

Company Registration No. 008571V (Isle of Man)

**GREENSHIELDS AGRI HOLDINGS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

# GREENSHIELDS AGRI HOLDINGS PLC

## GROUP INFORMATION

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<b>Directors</b>	Mr W H Boase Mr J C Goodgal Mr P A Jackson Mr J D McKenna Mr R R Jones Mr D Campbell Mr P R Cottrell Mr J Harrison - alternate
<b>Secretary</b>	Mr R R Jones
<b>Company number</b>	008571V
<b>Registered office</b>	3rd Floor Analyst House Peel Road Douglas Isle of Man IM1 4LZ
<b>Auditor</b>	Greaves West & Ayre 17 Walkergate Berwick-upon-Tweed Northumberland TD15 1DJ
<b>Bankers</b>	Royal Bank of Scotland 61 Forrest Road Edinburgh EH1 2QP
<b>Solicitors</b>	Marriott Harrison 11 Staple Inn London WC1V 7QH

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# GREENSHIELDS AGRI HOLDINGS PLC

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# GREENSHIELDS AGRI HOLDINGS PLC

## STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report and financial statements for the year ended 30 June 2017.

### Review of the business

The principal activity of the company and its subsidiaries ('the Group') is the holding of investments in agricultural land and property, arable farming and farming related activities. The results of the group for the year, as set out on pages 6 and 7, show a profit on ordinary activities after tax attributable to owners of the parent of £65,125 (2016 loss of £667,136). The shareholders' funds of the Group total £17,867,826 (2016 £17,525,012).

### Principal Risks and Uncertainties facing the business

The process of risk acceptance and risk management is addressed through a framework of procedures and internal controls. Compliance with regulation, legal and ethical standards is a high priority for the Group.

The principal risks to revenue arise from crop price fluctuation. The Group seeks to use its grain market analysis to optimise timing for crop price hedging. In addition the company seeks to optimise the premium it earns over the underlying commodity price through growing specific quality grains for local big brand customers.

### Development and Performance

The performance of the Group during financial year 2016/17 has produced encouraging results with the Group recording its first profit after tax of £65,000 – a modest figure but after the previous year's losses, evidence that the Group is on the right track. Revenue was up 25% to £3.2 million while EBITDA more than doubled to £721,000.

The Group successfully completed the sale of a total of 200 acres of non-core parcels of land and a derelict farm building.

The Group made a significant investment in a renewable energy project with the purchase and installation of a 4 x 45kw combined heat & power plant. The plant was commissioned and produced its first power in September 2016.

The Group has made considerable progress in broadening and expanding the operating side of the business to complement the Group's farmland asset ownership. The Group has continued its expansion of farmed acreage enlarging and focussing the operation's footprint on the highly productive 50 mile stretch of coast between Edinburgh and Berwick. The Group's 3 well equipped farming hubs, including a new grain store, are able to service any farmland in the area that becomes available.

Despite all the uncertainty surrounding Brexit, land values in our area remain well supported with very little land coming to market. With an increasing number of English buyers re-entering the market, attracted by the comparative value for money, demand for good arable land in Scotland remains firm.

### Key performance indicators

	2017	2016
Value of land owned	£20.0m	£20.7m
Total Revenue	£3,192,000	£2,555,000
EBITDA	£721,000	£224,000
NAV per share	£1.02	£1.03

By order of the board

Mr R R Jones

Secretary

15 November 2017

# GREENSHIELDS AGRI HOLDINGS PLC

## DIRECTORS' REPORT

*FOR THE YEAR ENDED 30 JUNE 2017*

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The directors present their annual report and financial statements for the year ended 30 June 2017.

### **Principal activities**

The principal activity of the company and its subsidiaries ('the group') is the holding of investments in agricultural land and property and arable and contract farming.

### **Results and dividends**

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr W H Bosse  
Mr J C Goodgal  
Mr P A Jackson  
Mr J D McKenna  
Mr R R Jones  
Mr D Campbell  
Mr P R Cottrell  
Mr J Harrison - alternate

### **Supplier payment policy**

The group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the group's contractual and other legal obligations.

