidiaries of the Group in the period are listed in note 15 to the accounts.

During the period the company has seen significant growth in its turnover, profit, assets base and cash generation. The work undertaken several years ago in restructuring the business is now delivering across the Group's activities.

The fully integrated nature of our fresh produce supply has continued to deliver exceptional insight for our customers and our growers regarding the most effective and efficient route to market. This model aligned with our joint venture packing hub has seen significant improvements in the service delivery for our customers and grower partners. The Group will continue to invest significantly in new technology and capacity to further grow this very important area of the Group. We continue to see continued growth within this area as more global producers are attracted to the open aspect of our fresh produce supply model.

The Group continues to look at opportunities to increase its land bank for the development of core agriculture to augment our current product portfolio. The land bank will also be utilised for the exploitation of exclusive varieties and introduction of disruptive production techniques in many of our core product categories. Given current market conditions the ability to create value from this land by developing innovative supply solutions is something the Group is actively pursuing.

The Group continues to build a large selection of resource opportunities to evolve the geological and energy generation Group companies. Currently the Group is pursuing a mix of exploitation opportunities for positive cash generation and an industry disruptive exploration model to generate significant asset value. This is in addition to the acquisition of significant acreages of land in the period.

Terradace continues to look into potential acquisitions and joint ventures throughout its portfolio to further accelerate the company's sustainability, asset base and profit mix.

Whilst risk is ever present in the markets and countries that the Group operates, we undertake continuous analysis of said risk and implement iterative processes to mitigate this. Whilst these market risks can effectively be managed the political risk existing in certain markets are difficult to predict. While uncertainty remains around Brexit, the Group considers itself to have done the relevant planning to ensure it is best placed should an eventual decision be finalised.

The Group has grown significantly in the period and its continued evolution is above the plan set by the board and this rate of growth continues post year end. The Group's financial position is very robust with excellent backing from the shareholders and financial institutions. We will continue with our considered investment approach underpinned by a very healthy and vibrant Group of businesses.

TERRADACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

The Group continues to be run by a focussed dedicated management team who continue to deliver exceptional performance. We are extremely positive about how the Group is positioned and that the current performance and outlook for the future is very encouraging.

Principal risks and uncertainties

The Group's financial instruments principally comprise of cash at bank and bank loan facilities, the main purpose of which is to finance the Group's operations. In addition, the Group has various other financial assets and liabilities such as trade debtors and creditors arising directly from operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest, liquidity, credit, and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the period.

Interest rate risk

The Group is exposed to cash flow interest rate risk on its floating rate borrowings. All significant borrowings are in sterling.

Liquidity risk

The Group manages its borrowings requirements to ensure the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

The recipients of all loans are subject to credit verification procedures by the Board. Debtors are reviewed on a regular basis and provisions are made for doubtful debts when necessary.

Foreign exchange risk

The Group is exposed to exchange rate fluctuations particularly where goods are purchased in Euros. This is largely managed through hedging via use of currency forward contracts.

Financial key performance indicators

The key performance indicators of the Group are turnover, gross profit, profit before tax and net assets. A brief analysis of these is shown below:

	2018 £'000	2017 £'000	Variance %
Turnover	209,269	128,197	63
Gross profit	19,793	14,832	33
Profit before tax	13,085	9,308	41
Net assets	24,734	17,838	38

TERRADACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018

This report was approved by the board on 23 May 2019 and signed on its behalf.



P Beaumont
Director

TERRADACE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their report and the financial statements for the year ended 30 September 2018.

Directors

The directors who served during the year were:

P Beaumont
D Price
J P Beynon
N Laister
N Harbury

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £10,586,998 (2017 - £7,323,721).

The directors proposed and paid a dividend of £3,657,527 (2017 - £nil) during the year.

The directors have highlighted in the strategic report on pages 1 - 3, a review of the current year results, future outlook expectations, risks and key performance indicators for the company.

Post balance sheet events

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

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 judgments 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.

TERRADACE HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 May 2019 and signed on its behalf.



P Beaumont
Director

TERRADACE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TERRADACE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Terradace Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 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 30 September 2018 and of the Group's profit for the year 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 Auditors' 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 Auditors' 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.

