

Registered number: 00501658

**Newmafruit Farms Limited**

**Directors' report and financial statements  
for the year ended 31 May 2017**



# **Newmafruit Farms Limited**

## **Company information**

<b>Directors</b>	M L Newman K H Newman T G Newman A I Frankham (resigned 25 October 2016) M P Thompson (resigned 17 February 2017) W P Milne (appointed 8 June 2017, resigned 24 August 2017) P C Nicholls (appointed 2 October 2017)
<b>Registered number</b>	00501658
<b>Registered office</b>	Howfield Farm Howfield Lane Chartham Canterbury Kent CT4 7HQ
<b>Independent auditors</b>	Chavereys Chartered Accountants and Statutory Auditors Mall House The Mall Faversham Kent ME13 8JL

# **Newmafruit Farms Limited**

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# **Newmafruit Farms Limited**

## **Group strategic report for the year ended 31 May 2017**

### **Introduction**

The group's principal activities are that of growing, buying, packing, storage, wholesaling, distribution and other ancillary services within the fruit industry.

The consolidated profit and loss account on page 8 reflects the results of the group for the year ended 31 May 2017.

### **Business review**

Despite challenging operating conditions we finished 2017 in a much stronger position than we started it. At the time of writing this we have returned to growth and profitability in our core business and 2018 will reflect this.

Group turnover has fallen year on year by 15.6% to £21.40m (2016: £25.37m) largely due to the demise of key income streams with strategic partners.

Group gross profit margin rose in the year by 1.2% to 13% (2016: 11.8%). This reflects a broad improvement in control over input costs & productive efficiency as well as some diversification into more profitable, non-core sectors.

Newmafruit Farms turnover fell by 32% in the year, driven by substantial downward market pressure on unit prices & insufficient volumes to compensate. A strong focus on the management of direct costs enabled Newmafruit Farms' Gross Profit Margin to improve by four percentage points to 5.4% (2016: 1.4%).

The directors expect the market place to remain challenging for Newmafruit Farms for the foreseeable future given the price sensitivity of the retail arena combining with input cost inflation & greater financial burdens on the employer. These challenges will be met by means of ongoing investment in the improvement of staff engagement & development, productive & administrative efficiency, horticultural yields & the reduction of waste.

Newmafruit International's turnover fell by 36% in the year due to a significant loss in the strategic customer base. This abrupt shift in the business profile also impacted upon Gross Profit. Gross Margin saw a decline of 6.2 percentage points to 15.9% (2016: 22.1%). The realignment of business costs with the scale & needs of the reduced activity level lagged behind the sharp decline in revenue.

Shanatova Ltd. & Icosagon Ltd. are group companies that were established in the previous financial year in order to construct & market domestic buildings. In the year ending 31 May 2017 Shanatova achieved a gross profit margin of 26.1% on turnover of £2.5m for a net profit result of £589k. Icosagon achieved gross profit margin of 16.5% on £2.2m turnover for a net profit result of £235k. The subsidiaries' projects having been completed, the directors expect to liquidate these businesses during 2018.

### **Principal risks and uncertainties**

The key business risks & uncertainties affecting the group continue to be competition from other growers & service providers, the volatile & price sensitive nature of the fresh produce sector & the maintenance of effective & robust relationships with supply chain partners, customers & employees at all levels within the group. The management integrates the protection & development of these relationships within its wider corporate strategy.

### **Financial key performance indicators**

The group measures KPIs on a weekly and monthly basis as part of its internal control processes. They are considered under the following headings:

- Safety, quality and the environment
- People, productivity and facilities
- Financial performance
- Customers and Markets

Given the size, structure and nature of the business the company's directors are of the opinion that additional disclosures regarding the use of KPIs is not necessary for the understanding of the development, performance and position of the business.

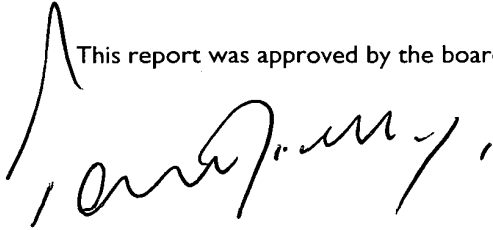
## **Newmafruit Farms Limited**

### **Group strategic report (continued) for the year ended 31 May 2017**

#### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

This report was approved by the board and signed on its behalf.



