

Sundrop Farms Advisors Ltd
Annual report and financial statements
(unaudited)
for the year ended 31 December 2018



Sundrop Farms Advisors Ltd

Annual report for the year ended 31 December 2018

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Director and advisers

Director

Rupert Pedler (appointed 16 September 2019)

Registered office

Vennacott Farm
Blackdown
Beaminster
United Kingdom
DTS 3LE

Bankers

Santander UK Plc
1 floor Santander House
100 Ludgate Hill
London
EC4M 7RE

Director's report for the year ended 31 December 2018

The director presents his annual report and the unaudited financial statements of the company for the year ended 31 December 2018.

Principal activity

The principal activity of Sundrop Farms Advisors Ltd was 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. The company ceased material operating activities during the year ended 31 December 2017.

Business review & future developments

The loss for the year, after taxation, amounted to £121,474 (2017: £4,175,462).

The director is considering closing down the company by way of a voluntary strike-off procedure within 12 months from signing these financial statements. The director intends to make an application on the company's behalf to strike off the company from the company register. Accordingly, the going concern basis of preparation is no longer appropriate and these financial statements have been prepared on a basis other than going concern. Adjustments have been made in these financial statements to reduce assets to their realisable values and to reclassify fixed assets and long-term liabilities as current assets and liabilities. No adjustments were necessary to provide for liabilities arising from the decision.

Dividends

The director does not recommend the payment of a dividend (2017: £nil).

Directors

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

P C Saumweber (resigned 31 January 2018)

M Cloughton (resigned 16 September 2019)

S Marafiotte (resigned 8 April 2019)

R Pedler (appointed 16 September 2019)

Directors' indemnities

The company has made a qualifying third party indemnity provision for the benefit of its directors during the year.

Director's report for the year ended 31 December 2018 (continued)

Statement of director's responsibilities in respect of the financial statements

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

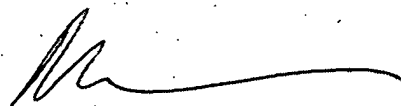
The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is 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.

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.

On behalf of the board



R Pedler
Director
20 February 2020

Income statement for the year ended 31 December 2018

	Note	2018 £	2017 £
Revenue	4	-	1,167,019
Employee benefit expenses	5	(76,370)	(1,747,988)
Depreciation		-	(10,156)
Foreign currency (losses)/gains		(271)	14,950
Impairment of investments		-	(3,017,295)
Other external charges		(44,833)	(581,992)
Loss before income tax		(121,474)	(4,175,462)
Income tax charge	6	-	-
Loss for the year attributable to the owners of the parent		(121,474)	(4,175,462)

The notes on pages 9 to 19 are an integral part of these financial statements.

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

Balance sheet as at 31 December 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Property, plant and equipment	7	-	-
Investments	8	-	-
		-	-
Current assets			
Trade and other receivables	10	14,245	61,109
Cash and cash equivalents	11	102	59,130
Assets held for sale	12	2,381,738	2,381,738
		2,396,085	2,501,977
Total assets		2,396,085	2,501,977
Equity and liabilities			
Equity and attributable to the owners of the parent			
Ordinary shares	13	1	1
Accumulated loss		(8,011,142)	(7,889,668)
Total equity deficit		(8,011,141)	(7,889,667)
Liabilities			
Current liabilities			
Trade and other payables	14	10,407,226	10,391,645
Total liabilities		10,407,226	10,391,645
Total equity and liabilities		2,396,085	2,501,977

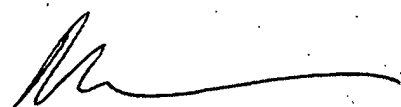
For the year ended 31 December 2018 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

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 the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 9 to 19 are an integral part of these financial statements. The financial statements on pages 5 to 19 were authorised for issue by the Director on 20 February 2020.



R Pedler
Director

Sundrop Farms Advisors Ltd

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Statement of cash flows for the year ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss before income tax		(121,474)	(4,175,462)
Adjustments for:			
Depreciation of property, plant and equipment		-	10,157
Loss on disposal of property, plant and equipment		-	19,907
Impairment of investments		-	3,017,295
Movement in trade and other receivables		46,865	521,263
Movement in trade and other payables		(17,713)	(343,561)
Impact of foreign exchange		-	(25,394)
Net cash used in operating activities		(92,322)	(975,795)
Cash flows from investing activities			
Investment in subsidiaries		-	(1,043,541)
Purchase of property, plant and equipment		-	(3,617)
Proceeds from disposal of plant, property and equipment		-	1,033
Net cash used in investing activities		-	(1,046,125)
Cash flows from financing activities			
Proceeds of loans from related parties		33,294	1,564,813
Net cash generated from financing activities		33,294	1,564,813
Movement in cash and cash equivalents		(59,028)	(457,107)
Cash and cash equivalents at the beginning of the year		59,130	513,136
Effect of exchange rate movement		-	3,101
Cash and cash equivalents at the end of the year		102	59,130