TERRADACE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TERRADACE HOLDINGS LIMITED (CONTINUED)

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

We have nothing to report in 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 year 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 by exception

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.

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

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 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.

TERRADACE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TERRADACE HOLDINGS LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 Auditors' 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 Auditors' 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.



Daryush Farshchi-Heidari (FCA) (Senior Statutory Auditor)
for and on behalf of

Simmons Gainsford LLP

Chartered Accountants

Statutory Auditors

7-10 Chandos Street

London

W1G 9DQ

23 May 2019

TERRADACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	209,269,399	128,196,549
Cost of sales		(189,476,554)	(113,364,235)
Gross profit		19,792,845	14,832,314
Administrative expenses		(7,868,405)	(6,071,452)
Other operating income	5	574,056	372,090
Operating profit	6	12,498,496	9,132,952
Income from participating interests		478,072	148,431
Interest receivable and similar income	10	132,368	56,852
Interest payable and expenses	11	(23,469)	(30,130)
Profit before taxation		13,085,467	9,308,105
Tax on profit	12	(2,588,609)	(1,979,741)
Profit for the year		10,496,858	7,328,364
Foreign exchange on retranslation of subsidiary		(5,579)	16,633
Other comprehensive income for the year		(5,579)	16,633
Total comprehensive income for the year		10,491,279	7,344,997
Profit for the year attributable to:			
Non-controlling interests		(90,140)	4,643
Owners of the parent Company		10,586,998	7,323,721
		10,496,858	7,328,364
Total comprehensive income for the year attributable to:			
Non-controlling interest		(91,928)	6,972
Owners of the parent Company		10,583,207	7,338,025
		10,491,279	7,344,997

The notes on pages 18 to 40 form part of these financial statements.

TERRADACE HOLDINGS LIMITED
REGISTERED NUMBER: 08239135

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible fixed assets	13	8,574,287	8,462,813
Tangible assets	14	5,607,537	4,320,569
Investments	15	1,133,726	655,654
		<u>15,315,550</u>	<u>13,439,036</u>
Current assets			
Stocks	16	707,404	1,462,963
Debtors: amounts falling due within one year	17	20,540,107	15,298,161
Cash at bank and in hand		10,819,348	8,081,402
		<u>32,066,859</u>	<u>24,842,526</u>
Creditors: amounts falling due within one year	18	(21,748,122)	(19,502,277)
Net current assets		<u>10,318,737</u>	<u>5,340,249</u>
Total assets less current liabilities		<u>25,634,287</u>	<u>18,779,285</u>
Creditors: amounts falling due after more than one year	19	(860,021)	(901,097)
Provisions for liabilities			
Deferred taxation	21	(40,238)	(40,238)
		<u>(40,238)</u>	<u>(40,238)</u>
Net assets excluding pension asset		<u>24,734,028</u>	<u>17,837,950</u>
Net assets		<u><u>24,734,028</u></u>	<u><u>17,837,950</u></u>
Capital and reserves			
Called up share capital	22	11,383	11,383
Share premium account		8,504,982	8,504,982
Foreign exchange reserve		(8,644)	(4,853)
Profit and loss account		16,193,887	9,264,416
Equity attributable to owners of the parent Company		<u>24,701,608</u>	<u>17,775,928</u>
Non-controlling interests		32,420	62,022
		<u><u>24,734,028</u></u>	<u><u>17,837,950</u></u>

TERRADACE HOLDINGS LIMITED
REGISTERED NUMBER: 08239135

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 May 2019.



P Beaumont
Director

The notes on pages 18 to 40 form part of these financial statements.

TERRADACE HOLDINGS LIMITED
REGISTERED NUMBER: 08239135

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	1,635,746	1,191,579
Investments	15	13,820,466	13,470,366
		<u>15,456,212</u>	<u>14,661,945</u>
Current assets			
Debtors: amounts falling due within one year	17	8,115,513	4,067,965
Cash at bank and in hand		1,445,114	1,147,835
		<u>9,560,627</u>	<u>5,215,800</u>
Creditors: amounts falling due within one year	18	(4,493,405)	(3,389,309)
Net current assets		<u>5,067,222</u>	<u>1,826,491</u>
Total assets less current liabilities		<u>20,523,434</u>	<u>16,488,436</u>
Net assets		<u>20,523,434</u>	<u>16,488,436</u>
Capital and reserves			
Called up share capital	22	11,383	11,383
Share premium account		8,504,982	8,504,982
Profit and loss account		12,007,069	7,972,071
Shareholders' funds		<u>20,523,434</u>	<u>16,488,436</u>

'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 profit after tax of the parent Company for the year was £7,692,525 (2017 - £5,031,258).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 May 2019.