**P C Nicholls**  
Director

Date:

27.02.18

## **Newmafruit Farms Limited**

### **Directors' report for the year ended 31 May 2017**

The directors present their report and the financial statements for the year ended 31 May 2017.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £1,785,307 (2016 - profit £987,843).

#### **Directors**

The directors who served during the year were:

M L Newman  
K H Newman  
T G Newman  
A I Frankham (resigned 25 October 2016)  
M P Thompson (resigned 17 February 2017)

#### **Future developments**

The directors will continue to implement the strategy for growth, with further continuous improvement to unlock capacity, and investment in people, plant and machinery to drive efficiency and margin, enabling the business to remain at the forefront of a changing marketplace.

## **Newmafruit Farms Limited**

### **Directors' report (continued) for the year ended 31 May 2017**

#### **Financial instruments**

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors, loans to the company and finance lease agreements. The main purpose of these instruments is to raise funds for the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below:

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts where necessary, at floating rates of interest. The company makes use of money market facilities where funds are available.

In respect of loans these comprise loans from financial institutions and directors. The interest rate on the loans from financial institutions is variable but the regular repayments are fixed. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

The company is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed in the same way as the above loans.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board are implemented by the finance department.

#### **Employee involvement**

The group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the group. This is achieved through informal and formal meetings and regular updates on company notice boards. Employee representatives are consulted regularly on a wide range of matters affecting current and future interests.

#### **Disabled employees**

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible be identical with that of other employees.

#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

#### **Post balance sheet events**

There have been no significant events affecting the group since the year end.

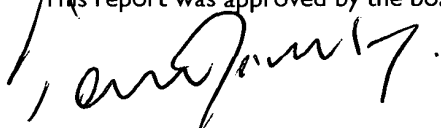
## **Newmafruit Farms Limited**

### **Directors' report (continued) for the year ended 31 May 2017**

#### **Auditors**

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

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'P C Nicholls', is written over the text 'This report was approved by the board and signed on its behalf.'

**P C Nicholls**  
**Director**

Date: 24.02.18



## **Newmafruit Farms Limited**

### **Independent auditors' report to the shareholders of Newmafruit Farms Limited**

We have audited the financial statements of Newmafruit Farms Limited for the year ended 31 May 2017, set out on pages 8 to 36. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors' 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.

#### **Respective responsibilities of Directors and Auditors**

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the group strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2017 and of the group's 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report and the directors' report.

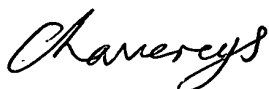
## **Newmafruit Farms Limited**

### **Independent auditors' report to the shareholders of Newmafruit Farms Limited (continued)**

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

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



Iain Morris (senior statutory auditor)  
for and on behalf of

**Chavereys**

Chartered Accountants and Statutory Auditors  
Faversham

Date: *27 February 2018*

## Newmafruit Farms Limited

### Consolidated statement of comprehensive income for the year ended 31 May 2017

	Note	2017 £	2016 £
Turnover	4	21,399,761	25,367,458
Cost of sales		(18,617,477)	(22,356,272)
<b>Gross profit</b>		<b>2,782,284</b>	<b>3,011,186</b>
Administrative expenses		(3,227,425)	(3,523,762)
Other operating income	5	331,165	660,625
Other operating charges (exceptional items)		(1,556,342)	683,751
<b>Operating (loss)/profit</b>	6	<b>(1,670,318)</b>	<b>831,800</b>
Interest receivable and similar income	10	7,839	11,646
Interest payable and expenses	11	(89,719)	(108,503)
<b>(Loss)/profit before taxation</b>		<b>(1,752,198)</b>	<b>734,943</b>
Tax on (loss)/profit	12	(33,109)	261,789
<b>(Loss)/profit for the financial year</b>		<b>(1,785,307)</b>	<b>996,732</b>
<b>Total comprehensive income for the year</b>		<b>(1,785,307)</b>	<b>996,732</b>
<b>(Loss)/profit for the year attributable to:</b>			
Non-controlling interests		-	8,889
Owners of the parent company		(1,785,307)	987,843
		<b>(1,785,307)</b>	<b>996,732</b>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interest		-	8,889
Owners of the parent company		(1,785,307)	987,843
		<b>(1,785,307)</b>	<b>996,732</b>