### **Future developments**

Since year-end, the group has completed the sale of its remaining land in Northumberland and completed the purchase of the 400 acre Spott Home Farm at the heart of the Group's estate in East Lothian including 300 arable acres, which have produced high yielding crops this year. An additional old stone barn in Northumberland was also sold.

The Group is continuing to look for opportunities which will provide strong cash flow and improve earnings from operations to provide a balance between long term asset appreciation and shorter term cash generation.

A further investment in renewable energy has been made with the purchase and installation of a wood fuelled boiler which will provide renewable heat for a further new grain dryer and grain store. This will allow the Group to further expand its grain drying, storage, and merchandising.

# GREENSHIELDS AGRI HOLDINGS PLC

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### Auditor

Greaves West & Ayre were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of directors' responsibilities

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

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

By order of the board

.....  
Mr R R Jones

Secretary

Date: .....

15 NOVEMBER 2017

# GREENSHIELDS AGRI HOLDINGS PLC

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF GREENSHIELDS AGRI HOLDINGS PLC

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#### Opinion

We have audited the financial statements of Greenshields Agri Holdings plc (the 'company') for the year ended 30 June 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Strategic Report and the 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.

# GREENSHIELDS AGRI HOLDINGS PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF GREENSHIELDS AGRI HOLDINGS PLC

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

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

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

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

#### Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

  
Stuart Allister CA (Senior Statutory Auditor)  
for and on behalf of Greaves West & Ayre

Chartered Accountants  
Statutory Auditor

  
22 November 2017

17 Walkergate  
Berwick-upon-Tweed  
Northumberland  
TD15 1DJ



# GREENSHIELDS AGRI HOLDINGS PLC

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Revenue	3	3,192,194	2,554,807
Cost of sales		(1,289,293)	(1,527,874)
<b>Gross profit</b>		<b>1,902,901</b>	<b>1,026,933</b>
Other operating income		8,999	86,737
Administrative expenses (excl. depreciation)		(1,275,838)	(758,916)
Administrative expenses - depreciation	14	(350,792)	(292,783)
Financial instruments fair value adjustment		89,510	(110,954)
<b>Operating profit/(loss)</b>	<b>4</b>	<b>374,780</b>	<b>(48,983)</b>
Investment revenues	6	773	239
Finance costs	7	(333,465)	(307,124)
Other gains and losses	8	16,825	(279,281)
<b>Profit/(loss) before taxation</b>		<b>58,913</b>	<b>(635,149)</b>
Income tax income/(expense)	9	6,212	(31,989)
<b>Profit/(loss) for the year</b>	<b>45</b>	<b>65,125</b>	<b>(667,138)</b>
<b>Earnings per share</b>	<b>10</b>		
Basic		0.30	(3.11)
<b>Earnings per share from continuing operations</b>			
Basic		0.30	(3.11)

The income statement has been prepared on the basis that all operations are continuing operations.

# GREENSHIELDS AGRI HOLDINGS PLC

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

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	2017	2016
	£	£
Profit/(loss) for the year	65,125	(667,138)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Losses on property, plant and equipment revaluation	(21,163)	(471,270)
Total items that will not be reclassified to profit or loss	(21,163)	(471,270)
Total comprehensive income for the year	43,962	(1,138,408)

# GREENSHIELDS AGRI HOLDINGS PLC

## COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

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	Notes	2017 £	2016 £
Gross profit		-	-
Other operating income		8,894	220
Administrative expenses		(217,580)	(394,819)
<b>Operating loss</b>	<b>4</b>	<b>(208,686)</b>	<b>(394,599)</b>
Investment revenues	<b>6</b>	1	122
Other gains and losses	<b>8</b>	-	(486,483)
<b>Loss before taxation</b>		<b>(208,685)</b>	<b>(880,970)</b>
Income tax expense	<b>9</b>	-	-
<b>Loss and total comprehensive income for the year</b>	<b>45</b>	<b>(208,685)</b>	<b>(880,970)</b>

The income statement has been prepared on the basis that all operations are continuing operations.

