

PARENT UNDERTAKING  
ACCOUNTS FOR  
WHEATSHEAF GROUP  
FINANCE COMPANY  
08293769

**WHEATSHEAF GROUP LIMITED**

**Annual Report and Financial Statements  
For the year ended 31 December 2017**

WEDNESDAY



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# **WHEATSHEAF GROUP LIMITED**

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# **WHEATSHEAF GROUP LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

F Alexander Scott	Chairman
William B Kendall	
Peter L Doyle	
Graham P Ramsbottom	
Dr Clive D Morris	
Mark R Preston	
Anthony WS James	
J Stephan Dolezalek	

### **SECRETARY**

Geoffrey M Chadwick

### **REGISTERED OFFICE**

The Quarry  
Hill Road  
Eccleston  
Chester  
CH4 9HQ

### **BANKERS**

HSBC Bank plc  
47 Eastgate Street  
Chester  
CH1 1XW

### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
2 Hardman Street  
Manchester  
M3 3HF

# WHEATSHEAF GROUP LIMITED

## STRATEGIC REPORT

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006. This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Wheatsheaf Group Limited and its subsidiary undertakings when viewed as a whole.

### REVIEW OF THE BUSINESS, KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS

The Group directly operates, invests in and helps develop businesses in the food and agriculture sectors. Our strategy is to deliver lasting commercial and social benefit, using our expertise with a far-sighted perspective. The Group reported an operating loss of £8,263,000 (2016 – £6,931,000) and a loss before taxation of £30,413,000 (2016 – profit of £1,142,000). Discontinued operations turnover in the year represents the farming and breeding products turnover attributable to Cogent Breeding Limited, which was sold in the year as reported below and in note 14 to the financial statements. Continuing operations turnover includes construction material turnover which is all attributable to David Ball Group Limited, a company that became a subsidiary in the year as described below and in note 13 to the financial statements. The shareholders' funds for the Group decreased by £19,963,000 to £214,606,000 as a result of the post-tax loss of £25,417,000 plus other comprehensive expenses of £225,000 plus an unrealised gain on investments of £4,644,000 and non-controlling interest acquisitions of £1,035,000. Given the high level of investment, the reported results are in line with our expectations at this stage and with our long-term growth strategy.

Wheatsheaf Group Limited monitors the overall performance and the key performance indicators of each of its investments. The main subsidiary companies during the year, Cogent Breeding Limited, Grosvenor Farms Limited and WGUS FS LLC, had a significant impact upon the Group's annual result. During the year ended 31 December 2017 Grosvenor Farms Limited's milk yield increased by 132 litres per cow over the previous year due to the improved quality of feed and the ongoing investment in facilities and people. During the period to 5 October 2017, when Cogent Breeding Limited was sold, Cogent Breeding Limited recorded an operating loss and sold 1.4m straws (2016 – 1.8m).

In line with its strategy, the Group continues to operate and invest into businesses within the food and agriculture sectors. A number of investments were made by the Group during the year.

As part of the €10,000,000 that the Company has previously committed to the Zouk Capital LLP Renewable Energy and Environmental Infrastructure Fund II (hereinafter referred to as "Zouk") the Company invested €850,000 into this fund during the year.

During the year the Group invested the remaining £938,000 of the £4,536,000 it had previously committed to Gilkes Hydro Investments Limited to invest into building hydro schemes. After the year end the Group accepted an offer and agreed the sale of Gilkes Hydro Investments Limited for an amount equal to the carrying value recognised in the financial statements at 31 December 2017.

As a result of a number of investments made during the year by the Company and dilutive investments made by other shareholders, the Company acquired a further 0.94% interest in the shares of Enterra Feed, a producer of insect larvae protein and organic fertilisers through the recycling of pre-consumer food waste.

On 27 April 2017 the Group issued a convertible loan note of US \$1,000,000 to Dream Holdings, Inc. (formerly Just Greens LLC) an indoor vertical farming company. The loan note plus interest converted on 3 May 2017 to 396,612 new series D preferred stock. As a result of other funding providers investing into the company, the Group's interest in Dream Holdings, Inc. at the year-end had reduced to 16.9%.

As a result of converting a loan note plus interest on 28 April 2017 and additional investments made during the year, the Company acquired a further 15.38% interest in the shares of Ozo Innovations Limited, a company that develops and delivers new sterilisation techniques to the food industry.

On 2 May 2017, the Group acquired a 3.9% interest in the shares of Shared-X LLC, a company that implements advanced farming practices in developing countries.

On 13 June 2017, the Group acquired a further 10% interest in the shares of FarmWizard Limited, taking its total interest to 85% at the year end.

On 23 June 2017 David Ball Group Limited became a subsidiary of the Company when the Company acquired 110,480 additional shares in David Ball Group Limited, an innovation led construction materials manufacturer and supplier, taking its shareholding in David Ball Group Limited to 54.8%. See note 13 to the financial statements for information regarding the acquisition.

On 21 July 2017 and 20 October 2017, the Company issued convertible loans of US \$1,000,000 each in Global Fresh Food Limited, a company which provides controlled environmental logistic solutions for the transport of fresh proteins.

On 22 September 2017 the Company acquired from Cogent Breeding Limited, a subsidiary company, 100% of the shares in Cogent Holdings Inc, a dormant holding company which holds 100% of the Members Interests in Cogent IVF LLC, a bovine genetics company.

# **WHEATSHEAF GROUP LIMITED**

## **STRATEGIC REPORT (continued)**

### **REVIEW OF THE BUSINESS, KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS (continued)**

On 22 September 2017 the Group acquired the business and assets of a company whose primary activity is the development of sterilisation techniques within the food industry in North America.

On 5 October 2017 the Group sold 76% of its interest in Cogent Breeding Ltd to Inguran International LLC, a worldwide livestock reproduction business that is unconnected to the Group.

On 10 November 2017 the Company issued a convertible loan note of US \$1,000,000 to Ostara Nutrient Recovery Technologies Inc, company that develops and delivers nutrient recovery solutions to the waste water industry.

In addition, the Group expanded its global capabilities by establishing a new operation in Minneapolis, Minnesota, to help develop its existing North American businesses and better explore new potential investment opportunities.

The Directors believe that the Group is well positioned for the forthcoming year and has a clear, achievable strategy in place. Given the long term objective to grow the Group through investments and acquisitions, the Directors recognise that the Group may record annual losses in the short term.

Details of significant events since the balance sheet date are contained above or in note 29 to the financial statements.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the businesses and the execution of the Group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the members of the Group are noted below.

#### **Global economy**

Adverse changes in the economy as a whole or in individual countries can have a negative impact upon the performance of investee companies. The risk is mitigated by geographic diversification of the Group's investments as well as investing across a range of sub sectors aligned to the Group's strategy.

#### **Legislation**

Changes to government policy and legislation can affect the trading results of investments. This risk is particularly prominent in the agriculture industry which has high levels of regulation and changes in legislation can have a significant impact. This risk is managed by proactively monitoring legislation and evaluating the impact that changes in legislation might have prior to investment.

#### **Bio-security and agriculture**

The agricultural businesses manage the risk of disease outbreak by the maintenance of bio-security policies and the adoption of procedures including quarantine, veterinary surveillance, vaccination and routine health checks.

The use of market intelligence and spread and forward selling reduces the risk presented by volatile world commodity markets.

The breeding business is also at risk from competitors gaining an advantage from new technological developments. This risk is mitigated by the continuing review of existing technologies, ongoing research and investment into new areas.

#### **Competition**

An increase in the allocation of global capital towards investment into the food and agribusiness sector can negatively affect the Group's ability to achieve strategic investments at reasonable valuations. The risk is mitigated by the Group's ongoing strategy to expand and strengthen relationships with both strategic co-investors and major multi-national food and agriculture organisations. Furthermore, through the seed and venture investment activity the Group is proactively identifying new investment targets with the aim of engaging before such targets commence wider fundraising processes.

#### **Technology**

A number of the businesses within the portfolio use new technologies and are facing the challenges associated with the development of the technology to a commercial level. The risk during the development period is proving that the technology works and is commercially viable whilst controlling the expenditure of the company. The risk is managed by monitoring progress against business plans and keeping in close contact with the management team of each company.

## **WHEATSHEAF GROUP LIMITED**

### **STRATEGIC REPORT (continued)**

#### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

##### **Exit from European Union**

The result of the referendum for the UK to leave the EU has created significant uncertainty for the economy. Uncertainty over the future cost of trade in food and agricultural goods and services, the free movement of EU labour, currency volatility and the potential for changes to agricultural subsidy schemes represent the main risk for the Group. The risk, and impact it may have upon the Group, is being monitored closely. The Company is confident that due to its diverse portfolio of investments which are based across the UK, Europe and North America, the immediate risk is adequately mitigated.

Approved by the Board of Directors

and signed on its behalf by

**G M Chadwick**

Company Secretary



The Quarry  
Hill Road  
Eccleston  
Chester  
CH4 9HQ

6 June 2018

# **WHEATSHEAF GROUP LIMITED**

## **DIRECTORS' REPORT**

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2017.

Details of future developments, principal risks and uncertainties and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 2 to 4 and form part of this report by cross-reference.

### **GOING CONCERN**

After making enquiries, including consideration of the Group budget, and in view of the positive cash balance the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### **FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a number of financial risks including credit risk, liquidity and cash flow risk and foreign exchange risk. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

#### **Credit risk**

The risk that counterparties will be unable to pay amounts in full when they fall due is mitigated by proactive credit control in relation to trade receivables and by ensuring that cash and investment holdings are kept with counterparties with appropriate credit ratings.

