

**TERRADACE HOLDINGS LIMITED**

**CONSOLIDATED DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**TERRADACE HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	P Beaumont D Price J P Beynon N Laister N Harbury
<b>Registered number</b>	08239135
<b>Registered office</b>	14th Floor 33 Cavendish Square London W1G 0PW
<b>Independent auditors</b>	Simmons Gainsford LLP Chartered Accountants & Statutory Auditors 33 Cavendish Square London W1G 0PW

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**TERRADACE HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**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 2021.

**Business review**

The principal activity is that of a holding company.

Having now operated during a pandemic for over 18 months it is prescient to recognise and congratulate the team who work in our organisation. Not only have they all worked incredibly hard and made innumerable personal sacrifices; their professionalism and commitment have allowed our group of companies to thrive through adversity. The core of the Terradace Group is its people and they have shown more than ever that they are the difference between its success and failure.

These are unprecedented times in which to operate a global business. However, the Group has continued to pursue its long-term strategy of diversifying its global interests coupled with risk mitigation; to deliver a long-term sustainable business structure. Despite the challenge of a fragmented and fractured global and local supply chain, the Group has continued to succeed in its core activities and has continued to invest and integrate recent acquisitions. By working in partnership with our customers we have maximised our integrated end to end supply chains to keep food availability at an exceptional level throughout the pandemic; whilst always ensuring the highest level of colleague safety in all our activities.

The current reporting period has seen the business once again grow rapidly in turnover, profit, cash generation and the delivery of an enhanced asset base.

Within the period the Group has been able to maximise the success of recent acquisitions and joint ventures and has made strategic investments that have enhanced the portfolio and will lead to continued improvement in performance both in the medium and long term. All investments and acquisitions that have been made are aligned to the core business strategy and build on the knowledge, skills, and talent inherent within the business.

The subsidiaries of the Group in the period are listed in note 17 to the accounts.

Our transparent and fully integrated fresh produce supply model has had a very successful year as our open transparent, direct to grower model has been proven again to provide exceptional insight for our customers and our growers. This has allowed the Group to take increasing market share from its competition and has driven further and accelerated consolidation in the fresh produce market. The customer focussed iterative model, aligned with our joint venture packing hubs has again seen industry leading service delivery for our customers and grower partners. We have now extended our product portfolio into other categories, and these should enhance the groups value in the medium term. We continue to grow our supply chain capacity and look to improve our sustainability and efficiency as the global supply chain evolves at pace. The changes in supply, driven by supply security and robustness, will no doubt provide challenges as well as opportunities over the coming years.

The Group companies associated with core agriculture continue to evolve at pace in the period. The Group built and delivered on time the largest vertical farm in Europe. This farm delivered a 750,000 Kg crop with impeccable sustainability criteria that have been independently audited and are industry leading. This patented system could become the growing system of choice in areas of the planet where natural resources are increasingly under pressure. Additionally, we have now planted and are in production with our Southern Hemisphere 50-hectare joint venture farm. In its first year the yield, quality and timing of the crop vindicate this investment by the Group. However, it is now evident that the continued change in the global climate is having an immediate impact on high-risk conventional agriculture. To this end, we are moving or have moved, all our outdoor nonorganic production to be farmed under some form of environmental protection. Increasingly we are seeing the variability of the global climate having a negative impact on our partners or our own crops. We therefore must protect our supply in the short term whilst working toward our net zero targets to mitigate these climatic changes in the

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## TERRADACE HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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medium term. It is the Group's intention to move where applicable to an agricultural model that operates exclusively in protected environments. The Group has secured additional sites for the rapid expansion of its vertical farming technology and will look to expand at pace both within the UK and internationally. Given the overall business environment this area presents a very significant opportunity. All the investments in this area are intrinsic to our goals of long-term sustainability and minimising environmental impacts.

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 mixture 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. Additionally, in the period the Group has again proven the scientific efficacy of its energy strategy and will continue to exploit this once the geopolitical position is more certain. The Group has an effective plan for the next two years and will undertake a strategic business review in this area at the end of that period.

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. It is evident as previously stated that the portfolio of companies and our intrinsic values have proven to be intimately aligned with our customers and have served us incredibly well in a very challenging period. Whilst compiling this report Coronavirus has had no significant impact on the Group's activities. Demand for our services over the period have increased rapidly and this has continued post the year end and as of writing this report we continue to experience this. As always, our extremely talented management team is closely monitoring the situation and will act accordingly to mitigate any potential change in market conditions.

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 Group continues to be run by a talented, focussed, and dedicated team of management 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 remains very encouraging.

#### **Principal risks and uncertainties**

The Group's financial instruments principally comprise of trade debtors, cash at bank, trade creditors 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 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**

All debtors 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.

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**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.

**Section 172 Companies Act 2006 Statement**

The directors consider that the decisions taken during the financial year comply with the requirements of s172(1) of the Companies Act 2006.

**Directors' statement of compliance with duty to promote the success of the Group**

The success of our Group is dependent on the support of all our stakeholders. It is imperative that our stakeholders share and live our values, working towards our goals to deliver long-term sustainable success for the Group.

Terradace Group consists of number of companies all of which engage iteratively with their individual stakeholders as well as other businesses in the Group. The strategy for the Group is consistent throughout and is widely publicised at each of the business operating sites and features in all Group communication. It is important that the decision-making process is delegated to the individual Group companies coupled with a governance framework that keeps the individual leadership teams mindful of the long-term view and consistent with our values.

