SUNDROP

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Sundrop Farms Advisors Ltd

Annual report and financial statements (unaudited)

for the period ended 30 April 2015

Registered number: 09007737

Sundrop Farms Advisors Ltd

Annual report for the period ended 30 April 2015

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Sundrop Farms Advisors Ltd

Directors and advisers

Directors

P C Saumweber
R Wolterbeek
H A Marchand

Secretary and registered office

C J Wood
209 Harbour Yard
Chelsea Harbour
London
SW10 0XD

Bankers

S Buckland
Senior Private Banker
Duncan Lawrie Private Banking,
1 Hobart Place
London
SW1W 0HU

Directors' report for the period ended 30 April 2015

The directors present their annual report and the unaudited financial statements of the company for the period from the date of incorporation, being 23 April 2014, to 30 April 2015.

Principal activity

The principal activity of Sundrop Farms Advisors Ltd is the provision of services to Sundrop Farms Holdings Ltd (its parent company) and its subsidiaries (referred to below as the Sundrop Farms group), to support the business development activities of its parent company across the world and assistance in management oversight of its subsidiaries.

Business review & Future developments

The loss for the period, after taxation, amounted to £570,084. The loss for the period is explained by the fact that the Sundrop group is in an expansion phase. Consequently, the bulk of the activities of Sundrop Farms Advisors Ltd is related to business development activities of the group remunerated on a success fee basis when projects close and the fees generated by management oversight services are limited. As project closes and the Sundrop group of companies grow, the company will increase revenues for its services and generate profits.

Financial risk management

As the company is essentially providing services internally for the Sundrop Farms group and is funded directly by Sundrop Farms Holdings, financial risks are limited. The company's success is directly linked to overall success of the Sundrop Farms group (and the ability of the Sundrop Farms group to successfully develop and close expansion projects) as it relies on development and management oversight fees generated by subsidiaries of Sundrop Farms Holdings Ltd to earn revenues and cover costs.

Foreign exchange risk

Foreign exchange risk is limited as the company is pricing its services based on a 'cost+' approach.

Credit risk

Credit risk is limited as revenues of the company is generated by services fees paid by subsidiaries of the Sundrop Farms group. The company's main exposure to third-party credit risk is on cash and cash equivalents.

Liquidity risk

The company relies on the funding of Sundrop Farms Holdings Ltd to fund the working capital required to sustain its services activities and is therefore exposed to the liquidity risks of its parent. Sundrop Farms Holdings has a USD 10 million undrawn equity commitment from one of its main shareholder KKR which greatly mitigates this risk.

Interest rate risk

The company is not exposed to interest rate risk as it is funded by its parent company with non-interest bearing loans. Consequently, there is no material cash flow interest rate sensitivity.

Dividends

The directors do not recommend the payment of a dividend.

Directors' report for the period ended 30 April 2015 (continued)

Directors

The directors of the company who were in office during the period, and up to the date of signing the financial statements, were as follows:

P C Saumweber
R Wolterbeek
H A Marchand

Directors' indemnities

The company has made a qualifying third party indemnity provision for the benefit of its directors during the period, and it remained in force at the date of this report.

Statement of directors' responsibilities

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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and. 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

Each of the directors, whose names and functions are listed in the director's report, confirms that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the company; and
- the directors' report contained in the annual report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

Small companies' exemption

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

On behalf of the board

H Marchand
Director
22/01/2016

R Wolterbeek
Director
22/01/2016

Income statement for the period ended 30 April 2015

	Note	2015 £
Continuing operations		
Revenue	4	337,898
Other revenue		10
Employee benefit expenses	5	(336,222)
Depreciation		(5,118)
Foreign currency losses		(2,660)
Other external charges		(563,992)
Loss before income tax		(570,084)
Income tax charge	6	-
Loss for the period attributable to the owners of the parent		(570,084)

The notes on pages 10 to 19 are an integral part of these financial statements.

There are no items of other comprehensive income in the current period and accordingly no statement of other comprehensive income is presented.