#### **Liquidity and cash flow risk**

The risk that cash may not be available to pay obligations when they fall due. The Group has put in place appropriate financial and cash flow management structures so that it is able to anticipate demand for cash and meet obligations as they arise.

#### **Foreign exchange risk**

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward contracts to hedge these exposures.

### **RESULTS AND DIVIDENDS**

The results for the year are set out in the consolidated profit and loss account on page 11. The loss for the year after taxation was £25,417,000 (2016 – £1,515,000). The Directors do not recommend the payment of a dividend (2016 - £nil).

### **DIRECTORS**

The membership of the Board, who served throughout the year and to the date of this report, were as follows:

Peter L Doyle	
F Alexander Scott	
Graham P Ramsbottom	
William B Kendall	
Stuart Evans	(resigned 30 April 2017)
Dr Clive D Morris	
Mark R Preston	(appointed 1 January 2017)
Anthony WS James	(appointed 9 May 2017)
J Stephan Dolezalek	(appointed 9 May 2017)

# WHEATSHEAF GROUP LIMITED

## DIRECTORS' REPORT (continued)

### EMPLOYEES

The Directors recognise the importance of good communications and relations with the Group's employees and place considerable value on informing them on matters affecting them as employees. Each part of the Group maintains employee relations appropriate to its own particular needs and environment. The Group gives full and fair consideration to applications by disabled persons for employment. Disabled employees and those who become disabled are afforded the same training, career development and promotion opportunities as other staff. At Wheatsheaf we aim to build a diverse workforce, reflecting the communities in which we operate in order to ensure our businesses' success. We will achieve this by attracting the best people from as wide a pool as possible and retaining them within an inclusive culture.

### RESEARCH AND DEVELOPMENT

Research and development represents a new strategic focus of the Group's activities and in the current year has been focussed on the development of innovative software solutions which is expected to continue through 2018.

### AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) the Director has taken all reasonable steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

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



G M Chadwick

Company Secretary

The Quarry  
Hill Road  
Eccleston  
Chester  
CH4 9HQ

6 June 2018



# **WHEATSHEAF GROUP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the Group, and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

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

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

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATSHEAF GROUP LIMITED**

## **Report on the audit of the financial statements**

### **Opinion**

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 31 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Wheatsheaf Group Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 32.

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).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATSHEAF GROUP LIMITED (continued)**

## **Other information**

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

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

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## **Use of our report**

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

## **Report on other legal and regulatory requirements**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATSHEAF GROUP LIMITED (continued)**

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Heather Crosby BSc ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom

17 September 2018

# WHEATSHEAF GROUP LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2017

		Continuing operations 2017 £'000	Discontinued operations 2017 £'000	Total 2017 £'000	Continuing operations 2016 £'000	Discontinued operations 2016 £'000	Total 2016 £'000
	Note						
<b>TURNOVER</b>	3	13,123	10,348	23,471	7,016	14,723	21,739
Cost of sales		(7,711)	(8,762)	(16,473)	(4,926)	(13,107)	(18,033)
<b>GROSS PROFIT</b>		5,412	1,586	6,998	2,090	1,616	3,706
Administrative expenses		(14,315)	(2,849)	(17,164)	(6,025)	(5,583)	(11,608)
Other operating income		1,026	-	1,026	971	-	971
Profit on disposal of operations	14	-	877	877	-	-	-
<b>OPERATING LOSS</b>		(7,877)	(386)	(8,263)	(2,964)	(3,967)	(6,931)
Share of results of jointly controlled entities		(6,666)	-	(6,666)	(1,782)	-	(1,782)
Share of results of associates		(9,512)	(10)	(9,522)	(7,602)	(177)	(7,779)
Profit on derecognition of associate	13	-	917	917	-	-	-
Fair value (loss)/gain on investments	25	(7,744)	-	(7,744)	17,015	-	17,015
Finance income/(costs) (net)	4	1,075	(210)	865	1,048	(429)	619
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	5	(30,724)	311	(30,413)	5,715	(4,573)	1,142
Tax on (loss)/profit	8	4,996	-	4,996	(2,645)	(12)	(2,657)
<b>(LOSS)/PROFIT FOR THE YEAR</b>		(25,728)	311	(25,417)	3,070	(4,585)	(1,515)

# **WHEATSHEAF GROUP LIMITED**

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** **Year ended 31 December 2017**

	2017 £'000	2016 £'000
<b>LOSS FOR THE FINANCIAL YEAR</b>	(25,417)	(1,515)
Currency translation difference on foreign currency net investments	(1,762)	3,676
Re-measurement of net defined benefit liability (note 24)	1,400	(1,571)
Movement in deferred tax relating to pension deficit (note 24)	(238)	152
Gain on revaluation of fixed assets (note 11)	375	-
<b>Other comprehensive (expense)/income</b>	(225)	2,257
<b>TOTAL COMPREHENSIVE (EXPENDITURE)/INCOME</b>	(25,642)	742
 Loss for the year attributable to:		
Non-controlling interest	(34)	10
Equity shareholders of the Company	(25,383)	(1,525)
	(25,417)	(1,515)
 Total comprehensive (expenditure)/income for the year attributable to:		
Non-controlling interest	(34)	10
Equity shareholders of the Company	(25,608)	732
	(25,642)	742

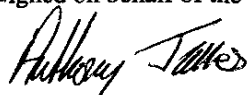
**WHEATSHEAF GROUP LIMITED**  
**BALANCE SHEETS**  
**As at 31 December 2017**

	Note	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
<b>FIXED ASSETS</b>					
Goodwill	10	10,501	2,586	-	-
Other intangible assets		995	139	-	-
		<u>11,496</u>	<u>2,725</u>	<u>-</u>	<u>-</u>
Tangible assets	11	16,188	16,634	148	171
Investments					
Subsidiary undertakings	12	-	-	218,089	186,540
Other fixed asset investments	15	48,747	54,234	38,010	45,963
Associates	16	20,679	21,474	25,376	23,363
Jointly controlled entities	17	18,219	22,596	12,528	10,375
		<u>115,329</u>	<u>117,663</u>	<u>294,151</u>	<u>266,412</u>
<b>CURRENT ASSETS</b>					
Stocks	18	5,186	5,449	-	-
Debtors – due within one year	19	5,108	36,160	14,073	27,133
Debtors – due after more than one year	19	551	6	40	-
Current asset investments	20	63,390	73,475	25,242	-
Cash at bank and in hand		34,278	14,588	24,857	11,725
		<u>108,513</u>	<u>129,678</u>	<u>64,212</u>	<u>38,858</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	21	<u>(5,042)</u>	<u>(5,929)</u>	<u>(117,088)</u>	<u>(56,167)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>103,471</u>	<u>123,749</u>	<u>(52,876)</u>	<u>(17,309)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>218,880</u>	<u>241,412</u>	<u>241,275</u>	<u>249,103</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	22	<u>(3,679)</u>	<u>(837)</u>	<u>(1,790)</u>	<u>-</u>
<b>PROVISIONS FOR LIABILITIES</b>	24	<u>(515)</u>	<u>(6,006)</u>	<u>(235)</u>	<u>(2,969)</u>
<b>NET ASSETS</b>		<u>214,606</u>	<u>234,569</u>	<u>239,250</u>	<u>246,134</u>
<b>CAPITAL AND RESERVES</b>					
Called-up share capital	27	55,937	55,937	55,937	55,937
Share premium account	27	162,747	162,747	162,747	162,747
Investment revaluation reserve	27	2,930	3,822	-	-
Merger capital reserve	27	14,114	11,461	14,114	11,461
Profit and loss account		(22,353)	579	6,452	15,989
<b>SHAREHOLDERS' FUNDS</b>		<u>213,375</u>	<u>234,546</u>	<u>239,250</u>	<u>246,134</u>
<b>NON-CONTROLLING INTEREST</b>		<u>1,231</u>	<u>23</u>	<u>-</u>	<u>-</u>
<b>TOTAL CAPITAL EMPLOYED</b>		<u>214,606</u>	<u>234,569</u>	<u>239,250</u>	<u>246,134</u>

The loss for the financial year dealt with in the financial statements of the parent Company was £6,726,000 (2016 – profit of £6,313,000).

These financial statements of Wheatsheaf Group Limited, with company registration number 3221116, were approved by the Board of Directors on 6 June 2018.