# GREENSHIELDS AGRI HOLDINGS PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017 £	2016 £
<b>Non-current assets</b>			
Intangible assets	12	130,460	95,866
Property, plant and equipment	14	19,423,037	22,721,018
Investments	17	101,881	110,806
		<u>19,655,178</u>	<u>22,927,690</u>
<b>Current assets</b>			
Biological assets	20	1,584,230	1,238,321
Trade and other receivables	21	1,254,116	1,105,800
Cash and cash equivalents		622,676	419,931
Assets held for sale	24	4,251,075	1,108,452
		<u>7,712,097</u>	<u>3,872,504</u>
<b>Total assets</b>		<u>27,367,275</u>	<u>26,800,194</u>
<b>Current liabilities</b>			
Trade and other payables	25	1,190,410	1,434,798
Obligations under finance leases	27	340,433	321,343
Borrowings	28	849,831	323,279
Derivative financial instruments		29,046	118,556
		<u>2,409,720</u>	<u>2,197,976</u>
<b>Net current assets</b>		<u>5,302,377</u>	<u>1,674,528</u>
<b>Non-current liabilities</b>			
Borrowings	28	6,280,669	6,598,996
Deferred tax liabilities	34	100,437	125,154
Obligations under finance leases	27	708,623	353,056
		<u>7,089,729</u>	<u>7,077,206</u>
<b>Total liabilities</b>		<u>9,499,449</u>	<u>9,275,182</u>
<b>Net assets</b>		<u>17,867,826</u>	<u>17,525,012</u>

# GREENSHIELDS AGRI HOLDINGS PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

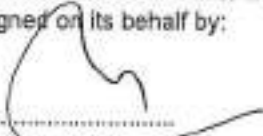
AS AT 30 JUNE 2017


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<b>Equity</b>			
Called up share capital	36	21,867,070	21,334,109
Treasury shares	36	(4,258,156)	(4,258,156)
Share premium account	41	46,106	3,488
Revaluation reserve	44	1,975,843	2,273,758
Retained earnings	45	(1,763,037)	(1,828,163)
<b>Total equity</b>		<u>17,867,826</u>	<u>17,525,012</u>

The financial statements were approved by the Board of directors and authorised for issue on ... 15 November 2017

Signed on its behalf by:

  
.....  
Mr R R Jones  
Director

  
.....  
Mr P R Cottrell  
Director

Company Registration No. 008571V

# GREENSHIELDS AGRI HOLDINGS PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Retained earnings £	Total £
<b>Balance at 1 July 2015</b>		17,032,624	-	2,745,026	(1,161,025)	18,616,625
<b>Year ended 30 June 2016:</b>						
Loss for the year		-	-	-	(667,138)	(667,138)
Other comprehensive income		-	-	(471,270)	-	(471,270)
Total comprehensive income for the year		-	-	(471,270)	(667,138)	(1,138,408)
Issue of share capital	36	43,329	3,466	-	-	46,795
<b>Balance at 30 June 2016</b>		17,075,953	3,466	2,273,756	(1,828,163)	17,525,012
<b>Year ended 30 June 2017:</b>						
Profit for the year		-	-	-	65,125	65,125
Other comprehensive income		-	-	(21,163)	-	(21,163)
Total comprehensive income for the year		-	-	(21,163)	65,125	43,962
Issue of share capital	38	532,961	42,640	-	-	575,601
Realised gains		-	-	(276,750)	-	(276,750)
<b>Balance at 30 June 2017</b>		17,608,914	46,106	1,975,843	(1,763,037)	17,867,826

# GREENSHIELDS AGRI HOLDINGS PLC


## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017 £	2016 £
<b>Non-current assets</b>			
Investments	18	5,854,178	5,845,284
<b>Current assets</b>			
Trade and other receivables	22	9,732,759	9,844,854
Cash and cash equivalents		119	9,820
		<u>9,732,878</u>	<u>9,854,674</u>
<b>Total assets</b>		<u>15,587,056</u>	<u>15,699,958</u>
<b>Current liabilities</b>			
Trade and other payables	26	53,933	533,750
<b>Net current assets</b>		<u>9,678,945</u>	<u>9,320,924</u>
<b>Total liabilities</b>		<u>53,933</u>	<u>533,750</u>
<b>Net assets</b>		<u>15,533,123</u>	<u>15,166,208</u>
<b>Equity</b>			
Called up share capital	39	21,867,070	21,334,109
Treasury shares	39	(4,258,156)	(4,258,156)
Share premium account	43	46,106	3,466
Retained earnings	46	(2,121,897)	(1,913,211)
<b>Total equity</b>		<u>15,533,123</u>	<u>15,166,208</u>