The directors of the individual companies and the Group itself are mindful of the impact their decision may have on all our stakeholders and the consequent actions that are undertaken. The Group has individual management and board meetings where applicable. These teams then report into the Group board either via their Group board director or via other stakeholders who regularly report to this board.

At a Group level the board is well informed about the views of our stakeholders through many communication structures and uses this information to assess the impact of the board decisions on each stakeholder Group.

The key stakeholders in the Group and how we engage with them is detailed in the directors' report.

**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:

	<b>2021</b>	<b>2020</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Turnover	404,716	338,059	20
Gross profit	39,816	36,697	10
Profit before tax	26,000	23,013	14
Net assets	51,112	44,899	16

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**TERRADACE HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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This report was approved by the board on 30 June 2022 and signed on its behalf.

**P Beaumont**  
Director



**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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The directors present their report and the financial statements for the year ended 30 September 2021.

**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.

**Results and dividends**

The profit for the year, after taxation and minority interests, amounted to £20,085,886 (2020 - £18,833,826).

The directors proposed and paid a dividend of £14,647,121 (2020 - £8,011,603) 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.

**Directors**

The directors who served during the year were:

P Beaumont  
D Price  
J P Beynon  
N Laister  
N Harbury

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**Engagement with suppliers, customers and others**

**Customers**

We build strong long-term relationships with our customers and when possible, spend considerable time with them to listen to their needs, demands and views so that we can continually improve our business models. It is essential that our customers needs are intrinsic to the business models that operate through the Group as this is integral to evolve the long-term sustainable business we continually aspire to be. The nature of our business models mean that we see both the end consumer and our suppliers as equal and opposite ends of our supply chain. Consequently, they are all customers.

**Communities**

We are committed to operating responsibly and having a positive social impact within the communities in which we operate. As part of our commitment to ensure that no edible food is wasted in our supply chains, we have extended the scope of our redistribution partnerships to support those most at risk of food insecurity and to date have donated 6.7 million portions of fresh produce to redistribution charities FareShare and City Harvest. In addition, we continue to support communities through donations to cancer charities, use of the OLIO food sharing app and have coordinated several employee engagement activities, raising funds to develop a producer affiliated community organisation (Right to Care) in South Africa.

**Environmental Impact**

Through our commitment to the UN Sustainable Development goals and Champions 12.3 we aim to minimise our environmental impact wherever possible. We have committed to ambitious environmental targets focused on sustainably managing natural resources and eliminating waste. We regularly measure and monitor our performance against key metrics and continue to drive improvements, whilst recognising there is still much to do. Across the Group we have now removed 572,000 kg of hard to recycle or unnecessary packaging from our supply chain since 2018, reduced our annual food waste by 388,000 kg by sending inedible food to animal feed and reduced carbon emissions in manufacturing by 92% since 2016, through a transition to 100% renewable energy via REGO certificates. In vertical farming we have mitigated a reliance on abstraction and mains water supply by meeting 98% of the crop irrigation requirements through rainwater capture and reuse. Additionally, we are able to produce a crop with 90% less CO2 emissions per Kg than conventional agriculture with no soil at 6 times the yield per hectare.

**Inclusion & Development**

We are committed to ensuring trust, transparency, and the respect of human rights across the supply chain. The shareholders and stakeholders are implicit in their support of upholding the highest standards of ethical trade. We aim to fully understanding our supply chains, the human rights risks that may exist within them and take appropriate actions to ensure that all people are protected, respected, and treated fairly.

We are proud of our public commitment and annual statements that demonstrate a continually evolving, zero-tolerance approach to modern slavery and human trafficking in all of its forms. We are Stronger Together Advanced Business Partners, Food Network for Ethical Trade (FNET) members and 100% of our high-risk suppliers are SEDEX audited. We nurture talent at all levels to develop the best people and continue to support the MDS programme. This year have a new commitment to advocate for women in leadership, through transparency in gender reporting across the global supply chain.

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**Operating Responsibly**

Our strategy to operate responsibly across the Group is aligned to three impact pillars that are at the core of our values and align to the international blueprint for sustainability the UN Sustainable Development Goals.

**Product:** We must protect food safety and integrity, whilst improving the impact of our product across the supply chain through innovation to eliminate food and packaging waste. We will collaborate and work in partnership to develop scalable solutions that can increase the circulatory of materials within the human consumption chain.

**Plant:** We must work towards a zero-carbon future and be net zero by 2035. We recognise the importance of protecting soil, water, and biodiversity as the building blocks of life on our planet and it is essential that we continue to optimise water efficiency and promote soil health. Where possible we will evolve to low carbon precision production systems and maximise the yield for every metre of the planet we use, coupled with the lowest impact possible.

**People:** We support healthy eating in local communities and encourage the team to be healthy and happier. We must nurture talent at all levels and work in partnership with customers and suppliers to advocate for 30% of leadership positions to be occupied by women by 2030. All of the team should share in our success and be rewarded accordingly. This is underpinned by being ethical and transparent throughout the Group activities or simply put, operating responsibly.

**Greenhouse gas emissions, energy consumption and energy efficient action**

The Group appointed SRL Technical Services Ltd, a leading carbon and energy consultancy company, to independently assess its greenhouse gas emissions and energy consumption in accordance with the UK Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance'.

**Base Year**

The current base year is the 2019-2020 reporting period.

This is the second SECR that has been completed for Terradace Holdings Limited.

The 2019-2020 reporting period is not representative of the Group's emissions intensity in a normal year for the following reasons:

- Many people were working from home due to the Covid-19 pandemic
- Terradace Holdings Limited has acquired new facilities during this reporting period.