Signed on behalf of the Board of Directors



**Anthony W S James**  
Director

**WHEATSHEAF GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**As at 31 December 2017**

Equity attributable to equity shareholders of the Company

	Called-up share capital £'000	Share premium account £'000	Investment revaluation reserve £'000	Merger capital reserve £'000	Profit and loss account £'000	Total £'000	Non- controlling interest £'000	Total £'000
<b>At 1 January 2016</b>	16,790	17,120	146	16,723	(1,739)	49,040	13	49,053
Loss for the financial year	-	-	-	-	(1,525)	(1,525)	10	(1,515)
Currency translation difference on foreign currency net investments	-	-	3,676	-	-	3,676	-	3,676
Re-measurement of net defined benefit liability	-	-	-	-	(1,571)	(1,571)	-	(1,571)
Movement in deferred tax relating to pension	-	-	-	-	152	152	-	152
<b>Total comprehensive income/(expense)</b>	-	-	3,676	-	(2,944)	732	10	742
Issue of shares	8,686	32,314	-	-	-	41,000	-	41,000
Share package in exchange for subsidiary	30,461	113,313	-	-	-	143,774	-	143,774
Transfer between reserves	-	-	-	(5,262)	5,262	-	-	-
<b>At 31 December 2016</b>	<u>55,937</u>	<u>162,747</u>	<u>3,822</u>	<u>11,461</u>	<u>579</u>	<u>234,546</u>	<u>23</u>	<u>234,569</u>
Loss for the financial year	-	-	-	-	(25,383)	(25,383)	(34)	(25,417)
Currency translation difference on foreign currency net investments	-	-	(1,470)	-	(292)	(1,762)	-	(1,762)
Re-measurement of net defined benefit liability	-	-	-	-	1,400	1,400	-	1,400
Movement in deferred tax relating to pension	-	-	-	-	(238)	(238)	-	(238)
Gain on revaluation of fixed assets	-	-	-	-	375	375	-	375
<b>Total comprehensive expense</b>	-	-	(1,470)	-	(24,138)	(25,608)	(34)	(25,642)
Remeasurement of equity attributable to shareholders	-	-	-	-	(207)	(207)	(7)	(214)
Non-distributable investment gain (note 16 and 17)	-	-	-	-	4,644	4,644	-	4,644
Acquisition of subsidiary	-	-	-	-	-	-	1,249	1,249
Transfer between reserves	-	-	578	2,653	(3,231)	-	-	-
<b>At 31 December 2017</b>	<u>55,937</u>	<u>162,747</u>	<u>2,930</u>	<u>14,114</u>	<u>(22,353)</u>	<u>213,375</u>	<u>1,231</u>	<u>214,606</u>



**WHEATSHEAF GROUP LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**As at 31 December 2017**

	<b>Called-up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Merger capital reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 1 January 2016</b>	16,790	17,120	16,723	4,414	55,047
Profit for the financial year	-	-	-	6,313	6,313
<b>Total comprehensive income</b>	-	-	-	6,313	6,313
Transfer between reserves	-	-	(5,262)	5,262	-
Issue of share capital	39,147	145,627	-	-	184,774
<b>At 31 December 2016</b>	<u>55,937</u>	<u>162,747</u>	<u>11,461</u>	<u>15,989</u>	<u>246,134</u>
Loss for the financial year	-	-	-	(6,726)	(6,726)
Re-measurement of net defined benefit liability	-	-	-	(190)	(190)
Movement in deferred tax relating to pension	-	-	-	32	32
<b>Total comprehensive expense</b>	-	-	-	(6,884)	(6,884)
Transfer between reserves	-	-	2,653	(2,653)	-
<b>At 31 December 2017</b>	<u>55,937</u>	<u>162,747</u>	<u>14,114</u>	<u>6,452</u>	<u>239,250</u>

**WHEATSHEAF GROUP LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 2017**

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Net cash flows from operating activities</b>	28		(7,218)		(2,679)
<b>Cash flows from investing activities</b>					
Proceeds from sale of tangible and intangible fixed assets		738		440	
Purchase of intangible fixed asset		(839)		(169)	
Purchase of tangible fixed asset		(3,705)		(4,026)	
Interest received		456		946	
Acquisition of investment in joint ventures		(2,050)		(16,339)	
Loan repayments from joint ventures		130		96	
Acquisition of investment in associates		(4,502)		(7,325)	
Loan repayments from associates		11		36	
Disposal of subsidiary undertaking		9,212		-	
Cash disposed with subsidiary undertakings		(951)		-	
Purchases of fixed asset investments		(3,287)		(3,907)	
Investment in trade and assets		(8,471)		-	
Acquisition of subsidiary undertaking		(158)		(878)	
Cash acquired with subsidiary undertakings		376		67,208	
Cash receipts from repayment of loans made to other parties		29,608		9,885	
<b>Net cash flows from investing activities</b>			16,568		45,967
<b>Cash flows from financing activities</b>					
Interest paid		(43)		(392)	
Repayments of borrowings		(77)		(55)	
Movement on obligations under finance leases		(28)		(5)	
Proceeds on issue of shares		-		41,000	
<b>Net cash flows from financing activities</b>			(148)		40,548
<b>Taxation</b>					
Taxation received/(paid)			403		(263)
<b>Net increase in cash and cash equivalents</b>			9,605		83,573
<b>Cash and cash equivalents at beginning of year</b>			88,063		4,490
<b>Cash and cash equivalents at end of year</b>			97,668		88,063
<b>Reconciliation to cash at bank and in hand:</b>					
Cash at bank and in hand			34,278		14,588
Cash equivalents			63,390		73,475
<b>Cash and cash equivalents</b>			97,668		88,063

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the previous year.

**a. General information and basis of accounting**

WheatSheaf Group Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2016 and is registered in England and Wales. The address of the registered office is shown on page 1.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 2 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of WheatSheaf Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

WheatSheaf Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

For the year ending 31 December 2017 the following subsidiaries of the Company were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

<i>Subsidiary Name</i>	<i>Companies House Registration Number</i>
Deva Group Limited	3671671
Grosvenor Green Energy Limited	4056262
WheatSheaf Group Finance Company	8293769
WIL FINCO	5496464

**b. Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**c. Going concern**

The financial statements have been prepared using the going concern basis of accounting.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

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

**d. Intangible assets – goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which varies between 5 and 10 years depending on the type of business invested in to. Provision is made for any impairment.

**e. Intangible assets**

Intangible fixed assets are stated at cost less aggregate amortisation, and provision for impairment, and are amortised on a straight-line basis so as to spread their cost over their expected useful economic lives, being three to five years for internally generated software and 10 years for licences.

Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date.

**f. Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is provided at the following annual rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life or, if held under a finance lease, over the lease term, whichever is shorter.

Freehold property	- 2%
Leasehold property and improvements	- 2-10%
Plant and equipment	- 4-50%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Depreciation is not provided on assets under the course of construction or freehold land.

Biological assets are measured using the cost model. The assets at year end comprise a dairy herd, representing cows used for milk production, the components of which are depreciated on a straight-line basis to write off the asset over the expected useful life of 3.5 years, with a residual value of £500.

**g. Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

*Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

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

**g. Financial instruments (continued)**

*(i) Financial assets and liabilities (continued)*

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

*(ii) Investments*

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Company balance sheet, investments (including investments in associates and jointly controlled entities) are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued plus fair value of other consideration. Any premium is ignored.

*(iii) Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

*(iv) Convertible loan notes*

On initial recognition the loan receivable is recorded at its fair value. At the date of issue, in the case of a convertible loan denominated in the functional currency of the issuer that may be converted into a fixed number of equity shares, the fair value of the loan is estimated using the prevailing market interest rate for a similar non-convertible instrument. The fair value of the loan receivable is revalued at each reporting date and the fair value adjustment is recognised through profit or loss.

*(v) Derivative financial instruments*

The Group has financial derivatives that relate to its investment activities. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

*(vi) Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

**h. Associates and jointly controlled entities**

In the Group financial statements investments in associates and jointly controlled entities are accounted for using the equity method. Investments are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the investment. Goodwill arising on the acquisition is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment.

In the Company financial statements investments in associates and jointly controlled entities are accounted for at cost less impairment.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

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

**i. Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of production overheads. Cost is calculated using a standard costing or FIFO (first-in, first-out) method. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

**j. Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

*Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGU') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

*Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**k. Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

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

**k. Taxation (continued)**

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (not payable) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be recovered (not payable) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**l. Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

**m. Dividend and interest revenue**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**n. Research and development expenditure**

Expenditure on development is amortised over 3-5 years where the directors are satisfied as to the technical, commercial and financial viability of individual projects. Otherwise the development expenditure, along with research expenditure, is charged to the profit and loss account as incurred.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

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

**o. Employee benefits**

Defined benefit scheme

WheatSheaf Group Limited participates in a defined benefit plan that shares risks between entities under common control. A stated policy is in place for charging the net defined benefit cost of the defined benefit plan, as a whole measured in accordance with FRS 102, to individual group entities. FRS 102 requires that the Group recognises the net defined benefit cost of the defined benefit plan so charged.

The amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Defined contribution schemes

The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

**p. Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity in the investment revaluation reserve.

**q. Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

**r. Leases**

*The Group as lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.



**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

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

**r. Leases (continued)**

*The Group as lessee*

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

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

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Business combinations – critical judgement**

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the profit and loss account.

**Impairment of goodwill and investments – key source of estimation uncertainty**

Goodwill and investments are tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may exceed the recoverable amount, for example due to changes in technological, market, economic or legal environments or a deterioration in the economic performance of the asset.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £10,501,000.

In assessing whether the investment carrying values are impaired the net assets of the investment and the business plans for each company are considered. The Group performs impairment reviews when required using a projection of cash flows based upon industry growth expectations and a suitable discount rate. For the two impairment review valuations performed for 2017, terminal growth rates of 2-3% have been used and discount rates applied range between 20-25%.

**Derivative financial assets – key source of estimation uncertainty**

Determining the fair value of derivative financial assets requires the use of the Black Scholes model for valuing options. This volatility rate used is subjective for private companies; in determining the appropriate rate comparable volatility rates for listed companies have been used. The fair value of the derivative relating to equity investments is valued by determining the financial impact for each of the differing outcomes, assigning a probability to each outcome and summing the products of the probability and the financial impact.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**3. TURNOVER**

An analysis of the Group's turnover by class of business is set out below:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover:</b>		
Farming and breeding products	18,994	21,440
Food safety	969	-
Construction material	3,139	-
Software development	369	299
	<u>23,471</u>	<u>21,739</u>

An analysis of the Group's turnover by geographical market is set out below:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	16,441	14,780
Rest of Europe	1,945	3,434
North America	3,709	2,045
Australia	602	480
Rest of the world	774	1,000
	<u>23,471</u>	<u>21,739</u>

An analysis of the Group's turnover is as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Sale of goods	20,313	18,736
Rendering of services	2,083	2,334
Rental income	65	52
Government subsidies	643	541
Franchise fee	327	-
Other	40	76
	<u>23,471</u>	<u>21,739</u>

Government subsidies represent amounts received in respect of the Single Payment Scheme which is the main agricultural subsidy scheme in the EU. The Group has not directly benefited from any other forms of government assistance.

