

Registered number: SC295443

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**KRMG (UKRAINE) LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

THURSDAY



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09/08/2018  
COMPANIES HOUSE

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<b>KRMG (UKRAINE) LIMITED</b>
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**COMPANY INFORMATION**

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<b>Director</b>	M C Laird
<b>Registered number</b>	SC295443
<b>Registered office</b>	East Memus Office East Memus Forfar Angus DD8 3TY
<b>Independent auditor</b>	Henderson Loggie The Vision Building 20 Greenmarket Dundee DD1 4QB

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<b>KRMG (UKRAINE) LIMITED</b>
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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Introduction**

The director presents his strategic report for the year ended 31 December 2017.

**Business review**

The company's principal activities during the year continued to be the holding and management of investments.

This year's operations were focused on running the various holdings, including last year's new acquisition Grain Land LLC.

A net loss of £612K was recorded at the end of 2017. This year's results benefited from a significant exchange gain of £2,253K due to some recovery in the Pound Sterling, as most of the company's assets and liabilities are denominated in US Dollars or SAR.

Also, during the year, loans due by the company's subsidiaries, denominated in USD and Euro and worth £34.5m were novated to the parent holding, United Farmers Holding Company. This has subsequently reduced the current debts due by the entity to its parent entity by the same amount. This process has had the added benefit of removing the sensitivity of the company's results to the Euro/GBP exchange fluctuations.

As per prior years, an impairment charge of £1,225K (2016: £1,354K) was recorded in the year due to management charges and costs charged by the company to its subsidiaries but not recoverable to date under Ukrainian laws.

In the year ended 31 December 2017 the company received no dividend income from its investments (2016: £nil) or paid no dividend to its parent undertaking (2016: £nil).

The company's parent undertaking, United Farmers Holding Company, has renewed its financial support to the company for at least 12 months from the date that these financial statements were signed by a director.

**Principal risks and uncertainties**

The company is exposed to financial risks that include liquidity, currency and credit risks.

Management keep these risks under regular review.

**Liquidity risk:**

Management maintain a prudent liquidity risk managerial approach. Liquid funds are provided as and when needed by the ultimate parent undertaking, United Farmers Company Holding. At the year end the company had cash at the bank of £269K (2016: £229K).

**Currency risk:**

The company is only exposed to currency risks on its group assets and borrowings, denominated primarily in SAR and US Dollars. Ultimately it does not have an impact on the overall group. Management monitors the exchange rate fluctuations on a continuous basis.

At the year end the company didn't enter into any financial instruments designed to hedge against foreign currency risk.

**Credit risk:**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

There were no significant third party debts due to the company at the year end (2016: no significant).

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**KRMG (UKRAINE) LIMITED**

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**STRATEGIC REPORT (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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This report was approved by the board on 11<sup>th</sup> July 2018 and signed on its behalf.

Mark Laird  
**M C Laird**  
Director

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<b>KRMG (UKRAINE) LIMITED</b>
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**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The director presents his report and the financial statements for the year ended 31 December 2017.

**Director's responsibilities statement**

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is 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;
- 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 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. He 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.

**Principal activity**

The company is incorporated in Scotland and has its main operations in Ukraine. The principal activity of the company is that of a holding company of Ukrainian subsidiaries, specialising in farming and crop storage.

**Results and dividends**

The loss for the year, after taxation, amounted to £612,332 (2016 - loss £5,317,775).

No dividends were declared or paid out in the year.

**Director**

The director who served during the year and up to the date of signing the financial statements was:

M C Laird

**Future developments**

The Company's aim in the near future is to manage and operate its current investments efficiently to maximise its shareholders' return and to ensure the welfare of its employees as well as the safeguard of the environment.

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**DIRECTOR'S REPORT (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

**Strategic report**

Included within the strategic report is an indication of the principal risks and uncertainties including the risks associated with the liquidity risk, currency risk and credit risk. Also included is the methods adopted to manage these risks where applicable.


**Post balance sheet events**

There are no significant post balance sheet events.

**Auditors**

The auditors, Henderson Loggie, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11th July 2018 and signed on its behalf.

  
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**M C Laird**  
**Director**

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<b>KRMG (UKRAINE) LIMITED</b>
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRMG (UKRAINE) LIMITED**

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**Opinion**

We have audited the financial statements of KRMG (Ukraine) Limited (the 'company') for the year ended 31 December 2017 which comprise and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRMG (UKRAINE) LIMITED (Continued)**

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**Other information**

The director is 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 this regard.

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

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

**Responsibilities of director**

As explained more fully in the Director's Responsibilities Statement, the director is 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 director is responsible for assessing the 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 director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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<b>KRMG (UKRAINE) LIMITED</b>
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRMG (UKRAINE) LIMITED (Continued)**

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**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: <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.