**Newmafruit Farms Limited**  
**Registered number:00501658**

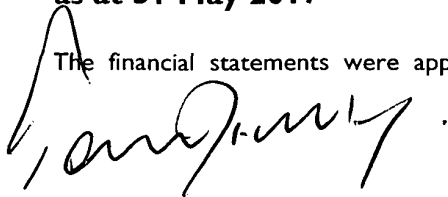
**Consolidated balance sheet**  
**as at 31 May 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	14	17,845,906	17,907,493
Investments	15	1,022	1,022
		<u>17,846,928</u>	<u>17,908,515</u>
<b>Current assets</b>			
Stocks	16	3,111,362	3,371,572
Debtors: amounts falling due after more than one year	17	-	2,669,071
Debtors: amounts falling due within one year	17	4,358,671	5,803,736
Cash at bank and in hand		2,210,664	4,514,607
		<u>9,680,697</u>	<u>16,358,986</u>
Creditors: amounts falling due within one year	18	(3,428,484)	(8,477,152)
<b>Net current assets</b>		<u>6,252,213</u>	<u>7,881,834</u>
<b>Total assets less current liabilities</b>		<u>24,099,141</u>	<u>25,790,349</u>
Creditors: amounts falling due after more than one year	19	(239,048)	(178,059)
<b>Provisions for liabilities</b>			
Deferred taxation	22	(787,007)	(753,897)
		<u>(787,007)</u>	<u>(753,897)</u>
<b>Net assets</b>		<u>23,073,086</u>	<u>24,858,393</u>
<b>Capital and reserves</b>			
Called up share capital	23	2,321	2,321
Share premium account	24	13,000	13,000
Revaluation reserve	24	13,594,940	13,594,940
Capital redemption reserve	24	680	680
Profit and loss account	24	9,462,097	11,247,404
<b>Equity attributable to owners of the parent company</b>		<u>23,073,038</u>	<u>24,858,345</u>
Non-controlling interests		48	48
		<u>23,073,086</u>	<u>24,858,393</u>

**Newmafruit Farms Limited**  
**Registered number:00501658**

**Consolidated balance sheet (continued)**  
**as at 31 May 2017**

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



27.02.18

**P C Nicholls**  
Director

The notes on pages 15 to 36 form part of these financial statements.

**Newmafruit Farms Limited**  
**Registered number:00501658**

**Company balance sheet**  
**as at 31 May 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	14	17,108,786	17,245,886
Investments	15	203,022	155,022
		<u>17,311,808</u>	<u>17,400,908</u>
<b>Current assets</b>			
Stocks	16	398,986	484,258
Debtors: amounts falling due after more than one year	17	-	2,669,071
Debtors: amounts falling due within one year	17	5,609,586	6,003,685
Cash at bank and in hand		436,654	3,481,872
		<u>6,445,226</u>	<u>12,638,886</u>
Creditors: amounts falling due within one year	18	(8,755,684)	(13,195,774)
<b>Net current liabilities</b>		<u>(2,310,458)</u>	<u>(556,888)</u>
<b>Total assets less current liabilities</b>		<u>15,001,350</u>	<u>16,844,020</u>
Creditors: amounts falling due after more than one year	19	(53,845)	(60,784)
<b>Provisions for liabilities</b>			
Deferred taxation	22	(784,000)	(721,000)
		<u>(784,000)</u>	<u>(721,000)</u>
<b>Net assets</b>		<u>14,163,505</u>	<u>16,062,236</u>
<b>Capital and reserves</b>			
Called up share capital	23	2,321	2,321
Revaluation reserve	24	13,594,940	13,594,940
Capital redemption reserve	24	680	680
Profit and loss account	24	565,564	2,464,295
		<u>14,163,505</u>	<u>16,062,236</u>