As such, a new base year has been chosen for the Group as a whole and this will be the 2020-2021 reporting period. Again, the baseline may need to be recalculated in next year's SECR if working patterns go "back to normal" or if Terradace Holdings Limited acquire any more facilities.

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**TERRADACE HOLDINGS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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The Group's greenhouse gas emissions and energy consumption are as follows:

	2021	2020
Emissions resulting from activities for which the Group is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	225.02	114.02
Emissions resulting from the purchase of the electricity by the Group for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	142.39	37.74
Energy consumed from activities for which the Group is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Group for its own use, including for the purposes of transport, in kWh	<u>679,208</u>	<u>158,085</u>

**Reporting Methodology**

This report follows the Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance. The Department for Business, Energy & Industrial Strategy's (BEIS) 2020 and 2021 conversion factors have been used to calculate the kgCO2e associated with the energy used by Terradace Holdings Group Limited.

**Energy Efficient Actions During Reporting Year**

As already noted in this report the Group has taken a number of initiatives to reduce energy consumption including moving to renewable energy sources.

In addition, the Group has further reduced energy consumption by installing and purchasing energy efficient plant and machinery and within the agriculture part of the Group has established systems to harvest rainwater and installed additional moisture sensors to ensure irrigation is only used when needed.

**Intensity Measurement**

The intensity metric chosen is kgCO2e per £ of revenue.

The Group total is 0.00092 kgCO2e/£revenue.

**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.

**Post balance sheet events**

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

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**TERRADACE HOLDINGS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**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 30 June 2022 and signed on its behalf.

**P Beaumont**  
Director

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TERRADACE HOLDINGS LIMITED

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**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 2021, 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 2021 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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**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 Group financial statements

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In order to identify and assess the risks of material misstatements, including fraud and non-compliance with laws and regulations that could be expected to have a material impact on the

financial statements, we have considered:

- the results of our enquiries of management and those charged with governance of their assessment of the risks of fraud and irregularities;
- the nature of the group, including its management structure and control systems (including the opportunity for management to override such controls);
- management's incentives and opportunities for fraudulent manipulation of the financial statements including the group's remuneration and bonus policies and performance targets; and
- the industry and environment in which it operates.

We also considered UK tax and pension legislation and laws and regulations relating to employment and the preparation and presentation of the financial statements such as the Companies Act 2006.

Based on this understanding we identified the following matters as being of significance to the entity:

- laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, tax and pension legislation and distributable profits legislation;
- the timing of the recognition of commercial income;
- compliance with legislation relating to GDPR, health and safety and environmental legislation;
- management bias in selecting accounting policies and determining estimates;
- inappropriate journal entries;
- recoverability of debtors; and
- the requirement to impair investments and the amount of any such impairment.

We communicated the outcomes of these discussions and enquiries, as well as consideration as to where and how fraud may occur in the entity, to all engagement team members

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised:

- enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations;
- enquiries with the same concerning any actual or potential litigation or claims;
- discussion with the same regarding any known or suspected instances of non-compliance with laws and regulation and fraud;
- inspection of relevant legal correspondence;



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

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- assessment of matters reported to management and the result of the subsequent investigation;
- obtaining an understanding of the relevant controls during the period;
- obtaining an understanding of the policies and controls over the recognition of income and testing their implementation during the year;
- review documentation relating to compliance with the regulations
- challenging assumptions made by management in their specific accounting policies and estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or crediting revenue or cash;
- assessing the recovery of debtors in the period since the balance sheet date and challenging assumptions made by management regarding the recovery of balances which remain outstanding;
- challenging key assumptions made by management
- reviewing the financial statements for compliance with the relevant disclosure requirements;
- performing analytical procedures to identify any unusual or unexpected relationships or unexpected movements in account balances which may be indicative of fraud;
- reviewing the minutes of Board meetings and correspondence with HMRC;
- evaluating the underlying business reasons for any unusual transactions; and
- considered the implementation of controls during the year.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our 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  
33 Cavendish Square  
London  
W1G 0PW

30 June 2022

TERRADACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	404,716,119	338,058,765
Cost of sales		(364,900,106)	(301,361,791)
		<u>39,816,013</u>	<u>36,696,974</u>
<b>Gross profit</b>		(14,766,291)	(15,642,601)
Administrative expenses		783,529	
Other operating income	5		325,245
		<u>25,833,251</u>	<u>21,379,618</u>
<b>Operating profit</b>	6	(65,599)	1,587,575
Income from participating interests		245,339	
Income from fixed assets investments		(10,219)	478
Amounts written off investments		187,863	-
Interest receivable and similar income	11	(190,802)	118,401
Interest payable and similar expenses	12	( )	(73,509)
		<u>25,999,833</u>	<u>23,012,563</u>
<b>Profit before taxation</b>		(5,267,072)	(4,716,183)
Tax on profit	13	( )	
		<u>20,732,761</u>	<u>18,296,380</u>
<b>Profit for the year</b>			
Foreign exchange on retranslation of subsidiary		127,432	135,790
<b>Other comprehensive income for the year</b>		127,432	135,790
		<u>20,860,193</u>	<u>18,432,170</u>
<b>Total comprehensive income for the year</b>			
<b>Profit for the year attributable to:</b>			
Non-controlling interests		646,875	(537,446)
Owners of the parent Company		20,085,886	18,833,826
		<u>20,732,761</u>	<u>18,296,380</u>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interest		763,281	(419,315)
Owners of the parent Company		20,096,912	18,851,485

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20,860,193

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18,432,170

The notes on pages 24 to 50 form part of these financial statements.