*Henderson Loggie*

**Gavin Black (Senior Statutory Auditor)  
For and on behalf of Henderson Loggie**

.....12 July.... 2018

Chartered Accountants  
Statutory Auditor

The Vision Building  
20 Greenmarket  
Dundee  
DD1 4QB

# KRMG (UKRAINE) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover		1,246,654	1,392,679
Cost of sales		(920,439)	(1,138,314)
<b>Gross profit/(loss)</b>		<b>326,215</b>	<b>(254,365)</b>
Administrative expenses		(2,438,282)	(2,614,404)
Other operating income/(charge)		2,252,633	(2,590,966)
<b>Operating profit/(loss)</b>		<b>140,566</b>	<b>(4,951,005)</b>
Interest receivable and similar income	7	1,028,715	1,430,283
Interest payable and expenses	8	(1,781,613)	(1,797,053)
<b>Loss before taxation</b>		<b>(612,332)</b>	<b>(5,317,775)</b>
<b>Loss for the year</b>		<b><u>(612,332)</u></b>	<b><u>(5,317,775)</u></b>
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<b><u>(612,332)</u></b>	<b><u>(5,317,775)</u></b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the income statement.

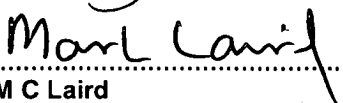
The notes on pages 12 to 26 form part of these financial statements.

**KRMG (UKRAINE) LIMITED**  
**REGISTERED NUMBER: SC295443**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	10	110,956	152,882
Investments	11	10,339,640	43,144,235
		<u>10,450,596</u>	<u>43,297,117</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	12,969	91,854
Cash at bank and in hand	13	268,706	229,524
		<u>281,675</u>	<u>321,378</u>
Creditors: amounts falling due within one year	14	(23,678,306)	(55,952,198)
<b>Net current liabilities</b>		<u>(23,396,631)</u>	<u>(55,630,820)</u>
<b>Total assets less current liabilities</b>		<u>(12,946,035)</u>	<u>(12,333,703)</u>
<b>Net liabilities</b>		<u>(12,946,035)</u>	<u>(12,333,703)</u>
<b>Capital and reserves</b>			
Called up share capital	17	220,000	220,000
Profit and loss reserves	16	(13,166,035)	(12,553,703)
<b>Total equity</b>		<u>(12,946,035)</u>	<u>(12,333,703)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11th July 2018

  
M C Laird  
Director

The notes on pages 12 to 26 form part of these financial statements.

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KRMG (UKRAINE) LIMITED
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2017	220,000	(12,553,703)	(12,333,703)
<b>Comprehensive income for the year:</b>			
Loss for the year	-	(612,332)	(612,332)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>(612,332)</u>	<u>(612,332)</u>
<b>Total transactions with owners</b>	<u>220,000</u>	<u>(13,166,035)</u>	<u>(12,946,035)</u>
<b>At 31 December 2017</b>	<u><u>220,000</u></u>	<u><u>(13,166,035)</u></u>	<u><u>(12,946,035)</u></u>

KRMG (UKRAINE) LIMITED
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2016	220,000	(7,235,928)	(7,015,928)
<b>Comprehensive income for the year:</b>			
Loss for the year	-	(5,317,775)	(5,317,775)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>(5,317,775)</u>	<u>(5,317,775)</u>
<b>Total transactions with owners</b>	<u>220,000</u>	<u>(12,533,703)</u>	<u>(12,333,703)</u>
<b>At 31 December 2016</b>	<u><u>220,000</u></u>	<u><u>(12,553,703)</u></u>	<u><u>(12,333,703)</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**1.2 Financial reporting standard 102 - reduced disclosure exemptions for subsidiaries**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1.12:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of United Farmers Holding Company, incorporated in Saudi Arabia as at 31 December 2016 and these financial statements may be obtained from C/O Almarai Company, PO Box 8524, Riyadh 11492, Kingdom of Saudi Arabia.

The company has taken advantage of the exemption under Section 401 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

**1.3 Going concern**

The company has net current liabilities of £23,396,631 (2016: £55,630,820) and has made a loss before taxation of £612,332 (2016: Loss £5,317,775). The company has prepared its financial statements on an ongoing basis due to the continued financial support of its ultimate parent company, United Farmers Holding Company, for at least 12 months from the date of signing these financial statements. The director is therefore confident that the company will meet its ongoing liabilities as they fall due for repayment. The total debt repayable to the ultimate parent undertaking is £23,104,285 (2016: £55,396,447).

**1.4 Turnover**

The whole turnover is attributable to management services and cost recharges provided within the group.