**4. FINANCE INCOME/(COSTS) (NET)**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable and similar charges	(43)	(392)
Investment income	791	954
Other finance income	117	57
	<u>865</u>	<u>619</u>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**4. FINANCE INCOME/(COSTS) (NET) (continued)**

**Investment income**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Income from fixed asset investments:		
Loans receivable from group undertakings	350	706
Other loans receivable	27	-
Other investments	-	31
Other interest receivable and similar income	414	217
	<u>791</u>	<u>954</u>

**Interest payable and similar charges**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Loan interest	<u>(43)</u>	<u>(392)</u>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**5. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of goodwill and other intangibles (note 10)	756	505
Depreciation of tangible fixed assets (note 11)	2,172	2,380
Impairment of goodwill	-	212
Loss/(profit) on disposal of fixed assets	80	(101)
Profit on derecognition of associate	917	-
Profit on disposal of operations	877	-
Operating lease rentals	1,137	748
Rents receivable	476	450
Foreign exchange gains	(285)	(2,801)
Fair value losses/(gains) on listed investments	9,059	(14,008)
Fair value gains on other assets held at fair value	(1,315)	(3,247)
Cost of stock recognised as an expense	7,927	7,144
Research and development	458	-
Government grants	77	113
	<u>          </u>	<u>          </u>

Amortisation and impairment of intangible assets, including goodwill, is included in administrative expenses.

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	96	66
Fees payable to the Company's auditor and its associates for other services to the Group:		
The audit of the Company's subsidiaries	23	63
Total audit fees	<u>119</u>	<u>129</u>
Non-audit fees:		
Other assurance work	<u>-</u>	<u>3</u>

Fees payable to the Company's auditor and its associates for non-audit services to the Company are not required to be disclosed because the consolidated statements are required to disclose such fees on a consolidated basis.

No services were provided pursuant to contingent fee arrangements.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**6. STAFF NUMBERS AND COSTS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Employee costs during the year, including executive directors:				
Wages and salaries	11,579	9,975	3,297	2,199
Social security costs	1,215	1,136	260	266
Pension costs included within operating costs:				
Defined benefit schemes	699	399	46	106
Defined contribution schemes (note 30)	335	194	131	31
	<u>13,828</u>	<u>11,704</u>	<u>3,734</u>	<u>2,602</u>
	<b>Group</b>		<b>Company</b>	
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Average number of employees by business, including directors:				
Farming and breeding products	197	221	-	-
Manufacturing	114	-	-	-
Holding companies	20	19	19	19
	<u>331</u>	<u>240</u>	<u>19</u>	<u>19</u>

**7. DIRECTORS' REMUNERATION**

	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>Total</b>	<b>Highest paid director</b>	<b>Total</b>	<b>Highest paid director</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Emoluments	1,008	549	678	529
Company contributions to money purchase pension schemes	46	10	47	32
Sums paid to third parties in respect of directors' services	102	-	59	-
	<u>1,156</u>	<u>559</u>	<u>784</u>	<u>561</u>
			<b>2017</b>	<b>2016</b>
			<b>Number</b>	<b>Number</b>
Number of Directors who are members of the defined benefit and defined contribution pension schemes			<u>3</u>	<u>3</u>

The accrued pension entitlement of the highest paid director under the defined benefit scheme was £9,475 (2016 - £4,618). There is no accrued lump sum.

Certain directors are remunerated for their services across the Grosvenor Estate by The Fourth Duke of Westminster's 1964 Trust or receive a Trustee Fee. For directors remunerated by a Grosvenor Trust it is not practical to allocate the remuneration of the directors between their services as directors of WheatSheaf Group Limited and their services as directors of other entities (2016 – same).

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**8. TAX ON (LOSS)/PROFIT**

The tax (credit)/charge comprises:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax on (loss)/profit</b>		
UK corporation tax	(7)	-
Overseas tax	(460)	40
Adjustments in respect of prior periods	(18)	(2)
<b>Total current tax</b>	<u>(485)</u>	<u>38</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(5,116)	2,127
Effect of decrease in tax rate on opening liability	496	257
Adjustments in respect of prior years	87	228
<b>Total deferred tax (see note 23)</b>	<u>(4,533)</u>	<u>2,612</u>
 Share of tax charge of jointly controlled entities:		
Current tax	<u>22</u>	<u>7</u>
	<u>22</u>	<u>7</u>
 <b>Total tax on (loss)/profit</b>	<u><u>(4,996)</u></u>	<u><u>2,657</u></u>

The difference between the total tax (credit)/charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group (loss)/profit before tax</b>	<u>(30,413)</u>	<u>1,142</u>
Tax on Group (loss)/profit at standard UK corporation tax rate of 19.25% (2016 - 20%):	(5,855)	228
Unprovided deferred tax movements	1,870	553
Expenditure not qualifying for tax purposes	1,362	648
Non-taxable dividend income	(78)	(48)
Share of results of associates and jointly controlled entities	3,138	1,732
Profit on disposal of subsidiary	(345)	-
Tax rate changes	496	(257)
Adjustments in respect of prior years	69	(230)
Effect of foreign tax rates	-	31
Release of deferred tax – change in tax laws	(5,141)	-
Overseas tax credit	(460)	-
Enhanced R&D deduction	(52)	-
<b>Group total tax (credit)/charge for year</b>	<u><u>(4,996)</u></u>	<u><u>2,657</u></u>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

**Factors that may affect the future tax charge**

A total deferred tax asset of £2,458,000 (2016 - £1,881,000) has not been recognised in respect of timing differences relating to fixed assets of £nil (2016 - £42,000), losses carried forward of £1,842,000 (2016 - £1,654,000) and short term timing differences of £616,000 (2016 - £269,000) as there is insufficient evidence that the asset will be recovered.

On 1 April 2017, the UK corporate tax rate was reduced from 20% to 19%. From 1 April 2020, the UK corporation tax rate will reduce further to 17% (Finance Act 2016).

A current tax rate of 19.25% has been applied to the year ended 31 December 2017 (2016 - 20%). A deferred tax rate of 17% has been applied to opening balances and movements in deferred tax in the year ended 31 December 2017 (2016 - 17%). To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax liability will be £496,000.

The release in deferred tax relates to previously booked deferred tax on the fair value adjustments of shares, which qualify for substantial shareholdings exemption from 1 April 2017, following the changes to substantial shareholdings exemption qualification which were enacted in the Finance (No.2) Act 2017.

**9. PROFIT ATTRIBUTABLE TO THE COMPANY**

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The loss attributable to the Company is disclosed in the footnote to the balance sheets.

**10. INTANGIBLE FIXED ASSETS - GROUP**

	<b>Goodwill £'000</b>	<b>Milk quota £'000</b>	<b>Licences £'000</b>	<b>Software £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 January 2017	3,639	2,005	456	126	6,226
Additions	9,798	-	20	819	10,637
Acquisition of undertakings	-	-	308	45	353
Disposals	-	-	-	(56)	(56)
Disposal of subsidiary undertaking	(2,121)	-	(456)	-	(2,577)
At 31 December 2017	11,316	2,005	328	934	14,583
<b>Amortisation</b>					
At 1 January 2017	1,053	2,005	404	39	3,501
Charge for the year	651	-	34	71	756
Acquisition of undertakings	-	-	167	-	167
Disposals	-	-	-	(22)	(22)
Disposal of subsidiary undertaking	(889)	-	(426)	-	(1,315)
At 31 December 2017	815	2,005	179	88	3,087
<b>Net book value</b>					
At 31 December 2017	10,501	-	149	846	11,496
At 31 December 2016	2,586	-	52	87	2,725

The Company does not hold any intangible fixed assets.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**11. TANGIBLE FIXED ASSETS**

Group	Land and buildings £'000	Leasehold property and improvements £'000	Plant and equipment £'000	Dairy herd and bulls* £'000	Asset under construction £'000	Total £'000
<b>Cost or valuation</b>						
At 1 January 2017	1,604	8,243	12,479	4,485	17	26,828
Additions	8	-	1,301	1,179	1,434	3,922
Acquisition of undertakings	2,240	27	1,102	-	-	3,369
Revaluation	375	-	-	-	-	375
Re-categorisation	-	1,045	394	-	(1,439)	-
Exchange adjustments	(17)	-	(31)	(2)	-	(50)
Disposals	-	-	(256)	(1,403)	-	(1,659)
Disposal of subsidiary	(1,970)	(753)	(6,125)	(2,026)	-	(10,874)
At 31 December 2017	2,240	8,562	8,864	2,233	12	21,911
<b>Depreciation</b>						
At 1 January 2017	535	1,529	6,931	1,199	-	10,194
Charge for the year	69	212	1,109	782	-	2,172
Acquisition of undertakings	224	-	663	-	-	887
Exchange adjustments	(7)	-	(18)	(1)	-	(26)
Disposals	-	-	(221)	(654)	-	(875)
Disposal of subsidiary	(575)	(375)	(4,690)	(989)	-	(6,629)
At 31 December 2017	246	1,366	3,774	337	-	5,723
<b>Net book value</b>						
At 31 December 2017	1,994	7,196	5,090	1,896	12	16,188
At 31 December 2016	1,069	6,714	5,548	3,286	17	16,634

Included in plant and equipment are assets held under hire purchase contracts having a net book value of £253,000 (2016 – £12,000).