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

27.02.18

**P C Nicholls**  
Director

## Newmafruit Farms Limited

### Consolidated statement of changes in equity for the year ended 31 May 2017

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£	£
At 1 June 2015	2,321	13,000	680	13,594,940	10,259,561	23,870,502	(8,841)	23,861,661
Profit for the year	-	-	-	-	987,843	987,843	8,889	996,732
At 1 June 2016	2,321	13,000	680	13,594,940	11,247,404	24,858,345	48	24,858,393
Loss for the year	-	-	-	-	(1,785,307)	(1,785,307)	-	(1,785,307)
<b>At 31 May 2017</b>	<b>2,321</b>	<b>13,000</b>	<b>680</b>	<b>13,594,940</b>	<b>9,462,097</b>	<b>23,073,038</b>	<b>48</b>	<b>23,073,086</b>

## Newmafruit Farms Limited

### Company statement of changes in equity for the year ended 31 May 2017

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 June 2015	2,321	680	13,594,940	3,562,179	17,160,120
Loss for the year	-	-	-	(1,097,884)	(1,097,884)
At 1 June 2016	2,321	680	13,594,940	2,464,295	16,062,236
Loss for the year	-	-	-	(1,898,731)	(1,898,731)
<b>At 31 May 2017</b>	<b>2,321</b>	<b>680</b>	<b>13,594,940</b>	<b>565,564</b>	<b>14,163,505</b>



## Newmafruit Farms Limited

### Consolidated statement of cash flows for the year ended 31 May 2017

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(1,785,307)	996,732
<b>Adjustments for:</b>		
Depreciation of tangible assets	440,452	695,755
Loss on disposal of tangible assets	(4,512)	(4,656)
Interest paid	89,721	108,503
Interest received	(7,839)	(11,646)
Taxation charge	33,109	(261,789)
Decrease/(increase) in stocks	260,210	(2,464,364)
Decrease in debtors	4,115,179	1,819,081
(Decrease)/increase in creditors	(2,556,785)	954,749
Corporation tax (paid)/received	(1,042)	30,814
<b>Net cash generated from operating activities</b>	<b>583,186</b>	<b>1,863,179</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(391,102)	(371,148)
Sale of tangible fixed assets	16,749	38,100
Interest received	7,839	11,646
HP interest paid	(9,801)	(17,185)
<b>Net cash from investing activities</b>	<b>(376,315)</b>	<b>(338,587)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(2,501,310)	(893,920)
Repayment of/new finance leases	70,415	99,954
Interest paid	(79,920)	(91,318)
<b>Net cash used in financing activities</b>	<b>(2,510,815)</b>	<b>(885,284)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,303,944)</b>	<b>639,308</b>
Cash and cash equivalents at beginning of year	4,514,607	3,875,299
<b>Cash and cash equivalents at the end of year</b>	<b>2,210,663</b>	<b>4,514,607</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,210,664	4,514,607
Bank overdrafts	(1)	-
	<b>2,210,663</b>	<b>4,514,607</b>

# **Newmafruit Farms Limited**

## **Notes to the financial statements for the year ended 31 May 2017**

### **1. General information**

Newmafruit Farms Limited is a private company, limited by shares and incorporated in England and Wales.

The address of the registered office is given on the company information page. The nature of the company's operations and its principal activities are set out in the strategic review.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in pound sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the group's accounting policies (see note 3).

#### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 June 2014.

#### **2.3 Going concern**

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

#### **2.4 Revenue recognition**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

#### **2.5 EU agricultural support schemes**

Payments received under EU agricultural support schemes are recognised as income when the business has met all criteria which entitle it to the payments.

Amounts received under the Basic Payment schemes are recognised on 31 December in the year of claim. No provision has been made for penalties arising from the failure to comply with 'cross compliance' conditions, as defined by the RPA, except for where notification has been received.

## **Newmafruit Farms Limited**

### **Notes to the financial statements for the year ended 31 May 2017**

#### **2. Accounting policies (continued)**

##### **2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Tangible fixed assets include biological assets (see accounting policy 2.10).

Orchards and other equipment purchased through Producer Organisations but used by the company are not included in tangible fixed assets.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using both straight line and reducing balance methods.

Depreciation is provided on the following basis:

Freehold land and property	- 0% - 2% straight line
S/Term leasehold land and property	- 10% straight line
Plant and machinery	- 15% - 20% reducing balance
Motor vehicles	- 20% - 25% reducing balance
Office equipment	- 15% - 20% reducing balance
Fixtures and fittings	- 20% reducing balance

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 in the consolidated statement of comprehensive income.

