

Company Registration No. 01440797 (England and Wales)

**GREENSEED INTERNATIONAL LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2016**

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# **GREENSEED INTERNATIONAL LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2016**

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**GREENSEED INTERNATIONAL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2016**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P G Kingsmill  
J T Addams-Williams  
J L Perkins

**COMPANY SECRETARY**

J W Planton

**REGISTERED OFFICE**

Beaufort House  
136 High Street  
Newmarket  
Suffolk  
CB8 8JP

**BANKERS**

Barclays Bank Plc  
9-11 St Andrews Street  
Cambridge  
CB2 3AA

**SOLICITORS**

Rustons and Lloyd  
136 High Street  
Newmarket  
Suffolk  
CB8 8JP

**AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
1 City Square  
Leeds  
LS1 2AL  
United Kingdom

# GREENSEED INTERNATIONAL LIMITED

## STRATEGIC REPORT

### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company continued to be that of producing and marketing seed and salad potatoes.

The results for the company show a pre-tax profit of £1,242,094 for the year (2015: £1,603,997). The Company has net assets of £848,883 (2015: £4,490,844). During the year the company increased the volume of product handled and there were some increases in both costs and the prices achieved for the crops handled.

### PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The company is part of the P&P Spearhead UK Holdings, Ltd group and the principal risks and uncertainties of the company are integrated with those of the group as a whole and are not managed separately. Accordingly, the principal risks and uncertainties of the ultimate parent company P&P Spearhead UK Holdings, Ltd, which include those of the company, are discussed in the Group's annual report which does not form part of this report.

### FINANCIAL INSTRUMENTS

The company does not itself use financial instruments in the management of its risks and uncertainties.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 7.

A dividend of £4,600,000 (2015 : £nil) was proposed and paid in the year.

### FUTURE PROSPECTS

The marketplace is likely to remain very competitive but the Company intends to continue to develop its activities in the future and the directors are confident of producing a positive performance going forward.

### KEY PERFORMANCE INDICATORS

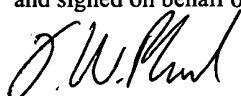
We consider that our key performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit and net assets.

	2016	2015
	£	£
Turnover	15,801,781	12,778,189
EBITDA	2,247,676	2,412,243
Gross profit	1,711,875	2,025,748
Net assets	848,883	4,490,844

### GOING CONCERN

The Directors have prepared cashflow forecasts extending forward 18 months and on this basis have a reasonable expectation that the company will continue in operational existence for the foreseeable future. The company has taken steps to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Approved by the Board of Directors  
and signed on behalf of the Board on 17/4/17



**J W Planton**

Company Secretary

## **GREENSEED INTERNATIONAL LIMITED**

### **DIRECTOR'S REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

In accordance with s414C (11) of the Companies Act 2006 the directors have presented future developments in the business and dividends paid in the Strategic Report. The directors have presented certain matters required to be contained in the Directors' Report in the Strategic Report.

### **DIRECTORS**

The directors who held office throughout the year and to the date of this report, unless otherwise stated, were:

T M C Green	- resigned 3 October 2016
P G Kingsmill	
J T Addams-Williams	
J J Joel	- resigned 30 November 2016
C A Wilson	- resigned 30 November 2016
J L Perkins	- appointed 31 October 2016
D W Almond	- resigned 25 January 2016

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **EVENTS AFTER THE BALANCE SHEET DATE**

See note 24 for details of the new Group-level bank refinancing.

# GREENSEED INTERNATIONAL LIMITED

## DIRECTORS' REPORT (CONTINUED)

### AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 17/4/17.



**J W Planton**

Company Secretary

## **GREENSEED INTERNATIONAL LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENSEED INTERNATIONAL LIMITED**

We have audited the financial statements of Greenseed International Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 Auditing Practices Board'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 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 annual 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 company's affairs as at 31 December 2016 and of its profit 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 matters 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

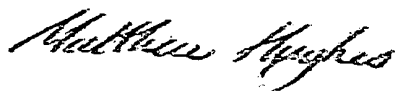
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
GREENSEED INTERNATIONAL 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, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Matthew Hughes BSc (ACA) (Senior Statutory Auditor)**  
**For and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Leeds, United Kingdom