**TERRADACE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 08239135**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	15	10,814,091	11,036,723
Tangible assets	16	19,686,302	11,441,421
Investments	17	7,819,144	4,815,418
		<u>38,319,537</u>	<u>27,293,562</u>
<b>Current assets</b>			
Stocks	18	2,876,769	2,808,437
Debtors: amounts falling due after more than one year	19	396,533	-
Debtors: amounts falling due within one year	19	38,277,891	29,537,526
Cash at bank and in hand		31,908,126	29,632,755
		<u>73,459,319</u>	<u>61,978,718</u>
Creditors: amounts falling due within one year	20	(58,362,625)	(41,826,683)
<b>Net current assets</b>		<u>15,096,694</u>	<u>20,152,035</u>
<b>Total assets less current liabilities</b>		<u>53,416,231</u>	<u>47,445,597</u>
Creditors: amounts falling due after more than one year	21	(736,234)	(1,584,399)
<b>Provisions for liabilities</b>			
Deferred taxation	23	(1,027,981)	(368,737)
Other provisions	24	(540,219)	(593,736)
		<u>(1,568,200)</u>	<u>(962,473)</u>
<b>Net assets</b>		<u><u>51,111,797</u></u>	<u><u>44,898,725</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	11,383	11,383
Share premium account		8,504,982	8,504,982
Foreign exchange reserve		(10,375)	(21,401)
Profit and loss account		42,930,918	37,503,533
<b>Equity attributable to owners of the parent Company</b>		<u>51,436,908</u>	<u>45,998,497</u>
Non-controlling interests		(325,111)	(1,099,772)
		<u><u>51,111,797</u></u>	<u><u>44,898,725</u></u>

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**TERRADACE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 08239135**

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**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 30 SEPTEMBER 2021**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2022.

**P Beaumont**  
Director

The notes on pages 24 to 50 form part of these financial statements.

**TERRADACE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 08239135**

**COMPANY BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	16	601,985	314,341
Investments	17	18,230,712	15,200,041
		<u>18,832,697</u>	<u>15,514,382</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	19	34,502,029	26,494,406
Cash at bank and in hand		3,650,602	2,124,485
		<u>38,152,631</u>	<u>28,618,891</u>
Creditors: amounts falling due within one year	20	(19,450,177)	(7,034,142)
<b>Net current assets</b>		18,702,454	21,584,749
<b>Total assets less current liabilities</b>		<u>37,535,151</u>	<u>37,099,131</u>
<b>Net assets</b>		<u><u>37,535,151</u></u>	<u><u>37,099,131</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	11,383	11,383
Share premium account		8,504,982	8,504,982
Profit and loss account		29,018,786	28,582,766
		<u><u>37,535,151</u></u>	<u><u>37,099,131</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2022.

**P Beaumont**  
Director

The notes on pages 24 to 50 form part of these financial statements.

TERRADACE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	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 2020	11,383	8,504,982	(21,401)	37,503,533	45,998,497	(1,099,772)	44,898,725
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	20,085,886	20,085,886	646,875	20,732,761
Foreign exchange on retranslation of subsidiary	-	-	11,026	-	11,026	116,406	127,432
<b>Total comprehensive income for the year</b>	-	-	11,026	20,085,886	20,096,912	763,281	20,860,193
Dividends: Equity capital	-	-	-	(14,647,121)	(14,647,121)	-	(14,647,121)
Transfer to Non-controlling interest	-	-	-	(11,380)	(11,380)	11,380	-
<b>At 30 September 2021</b>	<u>11,383</u>	<u>8,504,982</u>	<u>(10,375)</u>	<u>42,930,918</u>	<u>51,436,908</u>	<u>(325,111)</u>	<u>51,111,797</u>

The notes on pages 24 to 50 form part of these financial statements.

**TERRADACE HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	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 2019	11,383	8,504,982	(153,211)	25,700,054	34,063,208	369,208	34,432,416
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	18,833,826	18,833,826	(537,446)	18,296,380
Foreign exchange on retranslation of subsidiary	-	-	17,659	-	17,659	118,131	135,790
<b>Total comprehensive income for the year</b>	-	-	17,659	18,833,826	18,851,485	(419,315)	18,432,170
Dividends: Equity capital	-	-	-	(8,011,603)	(8,011,603)	-	(8,011,603)
Transfer to Non-controlling interest on part-disposal of subsidiary	-	-	-	957,801	957,801	(819,792)	138,009
Non-controlling interest on acquisition of subsidiary	-	-	-	137,606	137,606	(229,873)	(92,267)
Transfer from Foreign exchange reserve on part-disposal of subsidiary	-	-	114,151	(114,151)	-	-	-
<b>At 30 September 2020</b>	<u>11,383</u>	<u>8,504,982</u>	<u>(21,401)</u>	<u>37,503,533</u>	<u>45,998,497</u>	<u>(1,099,772)</u>	<u>44,898,725</u>

The notes on pages 24 to 50 form part of these financial statements.



**TERRADACE HOLDINGS LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2020	11,383	8,504,982	28,582,766	37,099,131
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	15,083,141	15,083,141
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(14,647,121)	(14,647,121)
<b>At 30 September 2021</b>	<u>11,383</u>	<u>8,504,982</u>	<u>29,018,786</u>	<u>37,535,151</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2019	11,383	8,504,982	18,489,426	27,005,791
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	18,104,943	18,104,943
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(8,011,603)	(8,011,603)
<b>At 30 September 2020</b>	<u>11,383</u>	<u>8,504,982</u>	<u>28,582,766</u>	<u>37,099,131</u>

The notes on pages 24 to 50 form part of these financial statements.

TERRADACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	20,732,761	18,296,380
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,264,735	1,091,709
Depreciation of tangible assets	1,265,727	785,566
Loss on disposal of tangible assets	162,911	437,156
Interest paid	190,802	73,509
Interest received	(187,863)	(118,401)
Taxation charge	5,267,072	4,716,183
Increase in stocks	(68,332)	(931,686)
Increase in debtors	(6,504,443)	(3,662,232)
Increase in amounts owed by joint ventures	(2,417,023)	(403,270)
Increase in creditors	4,802,684	12,894,358
(Decrease)/increase in provisions	(53,517)	593,736
Corporation tax paid	(4,947,898)	(5,934,401)
Net effect of foreign exchange differences	127,432	110,272
Dividends received	(245,339)	(35,350)
Income from participating interest	65,599	(1,587,575)
Loss on disposal of listed investment	-	34,872
<b>Net cash generated from operating activities</b>	<u>19,455,308</u>	<u>26,360,826</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(10,084,600)	(6,561,518)
Sale of tangible fixed assets	411,081	904,905
Purchase of listed investments	(1,401,377)	(1,077,469)
Sale of listed investments	450,950	1,510,237
Purchase of share in joint ventures	(2,158,746)	(460,941)
Interest received	187,863	118,401
Dividends received	-	35,350
Purchase of additional shares in subsidiary	-	(92,267)
Proceeds from sale of shares in subsidiary	-	138,009
<b>Net cash used in investing activities</b>	<u>(12,594,829)</u>	<u>(5,485,293)</u>
<b>Cash flows from financing activities</b>		
New secured loans	11,555,113	-
Repayment of loans	(1,302,298)	(477,401)
Dividends paid	(14,647,121)	(8,011,603)
Interest paid	(190,802)	(73,509)

TERRADACE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £	2020 £
<b>Net cash used in financing activities</b>	(4,585,108)	(8,562,513)
<b>Net increase in cash and cash equivalents</b>	2,275,371	12,313,020
Cash and cash equivalents at beginning of year	29,632,755	17,319,735
<b>Cash and cash equivalents at the end of year</b>	<u>31,908,126</u>	<u>29,632,755</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u>31,908,126</u>	<u>29,632,755</u>

The notes on pages 24 to 50 form part of these financial statements.

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**TERRADACE HOLDINGS LIMITED**

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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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	<b>At 1 October 2020</b>	<b>Cash flows</b>	<b>At 30 September 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	29,632,755	2,275,371	31,908,126
Debt due after 1 year	(1,584,399)	848,165	(736,234)
Debt due within 1 year	(503,727)	(11,100,980)	(11,604,707)
	<u>27,544,629</u>	<u>(7,977,444)</u>	<u>19,567,185</u>

The notes on pages 24 to 50 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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**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 14th Floor, 33 Cavendish Square, London, W1G 0PW. The principal

trading address is 57-63 Church Road, Wimbledon, London, SW19 5SB.

**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:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**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 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. Turnover is recognised when goods have been dispatched.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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**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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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**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 or reducing balance method..

The estimated useful lives range as follows:

Freehold property	-	50 years
Long-term leasehold property	-	Term of the lease to a maximum of 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

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

**2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**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.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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**2. Accounting policies (continued)**

**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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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**2. Accounting policies (continued)**

**2.10 Financial instruments (continued)**

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.

**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 profit or loss 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 profit or loss 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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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**2. Accounting policies (continued)**

**2.14 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to profit or loss 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 profit or loss 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 profit or loss using the effective interest method.

**2.17 Borrowing costs**

All borrowing costs are recognised in profit or loss 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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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**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 profit or loss 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.

At each period end forward foreign exchange contracts are fair valued by comparing the position of the contract to the mark-to-market value. All material gains or 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**2. Accounting policies (continued)****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.

**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**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other operating income	431,554	325,245
Insurance claims receivable	351,975	-
	<u>783,529</u>	<u>325,245</u>

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**TERRADACE HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**6. Operating profit**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	1,265,727	785,566
Amortisation of intangible assets, including goodwill	1,264,735	1,091,709
Other operating lease rentals	366,518	884,290
Exchange differences	<u>(14,958)</u>	<u>356,559</u>

**7. Auditors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>5,000</u>	<u>5,000</u>

**Fees payable to the Group's auditor and its associates in respect of:**

Audit-related assurance services	120,000	110,000
Taxation compliance services	20,000	20,000
All other services	54,236	48,707
	<u>194,236</u>	<u>178,707</u>

**TERRADACE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**8. Employees**

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	13,359,271	13,712,944	4,943,273	5,202,128
Social security costs	1,554,301	1,413,187	697,401	714,244
Cost of defined contribution scheme	458,088	320,984	21,211	34,768
	<u>15,371,660</u>	<u>15,447,115</u>	<u>5,661,885</u>	<u>5,951,140</u>

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

	2021 No.	2020 No.
Production and Distribution	65	83
Office and Management	72	59
	<u>137</u>	<u>142</u>

**9. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	4,943,273	5,202,128
Company contributions to defined contribution pension schemes	21,211	34,768
	<u>4,964,484</u>	<u>5,236,896</u>

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2,661,240 (2020 - £3,228,709).