The company elected to revalue land and property at deemed cost on transition to FRS 102 and has not adopted an ongoing policy of revaluation.

##### **2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **2.8 Stock**

Agricultural produce harvested from the company's biological assets is valued at the lower of cost and estimated selling price less costs to complete and sell. Other stock items are valued at the lower of cost and net realisable value less any provision for impairment.

##### **2.9 Biological assets**

Biological assets are living plants controlled by the company from which it expects to derive future economic benefits. Biological assets are measured at the lower of cost less any accumulated depreciation and impairment losses.

## **Newmafruit Farms Limited**

### **Notes to the financial statements for the year ended 31 May 2017**

#### **2. Accounting policies (continued)**

##### **2.10 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.

##### **2.11 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

##### **2.12 Financial instruments**

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, 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 debtors and creditors, 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:

- at fair value with changes recognised in the consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- 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 consolidated statement of comprehensive income.

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 group would receive for the asset if it were to be sold at the balance sheet date.

## **Newmafruit Farms Limited**

### **Notes to the financial statements for the year ended 31 May 2017**

#### **2. Accounting policies (continued)**

##### **2.13 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.

##### **2.14 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the consolidated statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure.

##### **2.15 Foreign currency translation**

###### **Functional and presentation currency**

The company's functional and presentational currency is pounds sterling.

###### **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 consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

##### **2.16 Finance costs**

Finance costs are charged to the consolidated statement of comprehensive income 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.

##### **2.17 Operating leases: the group as lessee**

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

## **Newmafruit Farms Limited**

### **Notes to the financial statements for the year ended 31 May 2017**

#### **2. Accounting policies (continued)**

##### **2.18 Pensions**

###### **Defined contribution pension plan**

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

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

##### **2.19 Holiday pay accrual**

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

##### **2.20 Interest income**

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

##### **2.21 Borrowing costs**

All borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

##### **2.22 Provisions for liabilities**

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

## **Newmafruit Farms Limited**

### **Notes to the financial statements for the year ended 31 May 2017**

#### **2. Accounting policies (continued)**

##### **2.23 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **2.24 Research and development**

Research and development expenditure is written off in the year in which it was incurred.

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

The company makes certain estimates and judgments regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow.

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### **4. Turnover**

All turnover arose within the United Kingdom.

## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

#### 5. Other operating income

	2017 £	2016 £
Other operating income	177,636	493,039
Net rents receivable	153,529	167,586
	<u>331,165</u>	<u>660,625</u>

#### 6. Operating (loss)/profit

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

	2017 £	2016 £
Depreciation of tangible fixed assets	440,451	695,755
Fees payable to the group's auditor and its associates for the audit of the company's annual financial statements	19,000	19,000
Other operating lease rentals	483,797	631,221
Defined contribution pension cost	49,304	52,129
	<u></u>	<u></u>

#### 7. Auditors' remuneration

	2017 £	2016 £
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	19,000	19,000
	<u></u>	<u></u>
<b>Fees payable to the group's auditor and its associates in respect of:</b>		
All other services	134,943	143,433
	<u>134,943</u>	<u>143,433</u>



## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

#### 8. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	6,995,119	7,412,133
Social security costs	523,607	567,971
Cost of defined contribution scheme	49,304	52,129
	<u>7,568,030</u>	<u>8,032,233</u>

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

	2017 No.	2016 No.
Management	14	14
Administration	21	25
Production and harvest	372	381
	<u>407</u>	<u>420</u>

#### 9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	253,648	355,499
	<u>253,648</u>	<u>355,499</u>

The highest paid director received remuneration of £104,899 (2016 - £178,071).