20 April 2017



# GREENSEED INTERNATIONAL LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 December 2016

	Note	2016 £	2015 £
<b>TURNOVER</b>	3	15,801,781	12,778,189
Cost of sales		<u>(14,089,906)</u>	<u>(10,752,441)</u>
<b>GROSS PROFIT</b>		1,711,875	2,025,748
Other operating expenses		(318,543)	(300,097)
Other operating income		<u>72,455</u>	<u>50,126</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES</b>		1,465,787	1,775,777
Interest payable and similar charges	4	(223,903)	(171,780)
Interest receivable and similar income	5	<u>210</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	6	1,242,094	1,603,997
Tax on profit on ordinary activities	8	<u>(284,055)</u>	<u>(360,293)</u>
<b>PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u>958,039</u>	<u>1,243,704</u>

All activities derive from continuing operations.

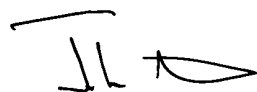
# GREENSEED INTERNATIONAL LIMITED

## BALANCE SHEET At 31 December 2016

	Note	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	10	3,547,473	3,944,145
Intangibles	11	6,250	6,250
Investments	12	98,665	98,665
		<u>3,652,388</u>	<u>4,049,060</u>
<b>CURRENT ASSETS</b>			
Stocks	13	7,346,706	6,884,942
Biological assets	14	25,124	59,108
Debtors			
- Amounts falling due within one year	15	3,797,769	2,105,605
- Amounts falling due after more than one year	15	416,302	303,322
Cash at bank and in hand		4,390	428
		<u>11,590,291</u>	<u>9,353,405</u>
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(12,845,591)</u>	<u>(5,718,900)</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<u>(1,255,300)</u>	<u>3,634,505</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,397,088	7,683,565
<b>CREDITORS: amounts falling due after more than one year</b>	17	<u>(1,548,205)</u>	<u>(3,192,721)</u>
<b>NET ASSETS</b>		<u>848,883</u>	<u>4,490,844</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	500,000	500,000
Profit and loss account		348,883	3,990,844
<b>SHAREHOLDERS' FUNDS</b>		<u>848,883</u>	<u>4,490,844</u>

The financial statements of Greenseed International Limited, registered number 01440797, were approved by the Board of Directors and authorised for issue on 17/4/17.

Signed on behalf of the Board of Directors



J T Addams-Williams  
Director



P G Kingsmill  
Director

## GREENSEED INTERNATIONAL LIMITED

### STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2016

	Called up share capital (Note 19) £	Profit and loss account £	Total £
<b>BALANCE AT 1 JANUARY 2015</b>	500,000	2,747,140	3,247,140
Profit for the year and total comprehensive income	-	1,243,704	1,243,704
<b>BALANCE AT 31 DECEMBER 2015</b>	500,000	3,990,844	4,490,844
Profit for the year and total comprehensive income	-	958,039	958,039
Dividend paid (note 9)	-	(4,600,000)	(4,600,000)
<b>BALANCE AT 31 DECEMBER 2016</b>	<u>500,000</u>	<u>348,883</u>	<u>848,883</u>

# GREENSEED INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### **Basis of accounting**

Greenseed International Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private Company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets, fair value of financial instruments and related party transactions. Where required, equivalent disclosures are given in the group financial statements of P&P Spearhead UK Holdings, Ltd. The group financial statements of P&P Spearhead UK Holdings, Ltd are available to the public and can be obtained as set out in note 22.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of P&P Spearhead UK Holdings Ltd. Details of the parent in whose consolidated financial statements the company is included are shown in note 22 to the financial statements.

#### **Adoption of new and revised Standards**

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

Amendments to IFRS 10, IFRS and IAS 28 (Dec 2014)	Investment Entities: Applying the Consolidation Exception
Amendments to IAS 1 (Dec 2014)	Disclosure Initiative
Annual Improvements to IFRSs: 2012-2014 Cycle (Sept 2014)	Annual Improvements to IFRSs: 2012-2014 Cycle
Amendments to IAS 27 (Aug 2014)	Equity Method in Separate Financial Statements
Amendments to IAS 16 and IAS 41 (Jun 2014)	Agriculture: Bearer Plants
Amendments to IAS 16 and IAS 38 (May 2014)	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRS 11 (May 2014)	Accounting for Acquisitions of Interests in Joint Operations

# GREENSEED INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Going concern

The Directors have prepared cashflow forecasts extending forward 18 months and on this basis have a reasonable expectation that the company will continue in operational existence for the foreseeable future. There are net current liabilities as per Balance Sheet, which is due to intercompany dividends voted just before the year ends. The company has taken steps to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

#### *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### *Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### Foreign currency

The financial statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery - 20% reducing balance or 3 to 7 years straight line

Assets under construction - these are not depreciated until brought into use

Residual value is calculated on prices prevailing at the date of acquisition. Useful lives and residual values are reviewed at the end of every reporting period.

#### Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

# GREENSEED INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 1. ACCOUNTING POLICIES (continued)

#### Intangible assets (continued)

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### Investments

Fixed asset investments, including investments in subsidiaries and associates, are stated at cost less provision for impairment in value.

#### Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

#### Biological assets

Crops before the point of harvest such as potatoes are classified as biological assets. In accordance with the requirements of IAS 41 *Agriculture*, all biological assets are held at net fair value. The estimate of net fair value of crops is based on the historical cost until sufficient biological transformation has taken place to indicate that cost is no longer equal to net fair value. Thereafter the fair value is based on a discounted cash flow model applied to expected crop yield using the estimated market values less estimated selling costs. The point at which sufficient biological transformation has taken place requires the use of estimates. Different assumptions around the growth patterns could cause the recorded net fair value of biological assets to differ. The Group is of the opinion that where little biological transformation has occurred then cost equates to net fair value.

A gain or loss arising on initial recognition of a biological asset at net fair value is included in profit or loss for the period in which it arises.

#### Stock

Readily marketable stock of harvested crops, which consist of merchandisable agricultural commodities, after the point of harvest are stated at the lower of cost and net realisable value. These merchandisable agricultural commodities are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. A change in the market value of merchandisable agricultural commodities is recognised in profit and loss in the period in which it arises.

Other stock are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The deemed cost of agricultural produce harvested from biological assets is measured at its fair value less estimated point-of-sale costs at the point of harvest. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

#### Taxation

##### Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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.

# GREENSEED INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

### 1. ACCOUNTING POLICIES (continued)

#### Taxation (continued)

##### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

~~The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.~~

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

##### *Financial Assets*

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at cost.

Financial assets are classified as 'loans and debtors'.

##### *Loans and debtors*

Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as loans and debtors. Loans and debtors are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term debtors when the recognition of interest would be immaterial.

# GREENSEED INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (continued)

##### *Derecognition of financial assets*

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

##### *Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities are classified as 'other financial liabilities' and are measured at amortised cost.

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Critical judgements and key sources of estimation uncertainty in applying the Company's accounting policies*

The following are the critical judgements and estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### **Fair value of biological assets and agricultural produce (stock)**

The company produces potatoes to market in the UK. In accordance with the requirements of IAS 41 *Agriculture* all biological assets are held at net fair value. The estimate of net fair value of these crops is based on the historical cost until sufficient biological transformation has taken place to indicate that cost is no longer equal to net fair value. Thereafter the fair value is based on a discounted cash flow model applied to expected crop yield using the estimated market values less estimated selling costs. The point at which sufficient biological transformation has taken place requires the use of estimates. Different assumptions around the growth patterns could cause the recorded net fair value of biological assets to differ.

The deemed cost of agricultural produce harvested from biological assets is measured at its fair value less estimated point-of-sale costs at the point of harvest. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

If the company used different methods or factors to estimate market values and costs to sell, amounts reported as biological assets could differ. Additionally, if market conditions change subsequent to the year end, amounts recognised as biological assets and cost of goods sold could differ.

The estimated crop yield at the balance sheet date could differ from actual yields due to the effect of natural hazards, such as climate, pest and disease damage. The yield is particularly sensitive to climate effects in the weeks immediately before the point of harvest.