**10. Income from investments**

	2021 £	2020 £
Income from current asset investments	<u>245,339</u>	<u>478</u>

**TERRADACE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**11. Interest receivable**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<u>187,863</u>	<u>118,401</u>

**12. Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank interest payable	186,915	70,462
Other loan interest payable	2,237	-
Other interest payable	1,650	3,047
	<u>190,802</u>	<u>73,509</u>

**13. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	4,559,848	4,608,134
Adjustments in respect of previous periods	47,980	(81,951)
	<u>4,607,828</u>	<u>4,526,183</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	659,244	190,000
<b>Total deferred tax</b>	<u>659,244</u>	<u>190,000</u>
<b>Taxation on profit on ordinary activities</b>	<u>5,267,072</u>	<u>4,716,183</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**13. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>25,999,833</u>	<u>23,012,563</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	4,939,968	4,372,387
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	125,478
Capital allowances for the year in excess of depreciation	(294,076)	(39,040)
Utilisation of tax losses	1,341	-
Adjustments to tax charge in respect of prior periods	47,980	(81,951)
Other timing differences leading to an increase (decrease) in taxation	659,244	-
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(306,691)	-
Non-taxable income	96,470	76,663
Unrelieved tax losses carried forward	24,227	-
Other differences leading to an increase in the tax charge	98,609	262,646
<b>Total tax charge for the year</b>	<u><u>5,267,072</u></u>	<u><u>4,716,183</u></u>

**Factors that may affect future tax charges**

On 3 March 2021, the Government announced an increase in the rate of corporation tax to 25% from 1 April 2023 on all profits when they exceed £250,000 and this change in rate was enacted on 10 June 2021.

**14. Parent company profit for the year**

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 £15,083,141 (2020 - £18,104,943).

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

15. Intangible assets

Group

	Oil & gas rights £	Development expenditure £	Goodwill £	Total £
<b>Cost</b>				
At 1 October 2020	209,663	-	16,310,294	16,519,957
Additions	-	1,051,814	-	1,051,814
Foreign exchange movement	(9,711)	-	-	(9,711)
At 30 September 2021	199,952	1,051,814	16,310,294	17,562,060
<b>Amortisation</b>				
At 1 October 2020	-	-	5,483,234	5,483,234
Charge for the year on owned assets	-	173,026	1,091,709	1,264,735
At 30 September 2021	-	173,026	6,574,943	6,747,969
<b>Net book value</b>				
At 30 September 2021	199,952	878,788	9,735,351	10,814,091
<b>At 30 September 2020</b>	209,663	-	10,827,060	11,036,723

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

16. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £
<b>Cost</b>					
At 1 October 2020	3,739,213	4,922,002	611,633	1,982,494	46,352
Additions	50,431	5,910,195	236,213	2,177,172	-
Disposals	(372,142)	-	-	(146,182)	-
Transfers between classes	-	(216,181)	-	216,181	-
At 30 September 2021	3,417,502	10,616,016	847,846	4,229,665	46,352
<b>Depreciation</b>					
At 1 October 2020	82,470	53,584	311,416	646,974	10,859
Charge for the year on owned assets	20,115	203,363	57,249	449,261	9,676
Disposals	-	-	-	(108,624)	-
At 30 September 2021	102,585	256,947	368,665	987,611	20,535
<b>Net book value</b>					
At 30 September 2021	<u>3,314,917</u>	<u>10,359,069</u>	<u>479,181</u>	<u>3,242,054</u>	<u>25,817</u>
<b>At 30 September 2020</b>	<u>3,656,743</u>	<u>4,868,418</u>	<u>300,217</u>	<u>1,335,520</u>	<u>35,493</u>

**TERRADACE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**16. Tangible fixed assets (continued)**

	<b>Fixtures and fittings</b>	<b>Office equipment</b>	<b>Computer equipment</b>	<b>Growing stock</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 October 2020	457,381	224,298	886,565	935,210	13,805,148
Additions	328,744	84,889	589,055	707,901	10,084,600
Disposals	(4,781)	(26,787)	(18,786)	(164,747)	(733,425)
Transfers between classes	-	-	-	-	-
	<u>781,344</u>	<u>282,400</u>	<u>1,456,834</u>	<u>1,478,364</u>	<u>23,156,323</u>
At 30 September 2021					
<b>Depreciation</b>					
At 1 October 2020	197,313	50,818	769,864	240,429	2,363,727
Charge for the year on owned assets	34,214	60,358	202,729	228,762	1,265,727
Disposals	(1,104)	(26,787)	(16,177)	(6,741)	(159,433)
	<u>230,423</u>	<u>84,389</u>	<u>956,416</u>	<u>462,450</u>	<u>3,470,021</u>
At 30 September 2021					
<b>Net book value</b>					
At 30 September 2021	<u>550,921</u>	<u>198,011</u>	<u>500,418</u>	<u>1,015,914</u>	<u>19,686,302</u>
<b>At 30 September 2020</b>	<u>260,068</u>	<u>173,480</u>	<u>116,701</u>	<u>694,781</u>	<u>11,441,421</u>

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Company

	Short-term leasehold property £	Plant and machinery £	Computer equipment £	Total £
<b>Cost</b>				
At 1 October 2020	434,978	19,427	-	454,405
Additions	227,377	83,484	72,831	383,692
At 30 September 2021	662,355	102,911	72,831	838,097
<b>Depreciation</b>				
At 1 October 2020	133,657	6,407	-	140,064
Charge for the year on owned assets	55,832	16,363	23,853	96,048
At 30 September 2021	189,489	22,770	23,853	236,112
<b>Net book value</b>				
At 30 September 2021	472,866	80,141	48,978	601,985
<b>At 30 September 2020</b>	301,321	13,020	-	314,341