No pension contributions were paid in the year to the directors (2016: £nil)

#### 10. Interest receivable

	2017 £	2016 £
Other interest receivable	7,839	11,646
	<u>7,839</u>	<u>11,646</u>

## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

#### 11. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	79,918	91,480
Finance leases and hire purchase contracts	9,801	17,185
Other interest payable	-	(162)
	<u>89,719</u>	<u>108,503</u>

#### 12. Taxation

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	(93,607)
Adjustments in respect of previous periods	-	(101,328)
	<u>-</u>	<u>(194,935)</u>
<b>Total current tax</b>	<u>-</u>	<u>(194,935)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(33,109)	66,854
<b>Total deferred tax</b>	<u>33,109</u>	<u>(66,854)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>33,109</u>	<u>(261,789)</u>

## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

#### 12. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.83% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
(Loss)/profit on ordinary activities before tax	<b>(1,752,198)</b>	734,941
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.83% (2016 - 20%)	<b>(347,461)</b>	146,988
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	<b>(5,939)</b>	(5,912)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>2,486</b>	2,102
Capital allowances for year in excess of depreciation	<b>78,869</b>	90,745
Utilisation of tax losses	<b>(3,132)</b>	(199,733)
Adjustments to tax charge in respect of prior periods	-	(101,328)
Other timing differences leading to an increase (decrease) in taxation	-	52
Non-taxable income	-	(177,784)
Unrelieved tax losses carried forward	<b>346,998</b>	143,542
Other differences leading to an increase (decrease) in the tax charge	<b>(764)</b>	(93,607)
Group relief	<b>(71,057)</b>	-
Deferred tax	<b>33,109</b>	(66,854)
<b>Total tax charge for the year</b>	<b>33,109</b>	(261,789)

##### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

#### 13. Exceptional items

	2017 £	2016 £
Exceptional items	(1,556,342)	683,751
	<u>(1,556,342)</u>	<u>683,751</u>

The exceptional items represented by the above are provisions and write-offs of loans made by company and the legal and consultancy fees that have occurred as a result.

## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

#### 14. Tangible fixed assets

##### Group

	Freehold land and property £	S/Term Leasehold land and property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equip' £	Total £
<b>Cost or valuation</b>							
At 1 June 2016	18,554,941	1,000,000	3,203,290	284,048	687,353	148,194	23,877,826
Additions	-	-	306,217	8,995	75,682	208	391,102
Disposals	-	-	(35,350)	(8,225)	-	-	(43,575)
At 31 May 2017	18,554,941	1,000,000	3,474,157	284,818	763,035	148,402	24,225,353
<b>Depreciation</b>							
At 1 June 2016	3,095,194	100,000	1,992,593	215,485	453,023	114,038	5,970,333
Charge for the year on owned assets	28,845	100,000	161,043	18,601	52,572	6,866	367,927
Charge for the year on financed assets	-	-	72,525	-	-	-	72,525
Disposals	-	-	(23,223)	(8,115)	-	-	(31,338)
At 31 May 2017	3,124,039	200,000	2,202,938	225,971	505,595	120,904	6,379,447
<b>Net book value</b>							
At 31 May 2017	15,430,902	800,000	1,271,219	58,847	257,440	27,498	17,845,906
At 31 May 2016	15,459,747	900,000	1,210,697	68,563	234,330	34,156	17,907,493

## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

#### 14. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Freehold	15,430,903	15,459,748
Short leasehold	800,000	900,000
	<u>16,230,903</u>	<u>16,359,748</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	492,245	412,748
	<u>492,245</u>	<u>412,748</u>

Freehold and short term leasehold land and property included above at a valuation of £15,224,308 has an original cost of £1,830,614.

## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

#### Company

	Freehold property £	S/Term Leasehold Property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>						
At 1 June 2016	18,514,119	1,000,000	1,349,431	262,198	429,493	21,555,241
Additions	-	-	81,739	8,995	75,382	166,116
Disposals	-	-	(35,350)	(8,225)	-	(43,575)
At 31 May 2017	18,514,119	1,000,000	1,395,820	262,968	504,875	21,677,782
<b>Depreciation</b>						
At 1 June 2016	3,085,398	100,000	646,641	201,425	275,891	4,309,355
Charge for the year on owned assets	28,028	100,000	87,954	17,043	36,376	269,401
Charge for the year on financed assets	-	-	21,578	-	-	21,578
Disposals	-	-	(23,223)	(8,115)	-	(31,338)
At 31 May 2017	3,113,426	200,000	732,950	210,353	312,267	4,568,996
<b>Net book value</b>						
At 31 May 2017	15,400,693	800,000	662,870	52,615	192,608	17,108,786
At 31 May 2016	15,428,721	900,000	702,790	60,773	153,602	17,245,886

## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

#### 14. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Freehold	15,400,692	15,428,722
Short leasehold	800,000	900,000
	<u>16,200,692</u>	<u>16,328,722</u>

Freehold and short term leasehold land and property included above at a valuation of £15,183,485 has an original cost of £1,789,791.