The financial statements were approved by the Board of directors and authorised for issue on 15 NOVEMBER 2017  
Signed on its behalf by:

.....  
Mr R R Jones  
Director

  
.....  
Mr P R Cottrell  
Director

Company Registration No. 008571V

# GREENSHIELDS AGRI HOLDINGS PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017		2016	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	49		(192,466)		412,301
Interest paid			(333,465)		(346,062)
Tax paid			(18,505)		(27,640)
<b>Net cash (outflow)/inflow from operating activities</b>			<b>(544,436)</b>		<b>38,599</b>
<b>Investing activities</b>					
Purchase of incorporated business		-	(500,000)		
Proceeds on disposal of intangibles		12,100	-		
Purchase of property, plant and equipment		(2,076,519)	(861,408)		
Proceeds on disposal of property, plant and equipment		1,741,904	326,500		
Amounts written of investments		(9,175)	-		
Purchase of investments		-	(30)		
Proceeds on disposal of investments		9,125	-		
Interest received		773	239		
<b>Net cash used in investing activities</b>			<b>(321,792)</b>		<b>(1,034,699)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		575,601	46,795		
Repayment of derivatives		(89,510)	110,954		
Payment of finance leases obligations		374,657	(45,185)		
<b>Net cash generated from financing activities</b>			<b>860,748</b>		<b>112,564</b>
<b>Net decrease in cash and cash equivalents</b>			<b>(5,480)</b>		<b>(883,536)</b>
Cash and cash equivalents at beginning of year			154,652		1,038,188
Cash and cash equivalents at end of year			149,172		154,652
<b>Relating to:</b>					
Bank balances and short term deposits			622,676		419,931
Bank overdrafts			(473,504)		(265,279)



# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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### 1 Accounting policies

#### Group information

Greenshields Agri Holdings plc is a private company limited by shares incorporated in Isle of Man. The registered office is 3rd Floor Analyst House, Peel Road, Douglas, Isle of Man, IM1 4LZ.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to groups reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared on the historical cost basis, except for the revaluation of . The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements have been prepared on the going concern basis. The group has net current assets of £5,302,377 (2016 £1,674,528) and net assets of £17,867,826 (2016 £17,525,012) at 30 June 2017. The group's ability to continue as a going concern is dependent upon conducting successful arable farming activities in the future. Additionally, the group is dependent on continued financial success of the group companies. The group has sufficient cash resources available for its operational needs. The directors have prepared forecast financial information for a period of at least 12 months from the date of issuance of this financial information, and have considered stress scenarios with regard to the key assumptions in the preparation of that financial information.

#### 1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), 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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 1.4 Intangible assets other than goodwill

Intangible assets comprise entitlements receivable under the Basic Payment. Such assets are held at their fair value and reviewed annually for impairment. Any impairment losses are taken to the statement of comprehensive income and revaluation gains are held within a revaluation surplus within equity.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 1 Accounting policies

(Continued)

#### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Farming property	Nil
Tenants improvements	0%, 4%, 10% Straight line and 10% Reducing balance
Office equipment	25% Reducing balance
Plant and machinery	15% Reducing Balance
Motor vehicles	25% Reducing balance
Wind turbines	4% Straight line
Property improvements	20 years straight line
Renewables plant	15 years straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.6 Non-current investments

Investment balance relates principally to unlisted investments held at fair value. The Investment carrying value is considered by the Board of Directors for fair value movements at least annually (note 17).

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 1 Accounting policies

(Continued)

#### 1.7 Impairment of tangible and intangible assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Biological assets are measured on initial recognition and at each balance sheet date at fair value in accordance with IAS 41. Any changes in fair value are recognised in the statement of comprehensive income in the year in which they arise.

#### 1.9 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 1 Accounting policies

(Continued)

#### 1.10 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the group uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the group. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.12 Financial assets

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

##### *Held to maturity investments*

Financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity are classified as held to maturity investments.