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

17. Fixed asset investments

Group

	Listed investments £	Unlisted investments £	Investment in joint ventures £	Total £
<b>Cost or valuation</b>				
At 1 October 2020	1,382,316	147,231	3,433,102	4,962,649
Additions	1,401,377	-	2,158,746	3,560,123
Disposals	(529,552)	-	-	(529,552)
Share of profit/(loss)	-	-	(26,845)	(26,845)
At 30 September 2021	2,254,141	147,231	5,565,003	7,966,375
<b>Impairment</b>				
At 1 October 2020	-	147,231	-	147,231
At 30 September 2021	-	147,231	-	147,231
<b>Net book value</b>				
At 30 September 2021	2,254,141	-	5,565,003	7,819,144
At 30 September 2020	1,382,316	-	3,433,102	4,815,418

TERRADACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Company

	Investments in subsidiary companies £	Listed investments £	Investment in joint ventures £	Total £
<b>Cost or valuation</b>				
At 1 October 2020	13,417,725	1,382,316	400,000	15,200,041
Additions	100	1,401,377	2,158,746	3,560,223
Disposals	-	(529,552)	-	(529,552)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	13,417,825	2,254,141	2,558,746	18,230,712
<b>Net book value</b>				
At 30 September 2021	<u>13,417,825</u>	<u>2,254,141</u>	<u>2,558,746</u>	<u>18,230,712</u>
<b>At 30 September 2020</b>	<u>13,417,725</u>	<u>1,382,316</u>	<u>400,000</u>	<u>15,200,041</u>

**TERRADACE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
B Fresh Group Limited	Holding company		100
		Ordinary	%
Direct Produce Supplies Limited (i)	Importer and wholesalers of fruit	Ordinary	100
		Ordinary	%
Agriculture Investments Limited	Investment company		100
		Ordinary	%
Fresh Produce Partners Limited	Importer and wholesalers of fruit	Ordinary	100
		Ordinary	%
Geological Investments Limited	Investment company		100
		Ordinary	%
Agriculture Espana Limited (ii)	Growers and wholesalers of fruit	Ordinary	100
		Ordinary	%
Apricot Growers LLP (iii)	Growers and wholesalers of fruit	N/A	51
		N/A	%
Domum Agrum Limited (ii)	Growers and wholesalers of fruit	Ordinary	100
		Ordinary	%
Plum Growers Limited ((ii)	Dormant		100
		Ordinary	%
Integrated Fruit Marketing (PTY)	Marketing of fruit, properties and related activities	Ordinary	87
		Ordinary	%
Cherry Growers Limited (ii)	Dormant		100
		Ordinary	%
South Pass UK Limited (vii)	Investment company		13.89
		Ordinary	%
South Pass Petroleum Inc. (iv)	Oil exploration activities		10
		Ordinary	%
Berry Farming Limited (ii)	Growers and wholesalers of fruit	Ordinary	100
		Ordinary	%
Organic Growers Limited	Growers and wholesalers of fruit	Ordinary	100
		Ordinary	%
Ethical Food Company Limited (v)	Growers and wholesalers of fruit	Ordinary	82.6
		Ordinary	%
Ethical Fruit Company Limited (vi)	Dormant		82.6
		Ordinary	%
Organic Farm Foods Limited (vi)	Dormant		82.6
		Ordinary	%
Rudford Farm Limited (ii)	Growers and wholesalers of fruit	Ordinary	100
		Ordinary	%
DPS (M&S) Limited (viii)	Importer and wholesalers of fruit	Ordinary	100
		Ordinary	%
Terradace Property Services Limited	Investment company		100
		Ordinary	%



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**TERRADACE HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**Subsidiary undertakings (continued)**

- (i) Shares held via B Fresh Group Limited.
- (ii) Shares held via Agriculture Investments Limited.
- (iii) Agriculture Investments Limited is a designated member of the LLP.
- (iv) Shares held via South Pass UK Limited. South Pass UK Limited holds 72% of the share capital.
- (v) Shares held via Organic Growers Limited. Organic Growers Limited holds 82.6% of the share capital.
- (vi) Shares held via Ethical Food Company Limited. Ethical Food Company Limited holds 100% of the share capital.
- (vii) This company along with its subsidiary undertaking are consolidated on the basis that Terradace Holdings Limited maintains control over the majority of voting rights.
- (viii) Shares held via Direct Produce Supplies Limited.

The registered office of South Pass Petroleum Inc. is 1712 Pioneer Ave Ste 340, Cheyenne, US, WY 82001.

The registered office of Integrated Fruit Marketing (PTY) is 103 Wentworth Building, Somerset Links Office Parks, De Beers Road, Somerset West, South Africa, 7130.

The registered office of Organic Growers Limited, Ethical Food Company Limited, Ethical Fruit Company Limited and Organic Farm Foods Limited is Unit 11a, Drayton Manor Drive, Alcester Road, Stratford Upon Avon, Warwickshire, CV37 9RQ.

The registered office of all other subsidiaries is the same as the parent company.

All subsidiaries have been included in the consolidation.