# GREENSEED INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

### 3. TURNOVER

An analysis of the Company's turnover and revenue is as follows:

	2016 £	2015 £
Sale of goods	15,801,781	12,778,189
Turnover	15,801,781	12,778,189
Other operating income:		
Interest receivable and other income (note 5)	210	-
Total revenue	<u>15,801,991</u>	<u>12,778,189</u>

	2016 £	2015 £
The geographical analysis of turnover is:		
United Kingdom	15,399,277	12,383,824
Rest of Europe	402,504	394,365
	<u>15,801,781</u>	<u>12,778,189</u>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank loans and overdrafts	10,726	2,506
Finance lease interest	207,197	167,295
Other interest payable	5,980	1,979
	<u>223,903</u>	<u>171,780</u>

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Income from fixed asset investments (see note 12)	<u>210</u>	<u>-</u>

## GREENSEED INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2016	2015
	£	£
<b>Profit on ordinary activities before taxation is stated after charging / (crediting):</b>		
Depreciation of tangible assets		
Owned assets	142,668	131,566
Leased assets	644,315	501,333
Operating lease rentals		
Plant and machinery	540,781	415,316
Land and buildings	2,310,488	1,780,673
Profit on disposal of tangible assets	(30,830)	(32,695)
Cost of inventory recognised as an expense	11,684,208	9,481,744
Net foreign exchange (gains) / losses	(5,093)	3,684
Fees payable to the company's auditor for the audit of the company's annual financial statements	10,000	10,200
	<u>          </u>	<u>          </u>

#### 7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no remuneration from the Company in 2016 or 2015, however they were remunerated by Greens of Soham Limited and amounts recharged to the Company in respect of the Directors were as follows:

	2016	2015
	£	£
Wages and salaries	145,590	136,519
Social security costs	20,842	18,840
Other pension costs	7,279	6,826
	<u>          </u>	<u>          </u>
	173,711	162,185
	<u>          </u>	<u>          </u>

The total number of directors, who are members of money purchase schemes

2	2
<u>          </u>	<u>          </u>

The company had no employees in the current or previous year.

# GREENSEED INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2016 £	2015 £
<b>Current tax:</b>		
UK corporation tax	401,054	446,848
Foreign tax	-	70
Adjustments in respect of prior year	(4,019)	(2)
<b>Total current tax</b>	<u>397,035</u>	<u>446,916</u>
<b>Total deferred tax (see note 18)</b>	<u>(112,980)</u>	<u>(86,623)</u>
<b>Total tax on profit on ordinary activities</b>	<u><u>284,055</u></u>	<u><u>360,293</u></u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20% (2015: 20.25%). The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2016 £	2015 £
<b>Profit on ordinary activities before tax</b>	<u>1,242,094</u>	<u>1,603,997</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 20.25%)	248,419	324,755
Effects of:		
Expenses not deductible for tax purposes	-	308
Income not taxable for tax purposes	(42)	(24)
Effect of changes in tax rate	39,763	35,186
Foreign tax suffered	(66)	70
Adjustments to tax charge in respect of previous periods	(4,019)	(2)
<b>Total tax charge for year</b>	<u><u>284,055</u></u>	<u><u>360,293</u></u>

In the Budget on 8 July 2015, the UK Government proposed, amongst other things, to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. At Budget 2016 on 16 March 2016, the UK Government announced a further reduction to the main rate of UK corporation tax for the year starting 1 April 2020, setting the rate at 17%. These rate changes were enacted in the Finance Act 2016 which received Royal Assent on 15 September 2016 and existing temporary differences may therefore unwind in periods subject to these reduced rates.

### 9. DIVIDENDS

	2016 £	2015 £
Interim dividend for the year ended 31 December 2016 of 92 pence (2015: nil) per share	<u><u>4,600,000</u></u>	<u><u>-</u></u>

**GREENSEED INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2016**

**10. TANGIBLE FIXED ASSETS**

	<b>Plant and machinery</b>	<b>Assets under construction</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At 1 January 2016	6,472,745	-	6,472,745
Additions	447,572	28,504	476,076
Disposals	(195,407)	-	(195,407)
	<u>6,724,910</u>	<u>28,504</u>	<u>6,753,414</u>
At 31 December 2016			
<b>Depreciation</b>			
At 1 January 2016	2,528,600	-	2,528,600
Charge for the year	786,983	-	786,983
Disposals	(109,642)	-	(109,642)
	<u>3,205,941</u>	<u>-</u>	<u>3,205,941</u>
At 31 December 2016			
<b>Net book value</b>			
At 31 December 2016	<u>3,518,969</u>	<u>28,504</u>	<u>3,547,473</u>
At 31 December 2015	<u>3,944,145</u>	<u>-</u>	<u>3,944,145</u>

Included above are assets held under finance leases or hire purchase contracts with a cost of £4,348,293 (2015: £4,143,296) and net book value of £2,918,629 (2015: £3,347,233). Depreciation in the year on these assets was £644,315 (2015: £501,333).