All turnover arose within the European Union excluding the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Long-term leasehold property	- 20% reducing balance
Plant and machinery	- 10-33% straight line
Motor vehicles	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

**1.6 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**1.7 Debtors**

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

**1.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.



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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1.9 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) at fair value with changes recognised in the Income Statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**Deferred tax**

The tax expense represents the sum of the corporation tax and deferred tax charge/(credit) for the year.

The tax currently payable/(repayable) is based on taxable profit/(loss) for the year. The company's liability/asset for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases, as used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in the future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss accounts, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**1.13 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP. Monetary amounts in these financial statements are rounded to the nearest £.

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<b>KRMG (UKRAINE) LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1.13 Foreign currency translation (Continued)**

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to group borrowings and cash and cash equivalents are presented in the Income Statement within 'Other operating income/charges'.

**1.14 Finance costs**

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.15 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**1.16 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement at the Statement of Financial Position date.

**1.17 Interest income**

Interest income is recognised in the Income Statement using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in accordance with FRS 102 requires from Management the exercise of judgement, to make estimates and assumptions that influence the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

Information about assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 9 "Taxation" - determine any provision for income taxes.
- Note 11 "Fixed asset investments"- determine the recoverability of investments in subsidiaries whenever indicators of impairment are present.

KRMG (Ukraine) Limited, SC295443, is incorporated in Scotland at the following registered address: East Memus Office, East Memus, Forfar, Angus, DD8 3TY.

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<b>KRMG (UKRAINE) LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**3. Analysis of turnover**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Management fees and recharged costs	<b>1,225,118</b>	<b>1,392,679</b>
	<b><u>1,225,118</u></b>	<b><u>1,392,679</u></b>

Analysis of turnover by country of destination:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Rest of Europe	<b>1,246,654</b>	<b>1,392,679</b>
	<b><u>1,246,654</u></b>	<b><u>1,392,679</u></b>

All turnover arose within the European Union excluding the United Kingdom.

# KRMG (UKRAINE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2017

### 4. Operating profit/(loss)

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

	2017 £	2016 £
Depreciation of tangible fixed assets	33,006	10,717
Fees payable to the Company's previous auditors for the audit of the company's annual accounts	-	-
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	5,929	5,000
<b>Fees payable to the Company's auditors and its associates for other services to the group:</b>		
- The audit of the Company's subsidiaries pursuant to legislation	-	35,500
- Taxation compliance services	-	7,250
- Accounting and other services	-	47,975
Exchange differences	(2,252,663)	2,590,966
Impairment of fixed asset investments	1,225,118	1,353,941
Defined contribution pension cost	<u>24,733</u>	<u>36,552</u>

### 5. Employees

Staff costs, including director's remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	753,413	927,639
Social security costs	79,450	102,169
Cost of defined contribution scheme	<u>24,733</u>	<u>36,552</u>
	<u>857,596</u>	<u>1,066,360</u>

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

2017 No.	2016 No.
<u>6</u>	<u>7</u>

KRMG (UKRAINE) LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**6. Director's remuneration**

	2017 £	2016 £
Director's emoluments	364,244	447,534
Company contributions to defined contribution pension schemes	10,000	22,500
	<u>374,244</u>	<u>470,034</u>

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

**7. Interest receivable**

	2017 £	2016 £
Bank interest receivable	-	30
Other interest receivable	1,028,715	1,430,253
	<u>1,028,715</u>	<u>1,430,283</u>

**8. Interest payable and similar charges**

	2017 £	2016 £
Other loan interest payable	1,781,613	1,797,053
	<u>1,781,613</u>	<u>1,797,053</u>

**9. Taxation**

	2017 £	2016 £
Adjustments in respect of previous periods	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on loss on ordinary activities</b>	<u>-</u>	<u>-</u>

# KRMG (UKRAINE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2017

### 9. Taxation (Continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(612,332)</u>	<u>(5,317,775)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(117,853)	(1,063,555)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	415,598	934,216
Adjustments to tax charge in respect of prior periods	-	(3,150)
Fixed asset difference	5,715	657
Deferred tax not recognised	133,436	111,241
Difference in tax rates	17,634	37,693
Non-taxable income	(454,530)	(17,102)
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

The company has tax losses totalling £2,970,000 (2016 - £2,302,000) available to carry forward against future taxable profits.



