

Unaudited Financial Statements for the Year Ended 31 July 2022

for

Truffle Farms Europe Limited

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for the Year Ended 31 July 2022

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Truffle Farms Europe Limited

Company Information
for the Year Ended 31 July 2022

DIRECTOR: G W Henderson

REGISTERED OFFICE: 31 Charlotte Square
Edinburgh
EH2 4ET

REGISTERED NUMBER: SC510853 (Scotland)

ACCOUNTANTS: One Accounting Ltd
Chartered Management Accountants
Drumsheugh Toll
2 Belford Road
Edinburgh
Midlothian
EH4 3BL

Statement of Financial Position

31 July 2022

	Notes	31.7.22 £	£	31.7.21 £	£
FIXED ASSETS					
Intangible assets	4		22,400		-
Tangible assets	5		<u>66,592</u>		<u>79,624</u>
			88,992		79,624
CURRENT ASSETS					
Stocks		82,643,544		69,244,400	
Debtors	6	8,083,142		6,418,905	
Cash at bank		<u>101,735</u>		<u>150,835</u>	
		90,828,421		75,814,140	
CREDITORS					
Amounts falling due within one year	7	<u>1,255,771</u>		<u>1,167,469</u>	
NET CURRENT ASSETS			<u>89,572,650</u>		<u>74,646,671</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			89,661,642		74,726,295
CREDITORS					
Amounts falling due after more than one year	8		(6,122)		(50,299)
PROVISIONS FOR LIABILITIES			<u>(12,652)</u>		<u>(14,941)</u>
NET ASSETS			<u>89,642,868</u>		<u>74,661,055</u>
CAPITAL AND RESERVES					
Called up share capital			100		100
Share premium	9		29,990		29,990
Fair value reserve	9		80,007,450		67,536,112
Retained earnings	9		<u>9,605,328</u>		<u>7,094,853</u>
SHAREHOLDERS' FUNDS			<u>89,642,868</u>		<u>74,661,055</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 July 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 July 2022 in accordance with Section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for:

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

Truffle Farms Europe Limited (Registered number: SC510853)

Statement of Financial Position - continued
31 July 2022

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

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

The financial statements were approved by the director and authorised for issue on 25 April 2023 and were signed by:

G W Henderson - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 July 2022

1. **STATUTORY INFORMATION**

Truffle Farms Europe Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

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

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The company sells an upfront licence right to 80% of the realised sale value of inventory, and for 50% of any sale proceeds of the biological asset. The company retains the right to receive 20% of the realised sale value of inventory, and the remaining 50% of the sale proceeds of the biological asset.

Sales of inventory are recognised in the profit and loss account at the date of sale of that inventory.

Sales of biological assets are recognised in the profit and loss account at the date of sale of that biological asset.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of five years.

Tangible fixed assets

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

Plant and machinery	- 25% on cost
Fixtures and fittings	- 33% on cost
Computer equipments	- 33% on cost

2. ACCOUNTING POLICIES - continued

Stocks

Biological Assets

Truffle Trees are classified as Biological Assets in accordance with International Accounting Standard 41 (IAS41 - Agriculture).

Treatment of Costs

The following costs are capitalised and reported as Biological Assets:

- Initial acquisition of truffle trees
- Planting, development, irrigation, land management and other costs relating to the development of immature trees up to the point where they are productive
- A proportion of overheads relating to the management of biological assets

Once a tree is productive, costs relating to the ongoing management of such trees are expensed as a cost of production in the profit and loss account.

The company retains control of the Biological Assets, and such assets can only be sold upon the approval of the Board.

Inventory

When truffles are harvested, they are recognised as inventory for resale under current assets.

Fair Value of Biological Assets

IAS 41 requires biological assets to be measured at initial recognition (see treatment of costs) and at each balance sheet date at their fair value less costs to sell including estimated selling costs.

'Fair Value' is defined as the amount for which the biological asset (Truffle tree) could be exchanged between two knowledgeable, willing parties in an arms length transaction. It represents the market price for the asset based on current expectations.

The company will determine a fair value based on the following hierarchy

- Price for the asset in an active market, based on the company's own average selling price per biological asset unit in the current accounting period
- Recent transaction price achieved for the asset if there is no active market
- Present value of the future cashflows expected to be generated from the asset

Financial instruments

The Company only enters into basic financial instrument 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.