Held to maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### *Loans and receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 1 Accounting policies

(Continued)

#### *Impairment of financial assets*

Financial assets, other than those at Fair Value Through Profit and Loss (FVTPL), are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### *Derecognition of financial assets*

Financial assets are derecognised 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 to another entity.

#### 1.13 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

#### 1.14 Equity instruments

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

#### 1.15 Derivatives

Derivative financial instruments are utilised by the group to manage risks in relation to interest rates and the market price risk associated with crop prices. Derivative financial instruments are initially measured at cost, which included transaction costs. Subsequent to initial recognition these instruments are measured at fair value and changes are recognised in the statement of comprehensive income in the year in which they arise.

#### 1.16 Taxation

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

#### *Current tax*

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

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 1 Accounting policies

(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 goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Leases of plant and machinery that transfer to the group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments. Subsequent to initial recognition these assets are accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 1 Accounting policies

(Continued)

#### 1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

#### 1.20 Use of estimates and judgements

The preparation of the financial statement requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant estimates and assumptions include biological assets and property valuation.

Biological assets are measured at fair value, less costs to sell, with any change therein recognised in profit or loss. The group determines fair values for biological assets using LIFFE (London International Financial Futures and Options Exchange) prices, crop yields based on company historical and DEFRA (Department for Environment Food & Rural Affairs) average data and group historical and projected costs of production. Further information about the assumptions made in measuring fair values is included in the Biological assets note.

Farming property is subject to valuation by appropriately qualified external valuers, at least annually.

#### 1.21 Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at fair value in accordance with IAS 41. Any changes in fair value are recognised in the statement of comprehensive income in the year in which they arise.

#### 1.22 Other farming income

Other farming income is comprised primarily of land rentals for farming, wayleaves, easements and similar. Income is recognised on an accruals basis.

### 2 Adoption of new and revised standards and changes in accounting policies

#### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 2 Adoption of new and revised standards and changes in accounting policies (Continued)

IFRS 9 Financial Instruments  
(Effective date - 1 January 2018)

First chapters of new standard on accounting for financial instruments which will replace IAS 39 'Financial Instruments: Recognition and Measurement'.

The standard contains two primary measurement categories for financial assets:

- amortised cost; and
- fair value.

Financial assets are classified into one of these categories on initial recognition.

A financial asset is measured at amortised cost if the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principal outstanding.

All other financial assets are measured at fair value.

IFRS 9 'Financial Instruments (Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39)';

- new hedge accounting chapter added;
- improvements to the reporting of changes in the fair value of an entity's own debt contained in IFRS 9 made more readily available; and
- removal of the mandatory effective date of IFRS 9.



# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 2 Adoption of new and revised standards and changes in accounting policies (Continued)

IFRS 15 Revenue from Contracts with Customers  
(Effective date - 1 January 2018)

The standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

It applies to contracts with customers but does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if the two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when the revenue is recognised.

IFRS 16 Leases  
(Effective date - 1 January 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Based on the group's current business model and accounting policies, management does not expect that the adoption of these standards or interpretations will have a material impact on the financial information of the group. The group does not intend to early adopt any of these pronouncements.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

### 3 Revenue

An analysis of the group's revenue is as follows:

	2017 £	2016 £
Crop sales	1,844,086	1,463,845
Basic payment scheme	355,861	228,087
Other farming income	751,590	811,382
Rental income	94,613	51,493
Renewables exported power & subsidies	146,044	-
	<u>3,192,194</u>	<u>2,554,807</u>
<b>Other significant revenue</b>		
Interest income	<u>773</u>	<u>239</u>

### 4 Operating profit/(loss)

	2017 £	2016 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	25,000	25,000
Depreciation of property, plant and equipment	350,792	292,783
(Profit)/loss on disposal of property, plant and equipment	(173,038)	16,248
Directors' fees	19,800	17,500
Profit on disposal of intangible assets	(6,387)	-
Cost of sales recognised as an expense	<u>1,289,293</u>	<u>1,527,874</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Full time and seasonal staff	<u>10</u>	<u>9</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	<u>408,241</u>	<u>384,673</u>