#### 15. Fixed asset investments

##### Group

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 June 2016	1,022
At 31 May 2017	<u>1,022</u>
<b>Net book value</b>	
At 31 May 2017	<u>1,022</u>
At 31 May 2016	<u>1,022</u>



## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

#### 15. Fixed asset investments (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Newmafruit International Limited	Ordinary	100 %	Sorting, packing and storage of fruit
Shanatova Limited	Ordinary	100 %	Construction of residential property
Icosagon Limited	Ordinary	100 %	Construction of residential property
Newmafruit Research LLP	N/a	99 %	Non-trading

The aggregate of the share capital and reserves as at 31 May 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Newmafruit International Limited	8,753,250	(212,699)
Shanatova Limited	281,167	289,267
Icosagon Limited	77,164	84,854
Newmafruit Research LLP	262,000	-
	<u>9,373,581</u>	<u>161,422</u>

The company held a 70% interest in Newmafruit Research LLP, which is incorporated in England and Wales. The company is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006.

The LLP is in the process of liquidation and has been fully impaired.

# Newmafruit Farms Limited

## Notes to the financial statements for the year ended 31 May 2017

### 15. Fixed asset investments (continued)

#### Company

	Investments in subsidiaries £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 June 2016	337,369	1,022	338,391
Additions	48,000	-	48,000
At 31 May 2017	385,369	1,022	386,391
<b>Impairment</b>			
At 1 June 2016	183,369	-	183,369
At 31 May 2017	183,369	-	183,369
<b>Net book value</b>			
At 31 May 2017	202,000	1,022	203,022
At 31 May 2016	154,000	1,022	155,022

### 16. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Work in progress (goods to be sold)	2,431,286	2,591,417	-	-
Raw materials, growing crop and goods for sale	680,076	780,155	398,986	484,258
	3,111,362	3,371,572	398,986	484,258

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Growing crop includes biological assets, as shown below.

## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

#### Biological assets - Strawberry plants

	2017 £
At 1 June 2016	247,867
Net movement from picking and cultivations on 2016 and 2017 harvest	(17,056)
	<u>230,811</u>

#### 17. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Due after more than one year</b>				
Other debtors	-	2,669,071	-	2,669,071
	<u>-</u>	<u>2,669,071</u>	<u>-</u>	<u>2,669,071</u>
	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Due within one year</b>				
Trade debtors	797,607	2,967,449	555,825	1,205,237
Amounts owed by group undertakings	-	-	1,781,194	2,529,518
Other debtors	2,812,886	1,641,287	2,787,029	1,618,804
Prepayments and accrued income	748,178	1,195,000	485,538	650,126
	<u>4,358,671</u>	<u>5,803,736</u>	<u>5,609,586</u>	<u>6,003,685</u>

## Newmafruit Farms Limited

### Notes to the financial statements for the year ended 31 May 2017

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

	<b>Group 2017</b>	<i>Group 2016</i>	<b>Company 2017</b>	<i>Company 2016</i>
	£	£	£	£
Bank loans	<b>1,500,000</b>	4,001,310	<b>1,500,000</b>	4,001,310
Trade creditors	<b>801,828</b>	3,407,682	<b>436,076</b>	2,582,767
Amounts owed to group undertakings	-	-	<b>6,483,918</b>	6,354,024
Other taxation and social security	<b>271,782</b>	501,767	<b>24,936</b>	26,940
Obligations under finance lease and hire purchase contracts	<b>144,951</b>	135,525	<b>62,677</b>	87,645
Other creditors	<b>170,360</b>	35,613	<b>169,793</b>	29,847
Accruals and deferred income	<b>539,563</b>	395,258	<b>78,284</b>	113,240
	<b>3,428,484</b>	8,477,155	<b>8,755,684</b>	13,195,773

#### 19. Creditors: Amounts falling due after more than one year

	<b>Group 2017</b>	<i>Group 2016</i>	<b>Company 2017</b>	<i>Company 2016</i>
	£	£	£	£
Finance lease and hire purchase obligations	<b>239,048</b>	178,059	<b>53,845</b>	60,784
	<b>239,048</b>	178,059	<b>53,845</b>	60,784