Included within land and buildings is land which has a cost of £300,000 and is not depreciated.

\* Biological assets



**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**11. TANGIBLE FIXED ASSETS (continued)**

<b>Company</b>	<b>Plant and equipment</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 January 2017	319
Additions	63
	<hr/>
At 31 December 2017	382
	<hr/>
<b>Depreciation</b>	
At 1 January 2017	148
Charge for the year	86
	<hr/>
31 December 2017	234
	<hr/>
<b>Net book value</b>	
At 31 December 2017	148
	<hr/>
At 31 December 2016	171
	<hr/>

**12. SUBSIDIARY UNDERTAKINGS**

<b>Company</b>	<b>£'000</b>
<b>Shares at cost</b>	
At 1 January 2017	206,625
Additions	28,896
	<hr/>
At 31 December 2017	235,521
	<hr/>
<b>Provisions for impairment</b>	
At 1 January 2017	20,085
Decrease in provision	(2,653)
	<hr/>
At 31 December 2017	17,432
	<hr/>
<b>Net book value</b>	
At 31 December 2017	218,089
	<hr/>
At 31 December 2016	186,540
	<hr/>

Consistent with previous years, the directors have reviewed the carrying value of the investments held by Wheatsheaf Group Limited and considered whether any investments in subsidiaries are impaired by reference to the recoverable amounts.

A release of the provision of £2,653,000 against the investment in Deva Group Limited has been made (2016 – provision of £5,262,000) in line with the consolidated net assets of the Deva Group Limited sub-group.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**12. SUBSIDIARY UNDERTAKINGS (continued)**

The parent Company and the Group have investments in the following subsidiary undertakings.

	<b>Principal activity</b>	<b>Registered Office</b>	<b>% Owned</b>
Deva Group Limited *+	Holding company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
Grosvenor Farms Limited	Farming	Aldford Hall Farm, Chester Road, Aldford, England CH3 6HJ	100
FarmWizard Limited	Software development	54 Elmwood Avenue, Belfast, Northern Island BT9 6AZ	85
Wheatsheaf Group US Inc. * **	Holding company	1679 S. Dupont Hwy., Suite 100, Dover, Kent, DE 19901, United States	100
WGUS FS LLC ***	Development of sterilisation techniques	9E Loockerman Street, Suite 311, Dover, Kent, DE 19901, United States	88.9
Deva Developments Limited *	Software development	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
David Ball Group Limited*	Innovation led construction materials manufacturer & supplier	Wellington Way, Bourn Airfield, Cambridge, England, CB23 2TQ	54.8
Cogent Holdings Inc.* **	Bovine genetics	80383 North Highway 395, Suite B, Hermiston Oregon OR97838	100
Cogent IVF LLC ***	Bovine genetics	80383 North Highway 395, Suite B, Hermiston Oregon OR97838	100
Wheatsheaf Group Finance Company*+	Holding company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
WIL Finco +	Non trading	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
Wheatsheaf Group Canada Limited * **	Holding company	c/o Blake, Cassels & Graydon LLP, 855 – 2 <sup>nd</sup> Street S.W, Suite 3500, Calgary, Canada	100
Grosvenor Green Energy Limited *+	Holding company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
Deva US Inc. **	Holding company	2711 Centerville Road, Suite 400, Wilmington, DE 19808, United States	100
Wheatsheaf Investment Management Limited *	Dormant company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
Wheatsheaf Developments	Dormant company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
Wheatsheaf Investments Limited	Dormant company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
Grosvenor Garden Centre Limited	Dormant company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100
Deva Holdings	Dormant company	The Quarry, Hill Road, Eccleston, Chester, England CH4 9HQ	100

Each of the above companies is indirectly owned unless marked with an asterisk to signify that it is directly held. All interests are in the form of ordinary shares, with the exception of \*\* where the interest is in the form of common shares and \*\*\* where the interest is in the form of a membership interest.

+ These subsidiaries have taken advantage of an exemption from audit under Section 479A of the Companies Act 2006. As the ultimate parent, Wheatsheaf Group Limited has provided a statutory guarantee for any outstanding liabilities of this business. All subsidiary undertakings have been included in the consolidation.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**13. ACQUISITIONS**

**Acquisition of subsidiary undertakings**

David Ball Group Limited became a subsidiary of the Company on 23 June 2017 when the Company acquired 110,480 additional shares in David Ball Group Limited, an innovation led construction materials manufacturer and supplier, taking its shareholding in David Ball Group Limited to 54.8%. These shares were issued to the Company pursuant to an investment agreement made 24 February 2015 requiring the issue of further shares at nil price. The fair value of the total consideration for the shares held is considered to be the cost of the original interest plus the fair value of the equity instrument at 23 June 2017. The useful life of goodwill on acquisition is 10 years. Acquisitions are accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	<b>Book value and fair value to Group £'000</b>
<b>Fixed assets</b>	
Intangible	141
Tangible	2,326
<b>Current assets</b>	
Stock	241
Trade & other debtors	2,060
Cash	376
<b>Total assets</b>	<u>5,144</u>
<b>Creditors</b>	
Bank loans	(552)
Trade & other creditors	(1,129)
Unsecured loan notes	(700)
<b>Total liabilities</b>	<u>(2,381)</u>
<b>Net assets</b>	<u>2,763</u>
Non-controlling interest	(1,249)
Goodwill	2,961
	<u>4,475</u>
<b>Satisfied by</b>	
Shares purchased*	2,571
Equity instrument	1,904
	<u>4,475</u>

\* Previously treated as an associate

In the period ended 31 December 2017, turnover of £3,139,000 and profit of £660,000 was included in the consolidated profit and loss account in respect of David Ball Group Limited since the acquisition date and a gain of £917,000 has been recognised in respect to the remeasurement of the existing interest held.

On 13 June 2017, the Group acquired a further 10% interest in the shares of FarmWizard Limited for £158,000, taking its total interest to 85% at 31 December 2017.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**13. ACQUISITIONS (continued)**

**Acquisition of subsidiary undertakings (continued)**

On 22 September 2017 the Company acquired from Cogent Breeding Limited, formerly a subsidiary company, 100% of the shares in Cogent Holdings Inc, a dormant holding company, which holds 100% of the members interests in Cogent IVF LLC, a bovine genetics company. The consideration of £1,148,000 was utilised to part settle an intercompany loan balance with Cogent Breeding Limited.

The Company invested a further £23,273,000 in Wheatsheaf Group US Inc. during the year upon capitalising an intragroup debt. The Company owns 100% of the ordinary share capital of Wheatsheaf Group US Inc.

**Acquisition of trade and assets**

On 22 September 2017 the Group acquired the business and assets of Ozone International LLC, a company whose primary activity is the development of sterilisation techniques in North America, for consideration comprising £8,471,000. The fair value of the assets acquired £1,634,000. The useful life of goodwill on acquisition is 10 years. Acquisitions are accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	<b>Book value and fair value to Group £'000</b>
<b>Fixed assets</b>	
Tangible	156
Intangible	45
<b>Current assets</b>	
Stock	1,507
Trade & other debtors	93
<b>Total assets</b>	<u>1,801</u>
<b>Creditors</b>	
Trade & other creditors	<u>(167)</u>
<b>Total liabilities</b>	<u>(167)</u>
<b>Net assets</b>	<u>1,634</u>
Goodwill	<u>6,837</u>
	<u>8,471</u>
<b>Satisfied by</b>	
Cash consideration	<u>8,471</u>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**14. SALE OF SUBSIDIARY UNDERTAKING**

On 5 October 2017 the Group sold 76% of its interest in the ordinary share capital of Cogent Breeding Limited, which itself holds 100% of the share capital of Cogent Canada Corp. The loss of Cogent Breeding Limited up to the date of disposal was £1,267,000, and for its last financial year was a loss of £4,653,000. The loss of Cogent Canada Corp. up to the date of disposal was CA \$227,000, and for its last financial year was a profit of CA \$405,000.

Net assets disposed of and the related sale proceeds were as follows:

	<b>£'000</b>
Fixed assets	4,275
Current assets	7,385
Creditors	(1,925)
<b>Net assets</b>	<b>9,735</b>
Related goodwill	1,232
	<b>10,967</b>
Retained as an associate	(2,632)
Profit on sale	877
	<b>9,212</b>
<b>Sale proceeds net of costs</b>	<b>9,212</b>
Satisfied by:	
Cash and cash equivalents	9,212
Net cash inflows in respect of the sale comprised:	
Cash and cash equivalents	9,212
Less: cash and cash equivalents disposed of	(951)
	<b>8,261</b>

There were no disposals of subsidiaries in 2016. The profit on sale is included in the results of discontinued operations.