The notes on pages 9 to 19 are an integral part of these financial statements

Statement of changes in equity for the year ended 31 December 2018

	Ordinary shares £	Accumulated loss £	Total equity deficit £
At 1 January 2017	1	(3,714,206)	(3,714,205)
Loss for the financial year	-	(4,175,462)	(4,175,462)
At 31 December 2017	1	(7,889,668)	(7,889,667)

	Ordinary shares £	Accumulated loss £	Total equity deficit £
At 1 January 2018	1	(7,889,668)	(7,889,667)
Loss for the financial year	-	(121,474)	(121,474)
At 31 December 2018	1	(8,011,142)	(8,011,141)

Notes to the financial statements for the year ended 31 December 2018

1 General information

The principal activity of Sundrop Farms Advisors Ltd was 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. The company ceased material operating activities during the year ended 31 December 2017.

The company is a private limited company, and is incorporated and domiciled in the UK. The address of its registered office is Vennacott Farm, Blackdown, Beaminster, United Kingdom, DT5 3LE.

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 under the historical cost convention and in accordance with the accounting policies disclosed in these financial statements. The accounting policies are based on EU Endorsed International financial Reporting Standards (IFRS) and IFRS IC interpretations. However, the financial statements have not applied the requirements of IFRS 10 or IAS 28, As such these financial statements are not fully compliant with the requirements of IFRS.

The preparation of financial statements 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.

Standards, amendments and interpretations effective in the year to 31 December 2018 and applicable to the company:

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2018, have had a material impact on the company.

Standards, amendments and interpretations that are not yet effective and have not been adopted by the company:

During the year, the IASB and IFRIC have issued accounting standards and interpretations with an effective date after the date of these financial statements (i.e. applicable to accounting periods beginning on or after the effective date). The directors do not anticipate that the adoption of any of these standards and interpretations will have a material impact on the group and parent company's financial statements in the period of initial application.

Basis other than going concern

As noted in the Director's Report, the director is considering closing down the company by way of a voluntary strike-off procedure within 12 months from signing these financial statements following a decision to move the operations to Australia. Accordingly the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern. Adjustments have been made in these financial statements to reduce assets to their realisable values and to reclassify fixed assets and long term liabilities as current assets and current liabilities. No adjustments were necessary to provide for liabilities arising from the decision.

Notes to the financial statements for the year ended 31 December 2018**2 Summary of significant accounting policies (continued)****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.

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.

Notes to the financial statements for the year ended 31 December 2018

2 Summary of significant accounting policies (continued)

Investment

Investment in subsidiaries are held at cost less accumulated impairment losses.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets of the company include cash and cash equivalents, trade and other receivables, and favourable derivative financial instruments. Financial liabilities of the company include trade and other payables, borrowings and unfavourable derivative financial instruments.

Initial recognition and measurement

Financial assets and liabilities are recognised in the statement of financial position when the company becomes a party to the contractual obligations of the instrument.

The company classifies its financial assets in the following measurement categories:

- i) Those to be measured at amortised costs; and
- ii) Those to be measured subsequently at fair value (either through other comprehensive income or through profit and loss).

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows. The company reclassifies its financial assets when and only when its business model for managing those assets changes.

At initial recognition, the company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, other financial liabilities at amortised cost or as derivatives.

Financial liabilities are recognised at fair value plus, in the case of financial instruments not at fair value through profit and loss (i.e. loans and receivables and other financial liabilities); transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs directly attributable to financial liabilities which are measured at fair value (i.e. fair value through profit and loss or derivatives) are recognised in the income statement as incurred.

Subsequent measurement

Subsequent measurement of financial assets depends on the company's business model for managing those financial assets and the cash flow characteristics of those financial assets. The company only has financial assets classified at amortised cost. These assets are those held for contractual collection of cash flows, where those cash flows represent solely payments of principal and interest and are held at amortised cost. Any gains or losses arising on derecognition is recognised directly in profit or loss.

Trade and other payables and borrowings (including amounts due to related parties) are classified as other financial liabilities and are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest rate method (see below).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income and expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as fair value through profit or loss.

Notes to the financial statements for the year ended 31 December 2018**2 Summary of significant accounting policies (continued)*****Derecognition***

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Impairment of a financial asset

The company assesses on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. For trade receivables the company applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. For other receivables the company applies the three stage model to determine expected credit losses.

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.

Notes to the financial statements for the year ended 31 December 2018**2 Summary of significant accounting policies (continued)****Current and deferred income tax**

The tax expense 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. 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.

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 were no critical accounting estimates or judgements in applying the company's accounting policies.

Notes to the financial statements for the year ended 31 December 2018

4 Revenue

Turnover relates to rendering of management services to Sundrop group companies.

