

REGISTERED NUMBER: 08748182 (England and Wales)

**Report of the Directors and
Unaudited Financial Statements
for the Year Ended 31 October 2018
for
CITY FARM SYSTEMS LIMITED**

**Contents of the Financial Statements
for the Year Ended 31 October 2018**

	Page
Company Information	1
Report of the Directors	2
Balance Sheet	4
Notes to the Financial Statements	6
Chartered Certified Accountants' Report	10

CITY FARM SYSTEMS LIMITED

Company Information for the Year Ended 31 October 2018

DIRECTORS:

J G Lodge
S C Pattenden
O W Lodge

REGISTERED OFFICE:

337 Bath Road
Slough
Berkshire
SL1 5PR

BUSINESS ADDRESS:

25 Hepplewhite Close
High Wycombe
Buckinghamshire
HP13 6BZ

REGISTERED NUMBER:

08748182 (England and Wales)

ACCOUNTANTS:

Masons
337 Bath Road
Slough
Berkshire
SL1 5PR

CITY FARM SYSTEMS LIMITED (REGISTERED NUMBER: 08748182)

Report of the Directors for the Year Ended 31 October 2018

The directors present their report with the financial statements of the company for the year ended 31 October 2018.

REVIEW OF BUSINESS

Director's Report for year ended 31st October 2018

This has been a busy year building awareness and learning how to show how our approach offers a data driven solution that others cannot get close to achieving. Whilst the UK research funding bodies inability to understand commercial realities has lead them to award taxpayer's funds to projects that depend on impossible business models our approach has won further awards.

In the spring we were recognised by the IP100 Intellectual Property League where our approach to IP was awarded 19th place in their patents category. No other food or farming related business appeared in the top 50.

March saw us form a joint venture company partnering with Telemetry Associates Ltd. Robotic Farm Systems Ltd is owned with equal shares. Telemetry Associates project managed a grant funded project titled Autopic. This proved the potential to pick a ripe strawberry every 3 seconds. There are plans to combine Autopic with our core technologies to give a significantly improved approach to a sector that has already started to suffer from a lack of seasonal labour. We are now seeking funding to develop this into a commercial offering with the potential to sell in high numbers. Customers could buy in stages with our CloudGro® systems increasing their capacity with automated data collection and moving harvest ready berries to a static picking point. Picking could be carried out by a lower number of human pickers working in better conditions or we could supply the robotic picking element which would enable 'pick to pack' times to be reduced significantly. It has been suggested this ability could extend shelf life by as much as 5 days or avoid the need to use plastic packaging.

In June our CEO participated in the AHDB's study trip to The Netherlands. Seeing first hand some of the technology used in the growing of ornamentals it is obvious that there is much for the controlled environment agriculture sector misses by concentrating on food. This does however fit well with much of our thinking. CEO was invited to pitch at the Indoor Agtech event in New York in June and witnessed presentations from several American businesses, some of which had received huge investments. It was interesting to note how they all claimed to address last century needs but had little to offer to tackle the issues of labour shortages, high overheads and the need to extend the range of crops they grow. Both in New York and the Netherlands it was obvious that many businesses have set out with business models that exaggerate the need for seasonal labour and/or excessively high overhead costs. Recently there has been a concerted effort to build demand for second hand shipping container 'farms'. A need to sell on units that are less than three years old can only confirm that it is, for practical purposes, impossible to use them in a successful business. The need for economically viable systems like ours is greater than ever.

We are building awareness in China with our CEO taking several trips to the largest potential market. In March we signed an MoU with China Agriculture University's College of Information and Electrical Engineering. In August a quick tour of major Chinese cities created interest from potential investors with at least one of these expected to complete an investment in early 2019. In October we took part in an all-expense paid trip to Rongchang in the Chongqing region where we won an award as the 'most investable business'. In the next year we expect to build on these opportunities with the potential to create an income stream assisting both UK and Chinese companies export associated technologies, services and components.

The next year will see an investment round completed and our progress being more obvious and newsworthy.

CITY FARM SYSTEMS LIMITED (REGISTERED NUMBER: 08748182)

**Report of the Directors
for the Year Ended 31 October 2018**

Jonathan Lodge

Director, City Farm Systems Ltd

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2017 to the date of this report.