**WHEAT SHEAF GROUP LIMITED**

## 15. OTHER FIXED ASSET INVESTMENTS

	Group			Company				
	Listed investments £000	Other investments £000	Loans £000	Total £000	Listed Investments £000	Other investments £000	Loans £000	Total £000
Carrying amount before impairment								
At 1 January 2017	39,101	12,563	2,570	54,234	39,101	6,862	-	45,963
Additions	-	2,601	800	3,401	-	747	-	747
Adjustment for the fair value of listed and other investments	(9,059)	247	-	(8,812)	(9,059)	359	-	(8,700)
Exchange movements	-	(76)	-	(76)	-	-	-	-
At 31 December 2017	30,042	15,335	3,370	48,747	30,042	7,968	-	38,010

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**15. OTHER FIXED ASSET INVESTMENT (continued)**

The other investments are detailed below:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Principal activity</b>	<b>Holding</b>	<b>% Owned</b>
Gilkes Hydro Investments Limited	UK	Hydro power electricity generation	Ordinary shares	12.6
Goldeneye Renewables limited	UK	Hydro power electricity generation	B shares	12.3
Goshawk Energy Limited	UK	Hydro power electricity generation	B shares	11.8
Guillemot Green Energy Limited	UK	Hydro power electricity generation	B shares	3.9
Mulard Renewables Limited	UK	Hydro power electricity generation	B shares	5.0
Nightjar Sustainable Power Limited	UK	Hydro power electricity generation	B shares	7.8
Osprey Green Power Limited	UK	Hydro power electricity generation	B shares	11.8
Redstart Renewables Limited	UK	Hydro power electricity generation	B shares	11.5
Torrential Potential Limited	UK	Hydro power electricity generation	Ordinary shares	10.0
Benchmark Holdings Plc*	UK	Producer of animal health products and vaccines, veterinary and diagnostic services	Ordinary shares	1.9
AKVA*	Norway	Capital equipment and services provider to the aquaculture industry	Ordinary shares	15.1
Origin, Inc.*	USA	Life sciences business that develops and supplies medical devices for the treatment of infection and tissue regeneration therapy	Ordinary shares	2.4
Shared-X LLC	USA	Business that implements advanced farming practices in developing countries	Series C preference shares	3.7
Zouk REEIF II Fund	UK	Renewable energy and environmental infrastructure fund	Fund	n/a

Each of the above companies is indirectly owned unless marked with an asterisk to signify that it is directly held.

During the year the Company invested €850,000 into Zouk. The Company has signed an agreement to invest a total of €10,000,000 into the REEIF II fund. At 31 December 2017 the Company had invested €5,700,000 into the REEIFII fund (2016 - €4,850,000).

Listed investments represent investments in non-puttable ordinary shares. The fair value of listed investments was determined with reference to the quoted market price at the reporting date. The cost of the shares on acquisition was £17,026,000.

Other investments are held at either fair value or at cost less impairment because their fair value cannot be measured reliably. Fair value is determined by the price of a recent transaction. If this is not available fair value is determined by calculating the net present value of the future cash flows anticipated using an appropriate discount rate.

Loans receivable constitute financing transactions and are measured at the present value of the future cash flows, discounted at a market rate of interest.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**16. ASSOCIATES**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>	<b>Company 2017 £'000</b>	<b>Company 2016 £'000</b>
Share of net assets / cost	6,811	4,182	20,704	20,542
Provision for impairment	-	-	-	(507)
Loans to associates	4,724	3,381	4,672	3,328
Goodwill	9,144	13,911	-	-
<b>Net book value</b>	<b>20,679</b>	<b>21,474</b>	<b>25,376</b>	<b>23,363</b>

The associates are detailed below:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Principal Activity</b>	<b>Registered Office</b>	<b>Share Class</b>	<b>Share- holding</b>
Gilkes Energy (Ederline Hydro) Limited	Scotland	Hydro electric company	15 Atholl Crescent, Edinburgh, Scotland EH3 8HA	Ordinary	25%
Ostara Nutrient Recovery Technologies Inc	Canada	Development and provision of nutrient recovery solutions to the waste water industry	690 – 1199 West Pender Street, Vancouver, British Columbia, Canada V6E 2R1	Series 3 and 4 preferred shares	26.8%
Global Fresh Foods Limited	England	Provider of controlled environment logistics solutions for the transport of fresh proteins	Suite 1, 3 <sup>rd</sup> Floor 11- 12 St James' Square, London, England, SW1Y 4LB	Series C preferred share	27.5%
Ozo Innovations Limited	England	Development of sterilisation techniques	29 Chancerygate Business Centre, Langford Lane, Killington, Oxford, England, OX5 1FQ	Ordinary shares and A ordinary shares	45%
Dream Holdings, Inc (formerly Just Greens LLC)	USA	Indoor vertical farming	2711 Centerville Road, Suite 400, New Castle County, Wilmington, Delaware, USA, 19808	Common shares, series C preferred shares and series D preferred shares	16.9%
Cogent Breeding Limited	England	Bovine genetics	Beachin Stud, Lea Lane, Aldford, Chester, England, CH3 6JQ	Ordinary	24%
Cogent Canada Corp.	Canada	Bovine genetics	7970 Perth Road, 147, R.R. #4, Listowel, Ontario, Canada	Common shares	24%



**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**16. ASSOCIATES (continued)**

The following information is given in respect of the share of associate investments.

	<b>Group £'000</b>	<b>Company £'000</b>
<b>Share of net assets / cost</b>		
At 1 January 2017	4,182	20,542
Additions	2,225	4,637
Share of funding from new investors	4,130	-
Share of retained loss for the year	(5,219)	-
Transfer to subsidiary undertakings	(809)	(4,475)
Transfer from subsidiary undertakings	2,632	-
Exchange movements	(324)	-
Adjustment	(6)	-
At 31 December 2017	<u>6,811</u>	<u>20,704</u>
<b>Provision for impairment (for Company)</b>		
At 1 January 2017		507
Release of provision		(507)
At 31 December 2017		<u>-</u>
<b>Loan</b>		
At 1 January 2017	3,381	3,328
Addition	2,504	2,501
Repayments	(1,325)	(1,315)
Change in value of loans receivable measured at fair value	158	158
Adjustment	6	-
At 31 December 2017	<u>4,724</u>	<u>4,672</u>
<b>Goodwill</b>		
At 1 January 2017	13,911	
Addition	1,297	
Amortisation	(4,303)	
Transfer to subsidiary undertakings	(846)	
Exchange movements	(915)	
At 31 December 2017	<u>9,144</u>	
<b>Net book value</b>		
At 31 December 2017	<u>20,679</u>	<u>25,376</u>
At 31 December 2016	<u>21,474</u>	<u>23,363</u>

The share of results of associates reported in the profit and loss account includes the share of retained loss for the period and the amortisation and impairment of goodwill. Provision for impairment against the Group's investment in associates at 31 December 2017 was a credit of £507,000 (2016 – debit of £222,000).

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**17. JOINTLY CONTROLLED ENTITIES**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>	<b>Company 2017 £'000</b>	<b>Company 2016 £'000</b>
Share of net assets/cost	5,361	7,709	10,502	9,157
Loans to joint ventures	2,290	1,608	2,026	1,218
Goodwill	10,568	13,279	-	-
<b>Net book value</b>	<b>18,219</b>	<b>22,596</b>	<b>12,528</b>	<b>10,375</b>

The jointly controlled entities are detailed below:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Principal Activity</b>	<b>Registered Office</b>	<b>Share Class</b>	<b>Shareholding</b>
Merkland and Reay Forest Hydro Limited	Scotland	Hydro electric company	4 <sup>th</sup> Floor, 115 George Street, Edinburgh, Scotland, EH2 4JN	Ordinary	50%
Tatra Holdings Limited	British Virgin Islands	Holding company	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Series B non- redeemable preference	31.2%
Enterra Feed Corporation	Canada	Producer of insect larvae protein and organic fertilisers through the recycling of pre consumer food waste	Suite 2600 – 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X1	Preferred A, B and C shares	37%
Growsafe Systems Ltd	Canada	Development of optimum bovine feeding systems	4000, 421 – 7 <sup>th</sup> Ave SW, Calgary, Alberta, Canada, T2P 4K9	Class A Common	48.2%
OWS Agri Ltd	England	Development of improved disease and pathogen control in food production.	201 Temple Chambers, 3-7 Temple Avenue, London, England, EC4Y 0DT	B ordinary shares	50%

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**17. JOINTLY CONTROLLED ENTITIES (continued)**

The following information is given in respect of the share of joint venture investments.

	<b>Group</b> <b>£'000</b>	<b>Company</b> <b>£'000</b>
<b>Share of net assets / cost</b>		
At 1 January 2017	7,709	9,157
Addition	942	1,345
Share of funding	514	-
Share of retained loss for the year	(3,806)	-
Exchange movements	2	-
	<hr/>	<hr/>
At 31 December 2017	5,361	10,502
	<hr/>	<hr/>
<b>Loan</b>		
At 1 January 2017	1,608	1,218
Addition	830	826
Loan repayment	(130)	-
Exchange movements	(18)	(18)
	<hr/>	<hr/>
At 31 December 2017	2,290	2,026
	<hr/>	<hr/>
<b>Goodwill</b>		
At 1 January 2017	13,279	
Addition	405	
Amortisation	(2,882)	
Exchange movements	(234)	
	<hr/>	
At 31 December 2017	10,568	
	<hr/>	
<b>Net book value</b>		
At 31 December 2017	18,219	12,528
	<hr/>	<hr/>
At 31 December 2016	22,596	10,375
	<hr/>	<hr/>

The share of results of associates reported in the profit and loss account includes the share of retained profit for the year and the amortisation of goodwill.

**18. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Livestock	804	682	-	-
Consumables	2,671	1,105	-	-
Growing crops	427	497	-	-
Breeding products	81	333	-	-
Goods for resale	1,203	2,832	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	5,186	5,449	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The replacement value is not materially different from the above.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**19. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>				
Trade debtors	2,632	3,554	113	150
Amounts owed by group companies	-	-	13,505	25,185
Corporation tax	100	1	-	-
Other debtors	1,511	30,381	252	214
Prepayments and accrued income	561	660	87	20
Derivative financial assets (note 26)	304	1,564	116	1,564
	<u>5,108</u>	<u>36,160</u>	<u>14,073</u>	<u>27,133</u>
<b>Amounts falling due after more than one year</b>				
Trade debtors	-	3	-	-
Deferred tax (note 23)	138	3	40	-
Loan receivable	413	-	-	-
	<u>551</u>	<u>6</u>	<u>40</u>	<u>-</u>

Amounts owed by group companies are repayable on demand.