5 Employee benefit expenses

	2018	2017
	£	£
Wages and salaries	55,000	1,465,221
Social security costs	7,212	185,528
Pension costs – defined contribution plans	2,090	15,593
Other employment benefits	12,068	81,646
Total employee benefit expense	76,370	1,747,988

	2018	2017
Number of people (including directors) employed	No.	No.
Administration & General Management	1	6
Business & Technical Development	-	5
Total average headcount	1	11

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 director does 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 year ended 31 December 2018

6 Income tax charge

The company has no tax charge for the year (2017: £nil).

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:

	2018 £	2017 £
Loss before income tax	(121,474)	(4,175,462)
Tax calculated at the UK standard rate of corporation tax of 19%	(23,080)	(803,633)
Tax effects of:		
Expenses not deductible for tax purposes	-	580,726
Deferred tax assets not recognised	23,080	222,907
Income tax charge	-	-

Deferred tax

The company has tax losses of £4,795,153 (31 December 2017: £4,673,679) available for carry forward and offset against future trading profits. These tax losses, together with accelerated capital allowances, give rise to an unprovided deferred tax asset of £815,176 (31 December 2017: £794,525). This deferred tax asset will be recognised when it is expected that the company will have sufficient taxable profits from which the losses can be deducted.

Notes to the financial statements for the year ended 31 December 2018

7 Property, plant and equipment

	Office equipment £	Fixtures and fittings £	Total £
Cost			
At 1 January 2017	26,607	28,235	54,842
Additions	3,617	-	3,617
Disposals	(30,224)	(28,235)	(58,459)
At 31 December 2017 and 31 December 2018	-	-	-
Accumulated depreciation			
At 1 January 2017	16,997	10,358	27,355
Depreciation charge for the year	5,975	4,182	10,157
Disposals	(22,972)	(14,540)	(37,512)
At 31 December 2017 and 31 December 2018	-	-	-
Net book amount			
At 31 December 2017 and 31 December 2018	-	-	-

8 Investment

	£
Cost	
At 1 January 2017	4,355,492
Additions	1,043,541
Impairment	(3,017,295)
Reclassification to assets held for sale	(2,381,738)
At 31 December 2017 and 31 December 2018	-

Company	Proportion of shares held	Principal activity	Place of incorporation
Sundrop Farms Portugal S.A. ("SFPT")	100%	Operating company	Portugal
Sundrop Farms USA Inc ("SFUSA")	100%	Operating company	USA

Both companies are directly held by the Company. As at 31 December 2018, both companies were classified as assets held for sale and therefore have been measured at the lower of its carrying amount and fair value less cost to sell. This has resulted in an impairment of GBP 3,017,295, during the year ended 31 December 2017. The fair value less cost to sell of SFPT and SFUSA is GBP 2,065,478 and GBP 316,260 respectively.

Notes to the financial statements for the year ended 31 December 2018

9 Financial instruments

Financial instruments by category

	2018	2017
	£	£
Held at amortised cost		
Assets as per balance sheet		
Trade and other receivables (current)	14,245	43,536
Cash and cash equivalents	102	59,130
	14,347	102,666

	2018	2017
	£	£
Held at amortised cost		
Liabilities as per balance sheet		
Trade and other payables	10,407,226	10,391,646

10 Trade and other receivables

	2018	2017
	£	£
Prepayments and accrued income	1,968	11,035
Amounts owed by related parties	12,164	11,973
Other receivables	113	38,101
	14,245	61,109

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.

11 Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	-	-
Short term bank deposits	102	59,130
	102	59,130

Notes to the financial statements for the year ended 31 December 2018

12 Assets held for sale

	£
Cost	
At 1 January 2018	2,381,738
Additions	-
At 31 December 2018	2,381,738

As per note 8, the assets held for sale relate to the investments in SFPT and SFUSA. The two subsidiaries were put on the market in Q3 2017 with the sale completed in 2019. Total impairment of GBP 3,017,295 has been recognised on the face of the income statement in the year ended 31 December 2017.

13 Ordinary shares

	2018	2017
	£	£
Allotted and fully paid		
100 ordinary shares of £0.01 each	1	1

14 Trade and other payables

	2018	2017
	£	£
Current		
Trade payables	9,166	3,851
Accruals and deferred income	-	15,000
Amounts owed to parent undertakings	10,397,922	10,364,628
Other payables including taxation and social security	138	8,166
	10,407,226	10,391,645

The fair value of current trade and other payables is not materially different from its carrying value. Amounts owed to parent undertakings are unsecured, interest free and are on demand.

15 Related parties

The company has the following balances with related parties:

	2018	2017
	£	£
Amounts owed to		
Parent undertaking – current liabilities	(10,397,922)	(10,364,628)

During the year £33,294 was advanced to the company by its parent undertaking.

Remuneration of key management personnel

Total short term compensation to key management personnel was £69,158 (2017: £744,707).

Notes to the financial statements for the year ended 31 December 2018

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.