J G Lodge

O W Lodge

Other changes in directors holding office are as follows:

S C Pattenden - appointed 3 October 2018

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

J G Lodge - Director

11 February 2019

CITY FARM SYSTEMS LIMITED (REGISTERED NUMBER: 08748182)

**Balance Sheet
31 October 2018**

	Notes	31.10.18 £	£	31.10.17 £	£
FIXED ASSETS					
Intangible assets	5		-		-
Tangible assets	6		4,518		5,930
Investments	7		<u>1</u>		<u>-</u>
			4,519		5,930
CURRENT ASSETS					
Debtors	8	664		670	
Cash at bank		<u>940</u>		<u>8,055</u>	
		1,604		8,725	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	9	<u>1,750</u>		<u>10,451</u>	
NET CURRENT LIABILITIES			<u>(146)</u>		<u>(1,726)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,373</u>		<u>4,204</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	10		107,539		67,172
CAPITAL AND RESERVES					
Called up share capital		1,000		1,000	
Share premium		99,900		99,900	
Retained earnings		<u>(204,066)</u>		<u>(163,868)</u>	
SHAREHOLDERS' FUNDS			<u>(103,166)</u>		<u>(62,968)</u>
			<u>4,373</u>		<u>4,204</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 October 2018.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 October 2018 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

The notes form part of these financial statements

CITY FARM SYSTEMS LIMITED (REGISTERED NUMBER: 08748182)

Balance Sheet - continued
31 October 2018

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 11 February 2019 and were signed on its behalf by:

J G Lodge - Director

The notes form part of these financial statements

CITY FARM SYSTEMS LIMITED (REGISTERED NUMBER: 08748182)

Notes to the Financial Statements for the Year Ended 31 October 2018

1. STATUTORY INFORMATION

City Farm Systems Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

Management make estimates and assumptions concerning the future. The resulting accounting estimates and judgements by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - at varying rates on cost

Financial instruments

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities.

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

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of withdrawal. Cash equivalents are readily convertible to known amounts of cash with insignificant risk of change in value.

Short term creditors are measured at transaction price. Long term creditors and loans are measured initially at transaction price, net of transaction costs and are subsequently measured at fair value using the effective interest method.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 2 (2017 - 2) .

5. INTANGIBLE FIXED ASSETS

Research and development in accordance with the accounting policy is written off to the profit and loss accounts in the year it is incurred for tax purposes. This treatment is not in accordance with the items actual carrying value that would be shown if the ongoing costs were capitalised until revenue streams occur.

CITY FARM SYSTEMS LIMITED (REGISTERED NUMBER: 08748182)

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

6. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 November 2017 and 31 October 2018	<u>10,898</u>
DEPRECIATION	
At 1 November 2017	4,968
Charge for year	<u>1,412</u>
At 31 October 2018	<u>6,380</u>
NET BOOK VALUE	
At 31 October 2018	<u>4,518</u>
At 31 October 2017	<u>5,930</u>

7. FIXED ASSET INVESTMENTS

	Interest in joint venture £
COST	
Additions	<u>1</u>
At 31 October 2018	<u>1</u>
NET BOOK VALUE	
At 31 October 2018	<u>1</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.10.18	31.10.17
	£	£
Other debtors	<u>664</u>	<u>670</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.10.18	31.10.17
	£	£
Other creditors	<u>1,750</u>	<u>10,451</u>

CITY FARM SYSTEMS LIMITED (REGISTERED NUMBER: 08748182)

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

10. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN
ONE YEAR**

	31.10.18	31.10.17
	£	£
Other creditors	<u>107,539</u>	<u>67,172</u>

**Chartered Certified Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
City Farm Systems Limited**

The following reproduces the text of the report prepared for the directors in respect of the company's annual unaudited financial statements. In accordance with the Companies Act 2006, the company is only required to file a Balance Sheet. Readers are cautioned that the Income Statement and certain other primary statements and the Report of the Directors are not required to be filed with the Registrar of Companies.

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of City Farm Systems Limited for the year ended 31 October 2018 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Association of Chartered Certified Accountants, we are subject to its ethical and other professional requirements which are detailed at <http://www.accaglobal.com/rulebook>.

This report is made solely to the Board of Directors of City Farm Systems Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of City Farm Systems Limited and state those matters that we have agreed to state to the Board of Directors of City Farm Systems Limited, as a body, in this report in accordance with the requirements of the Association of Chartered Certified Accountants as detailed at <http://www.accaglobal.com/factsheet163>. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that City Farm Systems Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of City Farm Systems Limited. You consider that City Farm Systems Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of City Farm Systems Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Masons
337 Bath Road
Slough
Berkshire
SL1 5PR

11 February 2019

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