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 future cash flows and subsequently amortised at cost using the effective interest method.

Creditors payable within one year, typically trade payables, are measured, initially and subsequently at the undiscounted amount of the cash or other consideration expected to be paid.

Debtors payable within one year, typically trade debtors, are measured initially and subsequently at the undiscounted amount of the cash or other consideration expected to be received.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Notes to the Financial Statements - continued
for the Year Ended 31 July 2022

2. **ACCOUNTING POLICIES - continued**

Deferred tax

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

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

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Government grants relating to revenue are recognised on a systematic basis over the periods in which the Company recognises the related costs for which the grant is intended to compensate. Grants in relation to tangible fixed assets are credited to the profit and loss account over the useful lives of the related assets. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter. The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 7 (2021 - 4) .

4. **INTANGIBLE FIXED ASSETS**

	Other intangible assets £
COST	
Additions	24,000
At 31 July 2022	<u>24,000</u>
AMORTISATION	
Charge for year	1,600
At 31 July 2022	<u>1,600</u>
NET BOOK VALUE	
At 31 July 2022	<u>22,400</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2022

5. **TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Computer equipments £	Totals £
COST				
At 1 August 2021	85,106	7,315	16,624	109,045
Additions	5,250	9,227	857	15,334
At 31 July 2022	90,356	16,542	17,481	124,379
DEPRECIATION				
At 1 August 2021	16,284	3,561	9,576	29,421
Charge for year	21,119	3,125	4,122	28,366
At 31 July 2022	37,403	6,686	13,698	57,787
NET BOOK VALUE				
At 31 July 2022	52,953	9,856	3,783	66,592
At 31 July 2021	68,822	3,754	7,048	79,624

6. **DEBTORS**

	31.7.22 £	31.7.21 £
Amounts falling due within one year:		
Trade debtors	666,215	681,096
Other debtors	4,304,923	3,670,460
Directors' current accounts	3,088,682	2,043,794
VAT	7,379	7,374
Prepayments and accrued income	11,043	7,705
	<u>8,078,242</u>	<u>6,410,429</u>
Amounts falling due after more than one year:		
Trade debtors	<u>4,900</u>	<u>8,476</u>
Aggregate amounts	<u>8,083,142</u>	<u>6,418,905</u>

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

	31.7.22 £	31.7.21 £
Bank loans and overdrafts	24,212	34,645
Hire purchase contracts	18,365	16,834
Trade creditors	252,318	390,067
Tax	953,978	692,192
Social security and other taxes	1,406	1,296
Other creditors	2,311	29,535
Accrued expenses	3,181	2,900
	<u>1,255,771</u>	<u>1,167,469</u>

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

	31.7.22 £	31.7.21 £
Bank loans - 1-2 years	-	24,282
Hire purchase contracts	<u>6,122</u>	<u>26,017</u>
	<u>6,122</u>	<u>50,299</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2022

9. **RESERVES**

	Retained earnings £	Share premium £	Fair value reserve £	Totals £
At 1 August 2021	7,094,853	29,990	67,536,112	74,660,955
Profit for the year	14,981,813			14,981,813
Fair Value reserve transfer	(12,471,338)	-	12,471,338	-
At 31 July 2022	<u>9,605,328</u>	<u>29,990</u>	<u>80,007,450</u>	<u>89,642,768</u>

10. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the years ended 31 July 2022 and 31 July 2021:

	31.7.22 £	31.7.21 £
G W Henderson		
Balance outstanding at start of year	256,956	143,593
Amounts advanced	124,357	113,373
Amounts repaid	(39,000)	(10)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>342,313</u>	<u>256,956</u>
M Waddell		
Balance outstanding at start of year	1,786,838	1,061,933
Amounts advanced	960,342	776,372
Amounts repaid	(812)	(51,467)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>2,746,368</u>	<u>1,786,838</u>

The above balances have had interest charged at between 2.25% and 2.50% per annum. Directors loans have no fixed repayment date and are unsecured.

11. **RELATED PARTY DISCLOSURES**

Included in other debtors > 1 year is a loan of £2,790,252 to Truffle Farms Estates SL, a company registered in Spain. Mr M Waddell is a Director of both companies.

12. **ULTIMATE CONTROLLING PARTY**

The dependents of Mr M Waddell (deceased) are the ultimate controlling party by virtue of their majority shareholding.

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