P Beaumont
Director



The notes on pages 18 to 40 form part of these financial statements.

TERRADACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 October 2017	11,383	8,504,982	(4,853)	9,264,416	17,775,928	62,022	17,837,950
Comprehensive income for the year							
Profit/(loss) for the year	-	-	-	10,586,998	10,586,998	(90,140)	10,496,858
Foreign exchange on retranslation of subsidiary	-	-	(3,791)	-	(3,791)	(1,788)	(5,579)
Total comprehensive income for the year	-	-	(3,791)	10,586,998	10,583,207	(91,928)	10,491,279
Contributions by and distributions to owners							
Dividends: Equity capital	-	-	-	(3,657,527)	(3,657,527)	-	(3,657,527)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	62,326	62,326
At 30 September 2018	11,383	8,504,982	(8,644)	16,193,887	24,701,608	32,420	24,734,028

The notes on pages 18 to 40 form part of these financial statements.

TERRADACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 October 2016	11,383	8,504,982	(19,157)	1,940,695	10,437,903	55,050	10,492,953
Comprehensive income for the year							
Profit for the year	-	-	-	7,323,721	7,323,721	4,643	7,328,364
Foreign exchange on retranslation of subsidiary	-	-	14,304	-	14,304	2,329	16,633
At 30 September 2017	11,383	8,504,982	(4,853)	9,264,416	17,775,928	62,022	17,837,950

The notes on pages 18 to 40 form part of these financial statements.

TERRADACE HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2017	11,383	8,504,982	7,972,071	16,488,436
Comprehensive income for the year				
Profit for the year	-	-	7,692,525	7,692,525
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(3,657,527)	(3,657,527)
At 30 September 2018	<u>11,383</u>	<u>8,504,982</u>	<u>12,007,069</u>	<u>20,523,434</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2016	11,383	8,504,982	2,940,813	11,457,178
Comprehensive income for the year				
Profit for the year	-	-	5,031,258	5,031,258
At 30 September 2017	<u>11,383</u>	<u>8,504,982</u>	<u>7,972,071</u>	<u>16,488,436</u>

The notes on pages 18 to 40 form part of these financial statements.

TERRADACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	10,496,858	7,328,364
Adjustments for:		
Amortisation of intangible assets	594,117	594,117
Depreciation of tangible assets	546,226	384,398
Loss on disposal of tangible assets	122,396	(3,820)
Interest received	(132,368)	(56,852)
Taxation charge	2,588,609	1,979,741
Decrease/(increase) in stocks	755,559	(713,739)
Increase in debtors	(5,230,539)	(6,735,566)
(Increase)/decrease in amounts owed by joint ventures	(1,832)	271,340
Increase in creditors	2,033,792	3,421,442
Corporation tax paid	(2,481,965)	(1,723,849)
Income from participating interest	(478,072)	(148,431)
Net effect of foreign exchange differences	(5,579)	16,633
Interest paid	23,469	30,130
Net cash generated from operating activities	8,830,671	4,643,908
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,385,380)	(996,550)
Sale of tangible fixed assets	-	20,496
Purchase of fixed asset investments	(160,268)	-
Interest received	132,368	56,852
Cash on acquisition of subsidiary	42,627	-
Net cash used in investing activities	(2,370,653)	(919,202)
Cash flows from financing activities		
Repayment of loans	(41,076)	(383,100)
Dividends paid	(3,657,527)	-
Interest paid	(23,469)	(28,821)
Net cash used in financing activities	(3,722,072)	(411,921)

TERRADACE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 £	2017 £
Net increase in cash and cash equivalents	<u>2,737,946</u>	<u>3,312,785</u>
Cash and cash equivalents at beginning of year	8,081,402	4,768,617
Cash and cash equivalents at the end of year	<u><u>10,819,348</u></u>	<u><u>8,081,402</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>10,819,348</u></u>	<u><u>8,081,402</u></u>

The notes on pages 18 to 40 form part of these financial statements.