#### 20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2017</b>	<i>Group 2016</i>	<b>Company 2017</b>	<i>Company 2016</i>
	£	£	£	£
Within one year	<b>144,952</b>	135,525	<b>62,678</b>	87,645
Between 1-2 years	<b>124,828</b>	85,236	<b>53,845</b>	34,734
Between 2-5 years	<b>114,220</b>	92,823	-	26,050
	<b>384,000</b>	313,584	<b>116,523</b>	148,429

Security for assets held under hire purchase is provided by the assets themselves.

## **Newmafruit Farms Limited**

### **Notes to the financial statements for the year ended 31 May 2017**

#### **21. Financial instruments**

At the financial reporting date the Group had the following financial instruments that are all measured at amortised cost.

Financial assets that are debt instruments measured at amortised cost

- Trade debtors - Note 17
- Other debtors - Note 17

Financial liabilities measured at amortised cost

- Bank loans - Notes 18 and 19
- Other loans - Notes 18 and 19
- Finance lease and hire purchase obligations - 18 and 19
- Trade creditors - Note 18
- Other creditors - Note 18

# Newmafruit Farms Limited

## Notes to the financial statements for the year ended 31 May 2017

### 22. Deferred taxation

#### Group

	2017 £	2016 £
At beginning of year	(753,897)	(820,751)
Charged to profit or loss	(33,110)	66,854
<b>At end of year</b>	<b>(787,007)</b>	<b>(753,897)</b>

#### Company

	2017 £	2016 £
At beginning of year	(721,000)	(755,921)
Charged to profit or loss	(63,000)	34,921
<b>At end of year</b>	<b>(784,000)</b>	<b>(721,000)</b>

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Accelerated capital allowances	(3,007)	(32,897)	-	-
Deferred tax on revalued assets	(784,000)	(721,000)	(784,000)	(721,000)
	<b>(787,007)</b>	<b>(753,897)</b>	<b>(784,000)</b>	<b>(721,000)</b>

### 23. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted; called up and fully paid</b>		
2,321 Ordinary shares of £1 each	<b>2,321</b>	<b>2,321</b>

# Newmafruit Farms Limited

## Notes to the financial statements for the year ended 31 May 2017

### 24. Reserves

#### Share premium account

The share premium account represents the additional amount paid for issued shares in excess of the par value of those shares.

#### Revaluation reserve

The revaluation reserve represents the surplus created from the revaluation of assets, less any subsequent reversals.

#### Capital redemption reserve

The capital redemption reserve represents the nominal value of shares that have been repurchased by the company.

#### Profit & loss account

The profit and loss account represents the retained earnings of the company, less any distributions.

### 25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £49,304, (2016 - £52,129). Contributions totalling £nil, (2016 - £4,150) were payable to the fund at the balance sheet date.

### 26. Commitments under operating leases

At 31 May 2017 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
<b>Land and buildings</b>				
Later than 1 year and not later than 5 years	-	363,728	-	363,728
Later than 5 years	<b>1,593,804</b>	936,233	<b>1,593,804</b>	936,233
	<b>1,593,804</b>	1,299,961	<b>1,593,804</b>	1,299,961
	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
<b>Plant and machinery</b>				
Not later than 1 year	<b>39,620</b>	36,119	<b>1,794</b>	30,665
Later than 1 year and not later than 5 years	<b>209,519</b>	247,867	<b>30,294</b>	19,686
	<b>249,139</b>	283,986	<b>32,088</b>	50,351

## **Newmafruit Farms Limited**

### **Notes to the financial statements for the year ended 31 May 2017**

#### **27. Transactions with directors**

At the year end M Newman was owed £169,763 by Newmafruit Farms Limited (2016: owed to Newmafruit Farms Limited £319,400). During the year Newmafruit Farms Limited advanced a further £10,807, and M Newman repaid £500,000.

#### **28. Related party transaction**

During the year, a loan of £205,000 was advanced to Newmaquinn Commercial Limited, a company in which M Newman is also a director. This amount was outstanding at the year end.

#### **29. Controlling party**

The company is controlled by the Newman family by virtue of their control of the majority shareholding.