**20. CURRENT ASSET INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Short term deposits	<u>63,390</u>	<u>73,475</u>	<u>25,242</u>	<u>-</u>

**21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Mortgage	51	62	-	-
Obligations under finance leases and hire purchase contracts	53	5	-	-
Trade creditors	1,277	1,643	215	129
Other creditors	1,104	135	8	60
Amounts due to group companies	-	-	115,493	53,943
Corporation tax	12	27	-	-
Other taxation and social security	6	539	-	87
Accruals and deferred income	2,539	3,518	1,372	1,948
	<u>5,042</u>	<u>5,929</u>	<u>117,088</u>	<u>56,167</u>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**22. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Mortgage:				
Between two and five years	225	328	-	-
Falling due in more than five years	249	-	-	-
Unsecured loan notes payable:				
Between two and five years	700	-	-	-
Hire purchase lease payments payable:				
Between two and five years	172	15	-	-
Deferred income	446	459	-	-
Accruals	1,887	35	1,790	-
	<u>3,679</u>	<u>837</u>	<u>1,790</u>	<u>-</u>

Amounts due to group companies are repayable on demand.

The unsecured loan notes payable bear interest at a rate of 9% per annum and are repayable by 2021.

In the current year, the mortgage is in place in David Ball Group Limited, a directly owned subsidiary. The mortgage rate is 3.56% above the HSBC base rate. The mortgage is repayable in blended monthly payments and is secured by a fixed legal charge over the subsidiary's freehold premises and a debenture dated 23 November 2004 over all present freehold and leasehold property, a first fixed charge over book and other debts both present and future and a first floating charge over all assets both present and future.

Hire purchase liabilities are secured against the relevant assets.

**23. DEFERRED TAX**

<b>Group</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Balance brought forward – liability	4,157	1,697
(Credit)/charge to profit and loss account	(4,533)	2,612
Charge/(credit) to other comprehensive income	238	(152)
Balance carried forward – (asset)/liability (note 19/note 24)	<u>(138)</u>	<u>4,157</u>
<b>The analysis of the deferred tax asset is as follows:</b>		
Tax losses available	(378)	(146)
Other timing differences	(108)	-
	<u>(486)</u>	<u>(146)</u>
<b>The analysis of the deferred tax liability is as follows</b>		
Fair value adjustments payable after 12 months	75	4,303
Accelerated capital allowances	273	-
	<u>348</u>	<u>4,303</u>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**24. PROVISIONS FOR LIABILITIES**

<b>Group</b>	<b>Deferred taxation £'000</b>	<b>Defined benefit pension scheme liability £'000</b>	<b>Restructuring provision £'000</b>	<b>Total £'000</b>
At 1 January 2017	4,157	1,578	271	6,006
(Credit)/charge to profit and loss account	(4,533)	337	(271)	(4,467)
Charge/(credit) to other comprehensive income	238	(1,400)	-	(1,162)
Recognised in debtors falling due after more than one year	138	-	-	138
	<u>138</u>	<u>-</u>	<u>-</u>	<u>138</u>
At 31 December 2017	<u>-</u>	<u>515</u>	<u>-</u>	<u>515</u>

<b>Company</b>	<b>Deferred taxation £'000</b>	<b>Defined benefit pension scheme liability £'000</b>	<b>Total £'000</b>
At 1 January 2017	2,866	103	2,969
Credit to profit and loss account	(2,874)	(58)	(2,932)
(Credit)/charge to other comprehensive income	(32)	190	158
Recognised in debtors falling due after more than one year	40	-	40
	<u>-</u>	<u>235</u>	<u>235</u>
At 31 December 2017	<u>-</u>	<u>235</u>	<u>235</u>

**Deferred taxation**

Refer to note 23

**Defined benefit pension scheme**

Refer to note 31

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**25. FINANCIAL INSTRUMENTS**

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial assets</b>		
Cash at bank and in hand	34,278	14,588
Measured at fair value through profit or loss		
- Investments in listed equity instruments (note 15)	30,042	39,101
- Loans receivable (convertible debt)	5,436	4,044
- Derivative financial assets (note 26)	304	1,564
- Investments in unlisted equity investments	10,827	7,682
Measured at undiscounted amount receivable		
- Trade and other debtors (note 19)	4,143	33,938
- Current asset investment (note 20)	63,390	73,475
Debt instruments measured at amortised cost		
- Long term loans receivable (note 15 and note 19)	3,783	2,570
- Amounts due from joint ventures	1,527	893
- Amounts due from associates	51	53
Equity instruments measured at cost less impairment		
- Fixed asset unlisted investments	4,508	4,915
	<u>158,289</u>	<u>182,823</u>
<b>Financial liabilities</b>		
Measured at amortised cost or undiscounted amount payable		
- Unsecured loan notes payable (note 22)	(700)	-
- Trade and other creditors (notes 21)	(2,381)	(1,777)
- Mortgage (notes 21 and 22)	(525)	(390)
- Hire purchase (notes 21 and 22)	(225)	(20)
	<u>(3,831)</u>	<u>(2,187)</u>

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest income and expense</b>		
Total interest income for financial assets at amortised cost	(791)	(954)
Total interest expense for financial liabilities at amortised cost	43	392
	<u>(748)</u>	<u>(562)</u>
<b>Fair value gains and losses</b>		
On investments including listed investments measured at fair value through profit and loss	(8,812)	16,380
On financial assets measured at fair value through profit and loss	1,068	635
	<u>(7,744)</u>	<u>17,015</u>

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**26. DERIVATIVE FINANCIAL INSTRUMENTS**

	Current		Non-current	
	2017 £000	2016 £000	2017 £000	2016 £000
<b>Group and Company</b>				
<b>Derivatives carried at fair value</b>				
<b>Assets</b>				
Options and warrants	304	18	-	-
Equity instruments	-	1,546	-	-
	<u>304</u>	<u>1,564</u>	<u>-</u>	<u>-</u>

Options and warrants are valued by applying either the Black Scholes model using a volatility rate of comparable listed companies or by determining the financial impact for each of the differing outcomes, assigning a probability to each outcome and summing the products of the probability and the financial impact.

**27. CALLED-UP SHARE CAPITAL AND RESERVES**

Group and Company	Number of shares 2017	£'000 2017	Number of shares 2016	£'000 2016
Equity interests – called-up, issued and fully paid				
Ordinary shares of 10p each	55,937,017	5,594	55,937,017	5,594
Non-voting shares of 10p each	447,496,136	44,749	447,496,136	44,749
12% Non-cumulative irredeemable preference shares of 10p each	<u>55,937,017</u>	<u>5,594</u>	<u>55,937,017</u>	<u>5,594</u>
	<u>559,370,170</u>	<u>55,937</u>	<u>559,370,170</u>	<u>55,937</u>

**Rights of classes of shares**

Profits determined by the Directors as available for distribution are to be applied first in paying a fixed non-cumulative dividend of 12% per annum on the amounts paid up on 12% non-cumulative irredeemable preference shares. The balance of profits for distribution is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

On a return of the Company's assets to shareholders, the assets are to be applied first in repaying to the holders of the 12% non-cumulative irredeemable preference shares other amounts paid up on their shares. The balance of the assets is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

Holders of the 12% non-cumulative irredeemable preference shares and non-voting shares are not entitled to vote at general meetings of the members of the Company except on resolutions varying or abrogating any of the special rights or privileges attaching to their shares.

The Group and Company's other reserves are as follows:

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

The investment revaluation reserve represents the cumulative effect of revaluations of fixed asset investments into sterling.

The merger capital reserve represents a reserve recognised on a previous restructure of the Group. As a result any reversal/provision for impairment in the financial period relating to the carrying value of the Company's investments in its subsidiary Deva Group Limited results in a transfer to/from this reserve from/to the profit and loss reserve.



**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**28. CASH FLOW STATEMENT**

Reconciliation of operating loss to net cash flows from operating activities:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Operating loss	(8,263)	(6,931)
Adjustment for:		
Depreciation	2,172	2,380
Provision for impairment	-	212
Amortisation	756	505
Loss/(profit) on disposal of tangible fixed assets	46	(101)
Loss on disposal of intangible fixed assets	34	-
Profit on disposal of operations	(877)	-
Effect of foreign exchange rate changes	92	(1,003)
	<hr/>	<hr/>
Operating cash flow before movement in working capital	(6,040)	(4,938)
Increase in stocks	(1,016)	(345)
(Increase)/decrease in debtors	(1,382)	724
Increase in creditors	883	1,846
Adjustment for pension funding	337	34
	<hr/>	<hr/>
<b>Net cash flows from operating activities</b>	<b>(7,218)</b>	<b>(2,679)</b>
	<hr/>	<hr/>

**Non-cash transactions**

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at inception of the leases of £217,000.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**29. FINANCIAL COMMITMENTS AND POST BALANCE SHEET EVENTS**

**Group**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2017</b>		<b>2016</b>	
	<b>Land and buildings</b>	<b>Other assets</b>	<b>Land and buildings</b>	<b>Other assets</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	793	110	830	3,067
Within 2 to 5 years	1,886	112	2,715	11,023
After 5 years	2,978	-	3,602	-
	<u>5,657</u>	<u>222</u>	<u>7,147</u>	<u>14,090</u>

**Company**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2017</b>		<b>2016</b>	
	<b>Land and buildings</b>	<b>Other assets</b>	<b>Land and buildings</b>	<b>Other assets</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	61	1	61	1
Within 2 to 5 years	244	3	244	4
After 5 years	147	-	208	-
	<u>452</u>	<u>4</u>	<u>513</u>	<u>5</u>

**INVESTMENT COMMITMENTS AND POST BALANCE SHEET EVENTS**

On 29 March 2012 the Company signed a subscription agreement with Zouk to invest a total of €10,000,000 into Zouk's Renewable Energy and Environmental Infrastructure Fund II. As at 31 December 2017 the Company had invested €5,700,000 into the fund. On 20 March 2018 the Company invested a further €500,000 in to the fund and has a commitment to invest the remaining €3,800,000.