**Joint ventures**

The following were joint ventures of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Holding</b>
Integrated Service Solutions Limited*	Fowler Welch, London Road, Teynham, Sittingbourne, Kent, ME9 9PR	Grading, ripening, packing, storage and warehousing of fruit produce	50 %
Capricot Proprietary Limited**	Verdun Farm, Prince Alfred Hamlet, Western Cape, 6835	Growers and wholesalers of fruit	50 %
Rio Alara SA	Juncal 1938, Piso 2, CABA 1116, Buenos Aires, Argentina	Growers and wholesalers of fruit	50 %
Southern Crops Limited	14th Floor, 33 Cavendish Square, London, W1G 0PW	Growers and wholesalers of fruit	50 %

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

\*\* Shares held via Agriculture Investments Limited.

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TERRADACE HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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18. Stocks

	Group 2021 £	Group 2020 £
Finished goods and goods for resale	<u>2,876,769</u>	<u>2,808,437</u>

**TERRADACE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**19. Debtors**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
<b>Due after more than one year</b>				
Other debtors	396,533	-	-	-
	396,533	-	-	-
	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
<b>Due within one year</b>				
Trade debtors	31,989,045	24,625,394	769,874	8,662
Amounts owed by group undertakings	-	-	28,943,883	22,249,621
Amounts owed by joint ventures and associated undertakings	3,019,747	602,724	2,452,559	602,724
Other debtors	3,224,988	2,536,257	932,789	485,479
Called up share capital not paid	200	-	-	-
Prepayments and accrued income	43,911	1,773,151	1,402,924	3,147,920
	38,277,891	29,537,526	34,502,029	26,494,406

**20. Creditors: Amounts falling due within one year**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	11,604,707	503,727	11,555,113	-
Trade creditors	34,021,949	26,847,119	1,481	73,775
Amounts owed to group undertakings	-	-	3,540,849	1,833,004
Amounts owed to joint ventures	2,272,765	2,599,747	-	-
Corporation tax	72,453	285,440	-	229,578
Other taxation and social security	213,221	308,409	41,366	129,444
Other creditors	45,394	2,051,189	997	-
Accruals and deferred income	10,132,136	9,231,052	4,310,371	4,768,341
	58,362,625	41,826,683	19,450,177	7,034,142

For detail of bank loan and other creditor security, see note 21.

**TERRADACE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**21. Creditors: Amounts falling due after more than one year**

	Group 2021 £	Group 2020 £
Bank loans	<u>736,234</u>	<u>1,584,399</u>

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 £537,857 (2020 - £581,708) 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 from September 2016 and will be repaid by equal monthly installments inclusive of interest over the term.

**22. Financial instruments**

	Group 2021 £	Group 2020 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>2,254,141</u>	<u>1,382,316</u>

Financial assets measured at fair value through profit or loss comprise the listed investments.

**23. Deferred taxation**

**Group**

	2021 £	2020 £
At beginning of year	368,737	178,737
Charged to profit or loss	659,244	190,000
<b>At end of year</b>	<u>1,027,981</u>	<u>368,737</u>

The provision for deferred taxation is made up as follows:

	Group 2021 £	Group 2020 £
Accelerated capital allowances	<u>1,027,981</u>	<u>368,737</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**24. Provisions****Group**

	<b>Other provision £</b>
At 1 October 2020	593,736
Utilised in year	(53,517)
<b>At 30 September 2021</b>	<b><u>540,219</u></b>

The provision relates to costs attributable to an onerous lease contract.

**25. Share capital**

	<b>2021 £</b>	<b>2020 £</b>
<b>Allotted, called up and fully paid</b>		
1,000,000 (2020 - 1,000,000) Ordinary 'A' shares of £0.01 each	10,000	10,000
75,268 (2020 - 75,268) Ordinary 'B' shares of £0.01 each	753	753
9,000 (2020 - 9,000) Ordinary 'C' shares of £0.01 each	90	90
54,000 (2020 - 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.

**26. Contingent liabilities****Group**

The group has entered into forward currency contracts amounting to £157,146,293 (2020 - £76,625,332) 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 £785,828 (2020 - £829,679).

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**TERRADACE HOLDINGS LIMITED**

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**27. Commitments under operating leases**

At 30 September 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
Not later than 1 year	387,484	310,467	250,257	250,257
Later than 1 year and not later than 5 years	1,363,734	1,376,574	1,134,214	1,202,401
Later than 5 years	1,093,543	788,853	546,210	728,280
	<u>2,844,761</u>	<u>2,475,894</u>	<u>1,930,681</u>	<u>2,180,938</u>

Due to the onerous nature of a lease in a Group company, full provision has been made for future commitments; see note 24.

**28. Related party transactions****Group and Company**

During the year the Group and Company charged fees of £282,879 (2020 - 267,143) to a joint venture undertaking.

During the year the Company received interest of £44,029 (2020 - £33,890) from a joint venture undertaking.

At the balance sheet date, included in debtors is a balance of £240,000 (2020 - £298,165) owed from a material shareholder in the Company.

**Group**

During the year the Group made purchases of £39,187,982 (2020 - £35,883,100) from a joint venture undertaking.

At the balance sheet date, included in trade creditors is a balance of £572,215 (2020 - £607,925) owed to a joint venture undertaking.

During the year the Group received interest of £43,274 (2020 - £Nil) from a joint venture undertaking.

The total compensation paid to key management personnel during the year was £5,378,561 (2020 - £5,658,716).

At the balance sheet date loans of £370,857 (2020 - £186,614) are outstanding from directors of the Group. Interest is charged on the loans at a rate of 2/2.25% per annum.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**29. 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:

Investment £2,254,141 (2020 - £1,382,316)

Cash £3,475,981 (2020 - £1,603,583)

**30. 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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.