**KRMG (UKRAINE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**10. Tangible fixed assets**

	Long-term leasehold property	Plant and machinery	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2017	164,316	80,611	244,927
Additions	-	-	-
Disposals	-	(80,611)	(80,611)
At 31 December 2017	<u>164,316</u>	<u>-</u>	<u>164,316</u>
<b>Depreciation</b>			
At 1 January 2017	25,621	66,424	92,045
Charge for the year	27,739	5,267	33,006
Disposals	-	(71,691)	(71,691)
At 31 December 2017	<u>53,360</u>	<u>-</u>	<u>53,360</u>
<b>Net book value</b>			
At 31 December 2017	<u>110,956</u>	<u>-</u>	<u>110,956</u>
At 31 December 2016	<u>138,695</u>	<u>14,187</u>	<u>152,882</u>

# KRMG (UKRAINE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2017

### 11. Fixed asset investments

	Investments in subsidiary companies	Loans to Ukrainian entities	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2017	4,271,724	46,481,904	50,753,628
Loan addition	-	5,495,373	5,495,373
Repayments	-	(988,090)	(988,090)
Novated to parent entity	-	(34,500,768)	(34,500,768)
Foreign exchange movement	-	(1,585,992)	(1,585,992)
At 31 December 2017	4,271,724	14,902,427	19,174,151
<b>Impairment</b>			
At 1 January 2017	-	7,609,393	7,609,393
Charge for the year	-	1,225,118	1,225,118
At 31 December 2017	-	8,834,511	8,834,511
<b>Net book value</b>			
At 31 December 2017	<u>4,271,724</u>	<u>6,067,916</u>	<u>10,339,640</u>
At 31 December 2016	<u>4,271,724</u>	<u>38,872,511</u>	<u>43,144,235</u>

Debt instruments with the Ukrainian subsidiaries carry an annual interest rate of 5% and are repayable on demand. Interest income of £1,028,715 (2016: £1,393,912) was recorded in the year.

The investment in subsidiaries are stated at cost less provision for impairment. The company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. As per the management assessment, there are no indications for impairment in the carrying value of the investments in subsidiaries as at 31 December 2017.

Each year the company also carries out an assessment of the recoverability of the loans and other amounts invested in the subsidiaries and decides on an appropriate impairment based on their recoverability assessment. In 2017 an impairment charge of £1,225,118 (2016: £1,353,941) was carried out in relation to amounts invested in Agro LV Limited LLC which are deemed unrecoverable due to the current restrictions imposed by Ukrainian company laws.

# KRMG (UKRAINE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2017

### 11. Fixed asset investments (Continued)

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Agrolandinvest UK LLC	Ukraine	Ordinary	100 %	Farming
Agromark UK LLC	Ukraine	Ordinary	100 %	Farming
CFG Agroservice PE (previously called CFG South Ukraine)	Ukraine	Ordinary	100 %	Farming
Agro LV Limited LLC	Ukraine	Ordinary	100 %	Farming
Grain Land LLC	Ukraine	Ordinary	100 %	Farming

### 12. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	-	86,963
Taxation and social security	3,565	4,891
Other debtors	9,404	-
	<u>12,969</u>	<u>91,854</u>

### 13. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	268,706	229,524
	<u>268,706</u>	<u>229,524</u>

# KRMG (UKRAINE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2017

### 14. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	39,443	34,138
Amounts owed to group undertakings	23,104,285	55,396,447
Taxation and social security	19,458	19,745
Accruals and deferred income	515,120	501,868
	<u>23,678,306</u>	<u>55,952,198</u>

None of the creditors are secured.

### 15. Financial instruments

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	9,404	86,963
	<u>9,404</u>	<u>86,963</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(23,658,848)	(55,932,453)
	<u>(23,658,848)</u>	<u>(55,932,453)</u>

Financial assets measured at amortised cost comprise group loan facilities for a total of £nil (2016: £86,963) and other debtors for £9,404 (2016: £nil). All loans within debtors are repayable on demand.

Financial liabilities measured at amortised cost comprise trade creditors and accruals for £554,563 (2016: £536,006) and group loans for £23,104,285 (2016: £35,208,805) with an average interest rate of 6.948% (2016: 6.457%) and repayable on demand, and other group loans for £nil (2016: £20,187,642) with no interest charge and no repayment term.

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<b>KRMG (UKRAINE) LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**16. Profit and loss reserves**

Profit and loss reserves include all current and prior period retained profits and losses.

**17. Share capital**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
220,000 Ordinary shares of £1 each	<u>220,000</u>	<u>220,000</u>

Ordinary shares carry full rights to voting, dividends and capital distributions (including on winding up). They do not confer any rights of redemption.

**18. Pension commitments**

There was no pension amount outstanding at the year end (2016: £nil).

**19. Related party transactions**

The company has taken advantage of the disclosure exemption in preparing these financial statements, as permitted by FRS 102, Section 33.1A.

**20. Controlling party**

The parent undertaking and controlling party is United Farmers Holding Company, incorporated in Saudi Arabia.