On 19 January 2018, the Company provided a convertible loan of US \$250,000 to Global Fresh Foods Limited. On 28 February 2018 the Company invested US \$4,750,000 in Global Fresh Foods Limited in the form of 10,140,176 series D preferred shares. On the same date, US \$4,560,000 of the outstanding principal and accrued interest converted into 12,166,911 series D preferred shares. As such, the interest in shares became 57.5% and Global Fresh Foods Limited became a subsidiary.

On 24 January 2018, the Company invested CA \$1,160,105 in Enterra Feed Corporation in the form of 5,800,523 class C preference shares. On 10 April 2018 the Company invested CA \$1,200,000 in Enterra Feed Corporation in the form of a convertible debenture. On 18 June 2018, the Company invested CA \$924,320 in Enterra Feed Corporation in the form of 4,621,602 class C preference shares.

On 1 February 2018, the Company invested US \$1,000,000 in Origin LLC in the form of a repayable or convertible loan note. The loan plus fees and accrued interest of US \$43,000 was repaid on 27 March 2018.

On 8 February 2018, 23 April 2018 and 26 July 2018, the Company invested US \$1,000,000, US \$532,500 and US \$924,320 respectively in Ostara Nutrient Recovery Technologies Inc in the form of convertible loan notes.

On 28 February 2018, the Company invested £750,000 in RowAnalytics Limited in the form of 1,662,722 A1 Ordinary shares.

On 5 March 2018, the Group acquired the remaining 15% interest in the shares of FarmWizard Limited for £300,000 and as such FarmWizard Limited became a wholly owned subsidiary.

On 13 March 2018 and 4 September 2018, the Company invested £2,865,000 and £1,927,520 respectively in Ozo Innovations Limited in the form of 17,906 and 12,047 respectively C ordinary shares.

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**29. FINANCIAL COMMITMENTS AND POST BALANCE SHEET EVENTS (continued)**

**INVESTMENT COMMITMENTS AND POST BALANCE SHEET EVENTS (continued)**

On 27 March 2018, the Company acquired the remaining 50% interest in the shares of OWS Agri Limited, a company which is developing improved disease and pathogen control in food production and as such OWS Agri Limited became a wholly owned subsidiary.

On 21 June 2018, the Company invested AU \$8,500,000 in AgriWebb Pty Ltd in the form of 4,530,695 Ordinary shares. On the same day Deva Group Limited sold FarmWizard Limited to AgriWebb Pty Ltd. The consideration being settled by way of 2,930,950 Ordinary shares in AgriWebb Pty Ltd.

On 26 July 2018 and 14 August 2018, the Group invested US \$2,419,999 and US \$2,802,926 respectively in Shared-X LLC in the form of 1,075,555 and 1,245,745 respectively Series C preference shares.

On 8 August 2018, the Company invested £3,900,000 in Farmdrop Limited in the form of 4,062,500 Series B Shares.

After the year end the Group accepted an offer and agreed the sale of Gilkes Hydro Investments Limited for an amount equal to the carrying value recognised in the financial statements at 31 December 2017.

**30. EMPLOYEE BENEFITS**

**Defined contribution schemes**

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2017 was £335,000 (2016 - £194,000).

**Defined benefit schemes**

Wheatsheaf Group Limited participates in a defined benefit plan that shares risks between entities under common control. The agreement for charging the net defined benefit cost of the group plan and the policy for determining the contribution by entity is based on the accrued benefit of the current and former employees of that entity.

The analysis in note 31 relates to the Grosvenor Pension Plan ("the plan") as a whole, measured in accordance with FRS 102.28 on the basis of assumptions that apply to the plan as a whole, including that element that relates to non-company employees.

The plan is open to qualifying employees of the Group, the Grosvenor Rural Estates and the UK subsidiaries of Grosvenor Group. Under the plan, the employees are entitled to retirement benefits based on service of final salary on attainment of a retirement age of 65. No other post-retirement benefits are provided. The plan is a funded plan. This includes the amount and timing of the future payments to be made by the entity under any agreement with the defined benefit plan to fund a deficit (such as a schedule of contributions).

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2017 by Mr. Tavener, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

**31. RETIREMENT BENEFIT SCHEMES**

	<b>Valuation at</b>	
	<b>2017</b>	<b>2016</b>
Key assumptions used:		
Discount rate	2.4%	2.6%
Future pension increases	3.2%	3.3%
Inflation	3.2%	3.3%

**WHEATSHEAF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2017**

**31. RETIREMENT BENEFIT SCHEMES (continued)**

**Mortality assumptions:**

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	<b>Valuation at</b>	
	<b>2017</b>	<b>2016</b>
	<b>years</b>	<b>years</b>
Retiring today:		
Males	24.2	24.8
Females	25.9	26.6
Retiring in 20 years:		
Males	25.9	27.1
Females	27.4	28.5

Profit and loss account amounts for the Grosvenor Pension Plan as a whole are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'m</b>	<b>£'m</b>
Current service cost	15.2	10.3
Past service cost	0.1	0.1
Loss on curtailment	(0.9)	-
Net interest cost	0.8	(0.1)
	<u>15.2</u>	<u>10.3</u>
Recognised in other comprehensive income (for the scheme as a whole)		
Actual return less expected return on assets	18.6	35.4
Changes in assumptions underlying liabilities	14.4	(65.1)
	<u>33.0</u>	<u>(29.7)</u>

The balance sheet amounts for the Grosvenor Pension Plan as a whole are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'m</b>	<b>£'m</b>
Present value of defined benefit obligations	(311.2)	(310.0)
Fair value of scheme assets	300.0	275.7
	<u>(11.2)</u>	<u>(34.3)</u>

Movements in the present value of defined benefit obligations for the entire scheme were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'m</b>	<b>£'m</b>
At 1 January	310.0	231.1
Employer's part of current service cost	15.2	10.3
Interest on plan liabilities	8.0	8.7
Actuarial (gains)/losses	(14.4)	65.1
Benefit payments	(6.8)	(5.3)
Past service costs	0.1	0.1
Curtailments and settlements	(0.9)	-
	<u>311.2</u>	<u>310.0</u>

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**Year ended 31 December 2017**

**31. RETIREMENT BENEFIT SCHEMES (continued)**

Movements in the fair value of scheme assets were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'m</b>	<b>£'m</b>
At 1 January	275.7	231.7
Interest on plan liabilities	7.2	8.8
Actual return on plan assets less interest on plan assets	18.6	35.4
Contributions by the employer	5.3	5.1
Benefit payments	(6.8)	(5.3)
	<hr/>	<hr/>
At 31 December	300.0	275.7
	<hr/>	<hr/>

The analysis of the scheme assets at the balance sheet date was as follows:

	<b>Fair value of assets</b>	
	<b>2017</b>	<b>2016</b>
	<b>£'m</b>	<b>£'m</b>
Equity instruments	235.9	218.8
Gilts and corporate bonds	34.8	29.2
Multi asset credit funds	26.0	23.7
Other assets	3.3	4.0
	<hr/>	<hr/>
	300.0	275.7
	<hr/>	<hr/>

The scheme does not invest directly in property occupied by the Group or in financial securities issued by the Group. The scheme's assets are invested in a diversified range of asset classes as set out in this note.

**32. ULTIMATE CONTROLLING PARTIES AND RELATED PARTY TRANSACTIONS**

The Company is wholly owned by trusts and members of the Grosvenor family headed by the Duke of Westminster.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Rental and other administrative costs totalling £1,224,000 (2016 - £1,116,000) were paid by Group companies to a Grosvenor Trust. At 31 December 2017 Group companies owed the Trust £95,000 (2016 - £39,000). In addition, subsidiaries within the Group provided services to this Trust of £8,000 (2016 - £18,000). At 31 December 2017 the Trust owed Group companies £4,000 (2016 - £3,000).

Rent and management charges totalling £363,000 (2016 - £209,000) were paid to companies within Grosvenor Group Limited. WheatSheaf Group Limited and Grosvenor Group Limited are under common control. At 31 December 2017 £25,000 was included in debtors (2016 - £2,000) and £33,000 was included in creditors in respect to recharged amounts (2016 - £nil).

Insurance premiums paid by the Group to a company owned by a Grosvenor Trust, were £254,000 (2016 - £318,000). At 31 December 2017 £nil was owed (2016 - £nil).

During the year services and management charges totalling £112,000 were invoiced to associate companies by other Group companies and services totalling £30,000 were invoiced from associate companies to other Group companies. At 31 December 2017 the associate companies owed the Group companies £82,000 and were owed £11,000. Details of loans provided and interest charged to associate and jointly controlled entities can be found in notes 16 and 17 respectively.

Loan plus interest of £29,608,000 was received during the year from a company within Grosvenor Group Limited. The interest charged during the year on this loan was £223,000 (2016 - £257,000). WheatSheaf Group Limited and Grosvenor Group Limited are under common control.

**Other related party transactions**

The total remuneration for key management personnel for the year totalled £1,156,000 (2016 - £784,000), being Directors' remuneration disclosed in note 7.