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. General information

The company is a private company limited by shares, and is incorporated in England and Wales. The address of its registered office is 4th Floor, 7/10 Chandos Street, London, W1G 9DQ. The principal trading address is 12 Calico House, Plantation Wharf, London SW11 3TN.

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 judgment 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.

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent *Company*, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Company and the parent *Company* would be identical;
- No Statement of Cash Flows has been presented for the parent *Company*;
- Disclosures in respect of the parent *Company's* financial instruments have not been presented as equivalent disclosures have been provided in respect of the Company as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent *Company* as their remuneration is included in the totals for the Company as a whole.

The following principal accounting policies have been applied:

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

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 01 October 2014.

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 Revenue

Sale of goods

Turnover from the sale of goods 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.

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.5 Intangible assets

Intangible assets

Intangible assets, other than goodwill, are stated at historical cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is measured at fair value at the date of acquisition and is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights.

All intangible assets are amortised on a straight line basis to Administrative expenses in the Consolidated Statement of Comprehensive Income over its useful economic life.

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 expected useful lives of assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to Administrative expenses in the Consolidated Statement of Comprehensive Income over its useful economic life.

Gas & Oil rights

Gas & Oil rights include expenditure on the exploration for and evaluation of oil. Amortisation is provided on a straight line basis over their useful economic life following start of exploration.

Exploration licence costs are capitalised within intangible assets and are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount.

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 50 years
Short-term leasehold property	- 8 or 10 years
Plant and machinery	- 5 years
Fixtures and fittings	- 10 years or 15% reducing balance
Computer equipment	- 1 to 3 years
Growing stock	- 15% 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.

Depreciation is only provided on Growing stock once they are bearing fruit suitable for commercial purposes.

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.

2.8 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.

2.9 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.

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.

2.10 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, finance leases, and loans from related parties.

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts debtors and creditors, 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 creditors or debtors within one year, typically trade payables or receivables, 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 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.

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 Profit and loss account.

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, 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.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities and equity instruments are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.11 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'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.12 Finance costs

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

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.14 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.15 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.

The group contributes to personal pension schemes of certain directors and employees and the pension charge represents the amounts payable by the group during the year.

2.16 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.18 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.

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year 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 income 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.

2.20 Forward contracts

The group uses derivative financial instruments, in particular forward currency contracts, to manage the financial risks associated with the group's activities and the financing of those activities. The group does not undertake any trading activities in financial instruments.

Forward exchange contracts are used to hedge foreign exchange exposures arising on forecast payments in foreign currencies. At maturity or when a contract ceases to be a hedge, gains and losses are taken to the profit and loss account.

2.21 Employee benefit trust

In accordance with FRS 102 S9.33, assets and liabilities held by the EBT are consolidated within the accounts of the company. Any assets held by the EBT cease to be recognised on the company balance sheet when the assets vest unconditionally to identified beneficiaries.

2.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors consider there to be no significant areas of judgments or key sources of estimation uncertainty.

4. Turnover

The total turnover of the Group for the year has been derived from the sale of goods as per its principal activity.

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Fees receivable	268,339	199,214
Net rents receivable	305,717	172,876
	<u>574,056</u>	<u>372,090</u>

6. Operating profit

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

	2018 £	2017 £
Depreciation of tangible fixed assets	546,226	384,398
Amortisation of intangible assets, including goodwill	594,117	594,117
Exchange differences	44,692	(156,956)
Other operating lease rentals	<u>173,662</u>	<u>156,416</u>

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

7. Auditors' remuneration

	2018	2017
	£	£
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	5,000	5,000
	<u>5,000</u>	<u>5,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the company	58,000	52,000
Taxation compliance services	30,000	28,509
All other non-audit services	4,376	7,860
	<u>92,376</u>	<u>88,369</u>