# GREENSEED INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

### 11. INTANGIBLE FIXED ASSETS

	£
<b>Cost</b>	
At 1 January 2016 and 31 December 2016	6,250
<b>Amortisation</b>	
At 1 January 2016 and 31 December 2016	-
<b>Net book value</b>	
At 31 December 2016 and 2015	6,250

### 12. FIXED ASSET INVESTMENTS

	<b>Unlisted investments</b>	<b>Shares in group undertakings and participating interests</b>	<b>Total</b>
	£	£	£
<b>Cost and net book value</b>			
At 1 January 2016 and 31 December 2016	1,223	97,442	98,665

#### Subsidiary undertakings comprise

	Country of incorporation	Description of holding	Proportion held	Principal activity
Proseed International Limited	England and Wales	Ordinary shares	100%	Dormant

The subsidiary undertaking has the same registered office address as the Company.

### 13. STOCKS

	<b>2016</b>	<b>2015</b>
	£	£
Raw materials and consumables	193,393	135,162
Harvested crops	7,123,313	6,749,780
Goods for resale	30,000	-
	<u>7,346,706</u>	<u>6,884,942</u>

# GREENSEED INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

### 14. BIOLOGICAL ASSETS

The balances of biological assets held by the company as at 31 December 2016 and 2015 comprise the following:

	2016		2015	
	Hectares	Amount £	Hectares	Amount £
Crops	10	25,124	116	59,108

Prior to the crop being sown, any expenditure incurred in preparation for the crop is considered to represent a biological asset and is included in the above. Crops are initially recorded at cost and subsequently valued at net fair value. It is the directors' opinion that as at year end, very little biological transformation has occurred to the crops and that costs equate to net fair value.

The following table represents the changes in the carrying amounts of biological assets:

	£
At 1 January 2016	59,108
Purchases and subsequent expenditure capitalised into biological assets	10,958,228
Gains arising from changes in net fair value attributable to physical changes and to changes in market prices	1,785,453
Decrease due to harvest	(12,777,665)
At 31 December 2016	<u>25,124</u>

The output of agricultural produce during the period was 53,623 tonnes (2015: 48,004 tonnes).

### 15. DEBTORS

	2016 £	2015 £
Trade debtors	2,449,713	1,615,213
Amounts owed by group undertakings	314,902	93,241
Other debtors	101,772	56,124
Prepayments and accrued income	931,382	341,027
	<u>3,797,769</u>	<u>2,105,605</u>
Amounts falling due after more than one year:		
Deferred tax (note 18)	416,302	303,322
	<u>4,214,071</u>	<u>2,408,927</u>

# GREENSEED INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Obligations under finance leases	701,298	663,456
Trade creditors	843,897	620,663
Amounts owed to group undertakings	7,298,934	3,203,701
Group relief	396,976	446,853
Foreign tax owed	66	70
Accruals and deferred income	970,004	751,962
Borrowings	2,634,416	32,195
	<u>12,845,591</u>	<u>5,718,900</u>

### 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Obligations under finance leases	1,548,205	2,061,721
Amounts owed to parent undertaking	-	1,131,000
	<u>1,548,205</u>	<u>3,192,721</u>

	Minimum lease payments		Present value of lease payments	
	2016 £	2015 £	2016 £	2015 £
Obligations under finance leases				
Amounts payable under finance leases:				
Within one year	855,809	861,899	701,298	663,456
In the second to fifth years inclusive	1,730,966	2,383,255	1,548,205	2,061,721
	<u>2,586,775</u>	<u>3,245,154</u>	<u>2,249,503</u>	<u>2,725,177</u>
Less: Future finance charges	(337,272)	(519,977)	n/a	n/a
Present value of lease obligations	2,249,503	2,725,177	2,249,503	2,725,177
Less: Amount due for settlement within 12 months (shown under current liabilities)	(701,298)	(663,456)	(701,298)	(663,456)
Amount due for settlement after 12 months	<u>1,548,205</u>	<u>2,061,721</u>	<u>1,548,205</u>	<u>2,061,721</u>

It is the company's policy to lease certain of its fixtures and equipment under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in sterling.