Sundrop Farms Advisors Ltd

Balance sheet as at 30 April 2015

	Note	2015 £
Assets		
Non-current assets		
Property, plant and equipment	7	30,178
Trade and other receivables	9	31,565
		61,743
Current assets		
Trade and other receivables	9	398,849
Cash and cash equivalents	10	76,629
		475,478
Total assets		537,221
Equity and liabilities		
Equity and attributable to the owners of the parent		
Ordinary shares	11	1
Retained loss	12	(570,084)
Total equity		(570,083)
Liabilities		
Current liabilities		
Trade and other payables	13	1,107,304
Total liabilities		1,107,304
Total equity and liabilities		537,221

For the financial year in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

The notes on pages 10 to 19 are an integral part of these financial statements. The financial statements on pages 5 to 19 were authorised for issue by the Board of Directors on 22/01/2016 and were signed on its behalf by:

H Marchand
Director

R Wolterbeek
Director

Statement of cash flows for the period ended 30 April 2015

	Note	2015 £
Cash flows from operating activities		
Loss before income tax		(570,084)
Adjustments for:		
Depreciation of property, plant and equipment		5,118
Movement in trade and other receivables		(430,414)
Movement in trade and other payables		1,107,304
Net cash generated used in operating activities		111,924
Cash flows from investing activities		
Purchase of property, plant and equipment		(35,296)
Net cash used in investing activities		(35,296)
Cash flows from financing activities		
Net proceeds from issue of ordinary shares		1
Net cash generated from financing activities		1
Movement in cash and cash equivalents		76,629
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	10	76,629

The notes on pages 10 to 19 are an integral part of these financial statements

Statement of changes in equity for the period ended 30 April 2015

	Ordinary shares	Retained loss	Total
	£	£	£
Share capital issued during the period	1	-	1
Loss for the financial period	-	(570,084)	(570,084)
At 30 April 2015	1	(570,084)	(570,083)

Notes to the financial statements for the period ended 30 April 2015

1 General information

The principal activity of Sundrop Farms Advisors Ltd is the provision of services to Sundrop Farms Holdings Ltd (its parent company) and its subsidiaries (referred to below as the Sundrop Farms group), to support the business development activities of the company across the world and assistance in management oversight of its subsidiaries.

The company is a private limited company, and is incorporated and domiciled in the UK. The address of its registered office is 209 Harbour Yard, Chelsea Harbour, London, SW10 0XD.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The financial statements of Sundrop Farms Advisors Ltd have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the company's ability to continue as a going concern. In particular, the fact that the company is loss making, and is dependent on the continued support of its parent company, Sundrop Farms Holdings Limited, indicates the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future as it is expected to receive financial support from its parent given the importance of the services provided by the company for the development of the Sundrop Farms group in general. The company therefore continues to adopt the going concern basis in preparing its financial statements, and the financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'GBP' (£), which is the company's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rate prevailing during the month in which the transactions occurred. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2 Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises purchase cost plus any costs directly attributable to bringing the asset into operation and an estimate of any decommissioning costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Office equipment	20% and 33.33%
Fixtures and fittings	20%, 25% and 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

An asset is derecognised upon disposal or when no future economic benefit is expected to arise from the asset.

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Classification of financial instruments

The company classifies its financial assets as "loans and receivables". The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period and are not repayable on demand. These are classified as non-current assets. The company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

2 Summary of significant accounting policies (continued)

Loans and receivables (financial instruments)

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade and other receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'operating costs'. When a trade and other receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the statement of comprehensive income. Trade and receivables with a maturity of more than twelve months from the balance sheet date are shown as non-current trade and other receivables.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call or for short maturity periods with banks, other short-term highly liquid investments with original maturities of three months or less.

Ordinary shares

Ordinary shares are classified as equity.

Other financial liabilities at amortised cost (financial instruments)

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

Current and deferred income tax

The tax expense for the period 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. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the company the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below.

Revenue from rendering services to related companies is recognised and measured on the basis of costs and labour hours actually spent in providing such services.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3 Critical accounting estimates and judgements

There are no critical accounting estimates or judgements.