8. Employees

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

	Group	Group	Company	Company
	2018	2017	2018	2017
	£	£	£	£
Wages and salaries	4,936,549	4,323,406	1,874,100	1,356,838
Social security costs	594,746	550,296	270,238	185,815
Cost of defined contribution scheme	264,654	163,680	48,552	39,016
	<u>5,795,949</u>	<u>5,037,382</u>	<u>2,192,890</u>	<u>1,581,669</u>

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

	2018	2017
	No.	No.
Production and Distribution	43	33
Office and Management	17	18
	<u>60</u>	<u>51</u>

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	1,916,328	1,393,511
Company contributions to defined contribution pension schemes	48,552	39,016
	<u>1,964,880</u>	<u>1,432,527</u>

During the year retirement benefits were accruing to 4 directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £755,071 (2017 - £490,395).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,108 (2017 - £11,403).

10. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>132,368</u>	<u>56,852</u>

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	22,613	25,821
Other interest payable	856	4,309
	<u>23,469</u>	<u>30,130</u>

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	2,592,536	1,998,357
Adjustments in respect of previous periods	(3,927)	(18,616)
Total current tax	<u>2,588,609</u>	<u>1,979,741</u>

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.5%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	13,085,467	9,308,105
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.5%)	2,486,239	1,815,080
Effects of:		
Expenses not deductible for tax purposes	92,033	155,685
Capital allowances for year in excess of depreciation	(13,520)	(26,679)
Adjustments to tax charge in respect of prior periods	(3,927)	(18,616)
Other timing differences leading to an increase in taxation	-	44,638
Other differences leading to an increase in the tax charge	27,784	9,633
Total tax charge for the year	2,588,609	1,979,741

Factors that may affect future tax charges

The Finance Act 2016 announced that the proposed reduction in the main corporation tax rate from 2020 would be 17%.

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

13. Intangible assets

Group and Company

	Oil & gas rights £	Goodwill £	Total £
Cost			
At 1 October 2017	-	11,334,376	11,334,376
Additions	498,581	-	498,581
On acquisition of subsidiaries	208,599	-	208,599
Foreign exchange movement	(1,589)	-	(1,589)
At 30 September 2018	<u>705,591</u>	<u>11,334,376</u>	<u>12,039,967</u>
Amortisation			
At 1 October 2017	-	2,871,563	2,871,563
Charge for the year	-	594,117	594,117
At 30 September 2018	<u>-</u>	<u>3,465,680</u>	<u>3,465,680</u>
Net book value			
At 30 September 2018	<u>705,591</u>	<u>7,868,696</u>	<u>8,574,287</u>
At 30 September 2017	<u>-</u>	<u>8,462,813</u>	<u>8,462,813</u>

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

14. Tangible fixed assets

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Growing stock £	Total £
Cost							
At 1 October 2017	2,004,502	373,400	1,788,131	307,227	442,174	348,421	5,263,855
Additions	-	172,826	993,874	128,770	166,240	493,880	1,955,590
Disposals	-	(3,297)	(590)	(3,425)	-	(135,874)	(143,186)
At 30 September 2018	2,004,502	542,929	2,781,415	432,572	608,414	706,427	7,076,259
Depreciation							
At 1 October 2017	25,235	74,864	356,058	153,938	313,043	20,148	943,286
Charge for the year on owned assets	19,237	50,315	307,359	24,600	135,222	9,493	546,226
Disposals	-	(3,297)	(590)	(760)	-	(16,143)	(20,790)
At 30 September 2018	44,472	121,882	662,827	177,778	448,265	13,498	1,468,722
Net book value							
At 30 September 2018	1,960,030	421,047	2,118,588	254,794	160,149	692,929	5,607,537

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

14. Tangible fixed assets (continued)

At 30 September 2017	<u>1,979,267</u>	<u>298,536</u>	<u>1,432,073</u>	<u>153,289</u>	<u>129,131</u>	<u>328,273</u>	<u>4,320,569</u>
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TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