The fair value of the company's lease obligations is approximately equal to their carrying amount.

Obligations under finance leases are secured by fixed charges on the assets concerned.

# GREENSEED INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

### 18. DEFERRED TAXATION

At 1 January 2015	£ 216,699
Credited to profit or loss	86,623
At 1 January 2016	303,322
Credited to profit or loss	112,980
At 31 December 2016 (note 15)	<u>416,302</u>

	2016 £	2015 £
Capital allowances in deficit of depreciation	414,974	303,277
Temporary differences on trading	1,328	45
	<u>416,302</u>	<u>303,322</u>

The company has recognised a deferred tax asset of £414,974 (2015: £303,277) in respect of decelerated tax depreciation and £1,328 (2015: £45) in respect of other temporary timing differences on the basis that the directors consider it probable that sufficient taxable profits will arise in the foreseeable future against which these assets can be realised.

### 19. CALLED UP SHARE CAPITAL

	2016 £	2015 £
<b>Called up, allotted and fully paid</b> 5,000,000 ordinary shares of 10p each	<u>500,000</u>	<u>500,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

### 20. CONTINGENT LIABILITIES

The company has provided a composite cross guarantee to Barclays Bank Plc to secure the borrowings of Greens of Soham Limited, Javelin Potatoes Limited, Greens Farming Limited, D C Produce Limited and Spearhead Marketing Limited. At 31 December 2016 the total borrowings (excluding loans) from Barclays amounted to £4,708,645 (2015 - £1,608,270).

The company has provided a guarantee and indemnity to Clydesdale Bank Asset Finance Limited for the facilities made available to the company periodically and also those made available to other fellow group companies, namely Greens of Soham Limited, D C Produce Limited, Greens Farming Limited and Spearhead Marketing Limited. At 31 December 2016 the total facilities provided amounted to £95,281 (2015 - £131,155).



## GREENSEED INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

#### 21. FINANCIAL COMMITMENTS

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Plant and machinery	
	2016	2015	2016	2015
	£	£	£	£
Within one year	713,349	646,097	339,644	180,130
Between two and five years	1,973,726	2,104,728	412,659	359,644
After five years	1,298,958	1,655,995	-	-
	<u>3,986,033</u>	<u>4,406,820</u>	<u>752,303</u>	<u>539,774</u>

Operating lease payments represent rentals payable by the Company for certain of its land usage, rental on buildings and hire of machinery and equipment.

#### 22. ULTIMATE PARENT COMPANY AND ULTIMATE CONTROL

In the opinion of the directors, the Company's ultimate parent Company and ultimate controlling party is Paine Schwartz Partners Food Fund IV GP, Ltd, a company registered in Cayman Islands. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is P&P Spearhead UK Holdings, Ltd, a Company incorporated in Great Britain and the registered office is 20-22 Bedford Row, London, WC1R 4JS. Copies of the group financial statements for P&P Spearhead UK Holdings, Ltd are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The Company's immediate controlling party is Greens of Soham Limited.

#### 23. RELATED PARTY TRANSACTIONS

During the year the company made sales in the ordinary course of business to Chennells (Farms) Limited, of which a Director of Greenseed International Limited up to the 30 November 2016 was also a Director, at an amount of £236,170 (2015: £236,674). This was fully settled in the year and all relate to trading balances.

The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 to not disclose transactions with its fellow group companies on the grounds that consolidated financial statements are prepared by P&P Spearhead UK Holdings, Ltd, a company registered in the UK. The group financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

#### 24. EVENTS AFTER THE BALANCE SHEET DATE

On 17 March 2017 the Group (see notes 1 and 22 for details of the consolidated group financial statements) closed a new Group-level bank refinancing. The new facilities comprise senior term loans as well as undrawn facilities to support the Group's existing operations and growth initiatives. The facilities were used to repay all existing senior debt (see note 20 for details on Barclays Bank plc debt) on the completion date and puts in place a simplified capital structure for the Group and provides enhanced financial and operational flexibility. These new facilities do not impact the Company's ability to continue as a going concern.