4 Revenue

Turnover relates to rendering of management services to Sundrop Farms Holdings Limited, which is the parent company domiciled in the Isle of Man.

5 Employee benefit expense

	2015 £
Wages and salaries	302,156
Social security costs	34,066
Total employee benefit expense	**336,222**

Number of people (including directors) employed as of 30/04/15	**2015 No.**
Administration & General Management	3
Business & Technical Development	2
Total average headcount	**5**

The company's directors were not remunerated for their services to the company, but instead received emoluments for their services to the Sundrop Farms group of companies. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of other group companies.

Notes to the financial statements for the period ended 30 April 2015

6 Income tax charge

	2015
	£
Current tax:	
UK current tax on loss for the period	-
Total current tax	-
Total deferred income tax	-
Income tax charge	-

The tax on the company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the entity as follows:

	2015
	£
Loss before income tax	(570,084)
Tax calculated at the UK standard rate of corporation tax of 20%	(114,017)
Tax effects of:	
Income not subject to tax	(7,059)
Expenses not deductible for tax purposes	1,068
Deferred tax liability from AIA	6036
Deferred tax assets not recognised	113,972
Income tax charge	-

Deferred tax

Due to uncertainty in its future recovery no deferred tax asset has been recognised in the financial statements. The deferred tax asset at 30 April 2015 not recorded in the accounts totalled £113,972.

Notes to the financial statements for the period ended 30 April 2015

7 Property, plant and equipment

	)ffice equipment £	Fixtures and fittings £	Total £
Cost			
Additions	16,967	18,329	35,296
At 30 April 2015	16,967	18,329	35,295
Accumulated depreciation			
Depreciation charge for the period	3,220	1,898	5,118
At 30 April 2015	3,220	1,898	5,117
Net book amount			
At 30 April 2015	13,747	16,431	30,178

8 Financial instruments

Financial instruments by category

	2015. £
Assets as per balance sheet	
Trade and other receivables (non-current)	31,565
Trade and other receivables (current)	337,898
Cash and cash equivalents	76,629
	446,092

	2015 £
Liabilities as per balance sheet	
Trade and other payables	1,107,304

9 Trade and other receivables

	2015
Current portion	£
Prepayments and accrued income	376,688
Other receivables	22,161
	398,849
Non-current portion	
Other receivables	31,565
Total trade and other receivables	430,414

Trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The company does not hold any collateral as security. The fair value of the trade and other receivables approximates to their current value.

10 Cash and cash equivalents

	2015
	£
Cash at bank and in hand	76,629

11 Ordinary shares

	2015
	£
Allotted and fully paid	
100 ordinary shares of £0.01 each	1

12 Retained loss

	£
Loss for the period	(570,084)
At 30 April 2015	(570,084)

13 Trade and other payables

Current	2015 £
Trade payables	55,632
Accruals and deferred income	277,893
Amounts owed to parent undertakings	773,779
	1,107,304

The fair value of current trade and other payables is not materially different from its carrying value.

Amounts owed to related undertakings are unsecured, interest free and are repayable in 2019. This is classified as repayable on demand.

14 Commitments

Operating lease commitments

The company has the following assets held under operating leases for land and buildings.

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

	2015 Land and buildings £
Not later than one year	63,130
After one year but not more than five years	72,470
	135,600

Notes to the financial statements for the period ended 30 April 2015

15 Related parties

During the period the company entered into transactions, in the ordinary course of business, with related parties.

Transactions entered into, and balances outstanding at 30 April with related parties, are as follows:

Name of related party	Amount owed (to)/from related party 2015 £
Parent undertaking – current liabilities	(773,779)

Name of related party	Nature of transaction	Value of transaction 2015 £
Parent undertaking	Loan received from	(773,779)

The ultimate controlling party is Sundrop Farms Holdings Ltd.

16 Ultimate parent undertaking

The immediate and ultimate parent company is Sundrop Farms Holdings Limited, a company registered in Isle of Man. Group financial statements for this company are prepared, but are not available to the public.