14. Tangible fixed assets (continued)

Company

	Short-term leasehold property £	Plant and machinery £	Total £
Cost			
At 1 October 2017	200,448	1,184,413	1,384,861
Additions	144,627	497,675	642,302
At 30 September 2018	<u>345,075</u>	<u>1,682,088</u>	<u>2,027,163</u>
Depreciation			
At 1 October 2017	33,360	159,922	193,282
Charge for the year on owned assets	29,610	168,525	198,135
At 30 September 2018	<u>62,970</u>	<u>328,447</u>	<u>391,417</u>
Net book value			
At 30 September 2018	<u>282,105</u>	<u>1,353,641</u>	<u>1,635,746</u>
At 30 September 2017	<u>167,088</u>	<u>1,024,491</u>	<u>1,191,579</u>

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

15. Fixed asset investments

Group

	Unlisted investments £	Investment in joint ventures £	Total £
Cost			
At 1 October 2017	147,231	655,654	802,885
Share of profit/(loss)	-	478,072	478,072
At 30 September 2018	147,231	1,133,726	1,280,957
Impairment			
At 1 October 2017	147,231	-	147,231
At 30 September 2018	147,231	-	147,231
Net book value			
At 30 September 2018	-	1,133,726	1,133,726
At 30 September 2017	-	655,654	655,654

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
H & B Holdings Limited	Ordinary	100 %	Holding company
Direct Produce Supplies Limited*	Ordinary	100 %	Importer and wholesalers of fruit
Agriculture Investments Limited	Ordinary	100 %	Investment company
DPST Limited	Ordinary	100 %	Importer and wholesalers of fruit
Geological Investments Limited	Ordinary	100 %	Investment company
Agriculture Espana Limited**	Ordinary	100 %	Growers and wholesalers of fruit
Apricot Growers LLP***	N/A	51 %	Growers and wholesalers of fruit
Domum Agrum Limited**	Ordinary	100 %	Growers and wholesalers of fruit
Plum Growers Limited**	Ordinary	100 %	Dormant
Integrated Fruit Marketing (PTY)	Ordinary	87 %	Marketing of fruit, properties and related activities

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

15. Fixed asset investments (continued)

Cherry Growers Limited**	Ordinary	100 %	Dormant
South Pass UK Limited	Ordinary	100 %	Investment company
South Pass Petroleum Inc****	Ordinary	72 %	Oil exploration activities
Berry Farming Limited**	Ordinary	100 %	Growers and wholesalers of fruit

* Shares held via H & B Holdings Limited.

** Shares held via Agriculture Investments Limited.

*** Agriculture Investments Limited is a designated member of the LLP.

**** Shares held via South Pass UK Limited.

Participating interests

Joint ventures

Name	Class of shares	Holding	Principal activity
Integrated Service Solutions Limited	Ordinary	50%	Grading, ripening, packing, storage and warehousing of fruit produce

The accounting reference date for the above company is the 31 March. The consolidated results for this company are based on management accounts prepared to 30 September.

Company

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost			
At 1 October 2017	13,070,366	400,000	13,470,366
Additions	350,100	-	350,100
At 30 September 2018	<u>13,420,466</u>	<u>400,000</u>	<u>13,820,466</u>
Net book value			
At 30 September 2018	<u>13,420,466</u>	<u>400,000</u>	<u>13,820,466</u>
At 30 September 2017	<u>13,070,366</u>	<u>400,000</u>	<u>13,470,366</u>

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

16. Stocks

	Group 2018 £	Group 2017 £
Finished goods and goods for resale	707,404	1,462,963

Stock recognised in cost of sales during the year as an expense was £184,766,811 (2017: £109,652,744).

17. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	16,033,762	11,600,484	-	-
Amounts owed by group undertakings	-	-	5,844,099	2,123,226
Amounts owed by joint ventures	660,746	658,914	648,491	658,914
Other debtors	2,586,997	2,178,706	990,000	840,000
Prepayments and accrued income	1,258,602	860,057	632,923	445,825
	<u>20,540,107</u>	<u>15,298,161</u>	<u>8,115,513</u>	<u>4,067,965</u>

18. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	49,594	49,594	-	-
Trade creditors	13,243,199	12,400,957	114,868	-
Amounts owed to group undertakings	-	-	2,358,893	2,341,954
Amounts owed to joint ventures	2,049,136	2,054,113	-	-
Corporation tax	1,297,964	1,181,884	878,861	554,049
Other taxation and social security	126,876	110,966	38,982	31,461
Other creditors	19,728	5,080	-	-
Accruals and deferred income	4,961,625	3,699,683	1,101,801	461,845
	<u>21,748,122</u>	<u>19,502,277</u>	<u>4,493,405</u>	<u>3,389,309</u>

For detail of bank loan and other creditor security, see note 19.

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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

	Group 2018 £	Group 2017 £
Bank loans	860,021	901,097

Group

The bank loans are secured against a debenture over the assets of the group and by way of a mortgage over specific assets of the group.

Included in creditors falling due after more than one year is a mortgage loan of £661,644 (2017 - £702,720) repayable after more than five years, with an interest rate per annum of 2% over the Bank of England Base Rate. The mortgage has a term of twenty years and will be repaid by equal monthly installments inclusive of interest over the term.

20. Financial instruments

	Group 2018 £	Group 2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	18,610,939	13,707,209
Financial liabilities		
Financial liabilities measured at amortised cost	18,522,809	16,633,323

Financial assets measured at amortised cost comprise trade debtors, joint venture loans repayable on demand and other short term debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, accruals, joint venture loans repayable on demand and other short term creditors.

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

21. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	40,238	40,238
At end of year	<u>40,238</u>	<u>40,238</u>

The provision for deferred taxation is made up as follows:

	Group 2018 £	Group 2017 £
Accelerated capital allowances	<u>40,238</u>	<u>40,238</u>

22. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,000,000 (2017 - 1,000,000) Ordinary 'A' shares of £0.01 each	10,000	10,000
75,268 (2017 - 75,268) Ordinary 'B' shares of £0.01 each	753	753
9,000 (2017 - 9,000) Ordinary 'C' shares of £0.01 each	90	90
54,000 (2017 - 54,000) Ordinary 'D' shares of £0.01 each	540	540
	<u>11,383</u>	<u>11,383</u>

All shares rank pari passu with each other, apart from Ordinary B and Ordinary C shares have no voting rights and each share class are only entitled to prescribed capital amounts.

The company operates an Enterprise Management Incentive share option scheme for certain directors and employees. The 73,832 shares under option are exercisable upon the sale of the company. There were no transactions in share options during the current or prior year.

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

23. Contingent liabilities

Group

The group has entered into forward currency contracts amounting to £9,009,704 (2017: £5,298,781) as at the balance sheet.

Company

At the balance sheet date the company had entered into a group bank cross guarantee in respect of loans and overdrafts. At the balance sheet date the total contingent liability attributable to this company amounted to £909,615 (2017 - £950,691).

24. Commitments under operating leases

At 30 September 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	154,481	124,839	68,187	38,545
Later than 1 year and not later than 5 years	768,445	633,085	340,935	205,575
Later than 5 years	169,722	242,987	125,256	112,227
	<u>1,092,648</u>	<u>1,000,911</u>	<u>534,378</u>	<u>356,347</u>

25. Related party transactions

Group and Company

During the year the Group and Company charged fees of £519,460 (2017 - £347,090) to a joint venture undertaking.

During the year the Company received interest of £81,340 (2017 - £44,976) from a joint venture undertaking.

At the balance sheet date, included in debtors is a balance of £990,000 (2017 - £840,000) owed from a material shareholder in the Company.

Group

During the year the Group made purchases of £21,777,467 (2017 - £17,470,300) from a joint venture undertaking.

The total compensation paid to key management personnel during the year was £2,313,505 (2017 - £1,654,237).

At the balance sheet date loans of £10,482 (2017 - £27,075) are outstanding from directors of the Group. Interest is charged on the loans at a rate of 2.5% per annum.

TERRADACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

26. Employee Benefit Trust

The financial statements incorporate the following assets and liabilities which are owned by the Terradace Employee Benefit Trust (EBT). The EBT is controlled by the company's directors and its assets and liabilities are included in the financial statements as required by FRS 102 S 9.33 as follows:

Cash £1,403,757 (2017 - £800,251)

27. Controlling party

The Group considers P Beaumont, a director of the company, to be the ultimate controlling party by virtue of his shareholding in the company in both the current and prior year.