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

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<b>6 Investment income</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Interest income		
Bank deposits	773	239
	<u>773</u>	<u>239</u>
Total interest income for financial assets that are not held at fair value through profit or loss is £773 (2016 - £239).		
<b>7 Finance costs</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	281,018	271,351
Interest on obligations under hire purchase agreements	40,227	30,892
Other interest payable	12,220	5,081
	<u>333,465</u>	<u>307,124</u>
Total interest expense	333,465	307,124
	<u>333,465</u>	<u>307,124</u>
<b>8 Other gains and losses</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other gains and losses	16,825	(279,281)
	<u>16,825</u>	<u>(279,281)</u>
	<u>16,825</u>	<u>(279,281)</u>
<b>9 Income tax expense</b>	<b>Continuing operations</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Current tax		
Current year taxation	(6,212)	31,989
	<u>(6,212)</u>	<u>31,989</u>

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

		(Continued)	
<b>9</b>	<b>Income tax expense</b>		
	The charge for the year can be reconciled to the loss per the income statement as follows:		
		<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Profit/(loss) before taxation	58,913	(635,149)
	Expected tax charge based on a corporation tax rate of 19.75%	11,635	(127,030)
	Income subject to IOM tax at 0%	(42,564)	159,019
	Origination and reversal of temporary timing differences	24,717	-
	Tax charge for the year	(6,212)	31,989
<b>10</b>	<b>Earnings per share</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Number of shares</b>		
	Weighted average number of ordinary shares for basic earnings per share	21,716,331	21,456,489
	<b>Earnings</b>		
	<b>Continuing operations</b>		
	Profit/loss for the period from continued operations	65,125	(667,138)
	Earnings for basic and diluted earnings per share being net profit attributable to equity shareholders of the company for continued operations	65,125	(667,138)
	<b>Earnings per share for continuing operations</b>		
	Basic and diluted earnings per share	0.30	(3.11)
	<b>Basic and diluted earnings per share</b>		
	From continuing operations	0.30	(3.11)
		0.30	(3.11)
	All earnings were derived from continuing business operations.		
<b>11</b>	<b>Impairments</b>		
		<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	In respect of:		
	Goodwill	-	254,717

Goodwill arose on the acquisition of Agricultural Management (Haddington) Limited on 28 October 2015. This was impaired with a charge of £254,717 being taken to the Statement of Comprehensive Income in the year to 30 June 2016. There has been no further impairment of assets in the current year.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

### 12 Intangible assets Group

	Goodwill	Basic Payment Entitlement	Total
	£	£	£
<b>Cost</b>			
At 1 July 2015	-	200,933	200,933
Additions	254,717	277,586	532,303
Disposals	-	(277,586)	(277,586)
Revaluation	-	(105,067)	(105,067)
At 30 June 2016	254,717	95,866	350,583
Disposals	-	(5,713)	(5,713)
Revaluation	-	40,307	40,307
Impairment loss	(254,717)	-	-
At 30 June 2017	-	130,460	130,460
<b>Carrying amount</b>			
At 30 June 2017	-	130,460	130,460
At 30 June 2016	-	95,866	95,866
At 30 June 2015	-	200,933	200,933

Goodwill arose on the acquisition of Agricultural Management (Haddington) Limited on the 28 October 2016. This was fully impaired with a charge of £254,717 taken to the Statement of Comprehensive Income in the year to 30 June 2016. There have been no further changes in Goodwill for the year to 30 June 2017.

Intangible assets relate to Basic Payment Scheme (BPS) entitlements and are held at fair value. The BPS is the European Union's main agricultural subsidy and entitlement gives the right to payment, provided it is supported by a hectare of eligible land and is actively farmed.

At 30 June 2017, had the Basic Payment Scheme entitlements been carried at historical cost their carrying amount would have been approximately £330,359 (2016 £351,980).

During the year to 30 June 2017, the Basic Payment Scheme entitlements were valued by George F. White at £130,460.

### 13 Intangible assets Company

The company had no intangible fixed assets at 30 June 2017 or 30 June 2016.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 14 Property, plant and equipment Group

	Farming property £	Land and buildings £	Plant and machinery £	Total £
<b>Cost or valuation</b>				
At 1 July 2015	22,457,396	153,334	1,012,513	23,623,243
Additions	30,762	70,479	1,278,494	1,379,735
Disposals	(272,323)	-	(51,131)	(323,454)
Revaluation increase	(390,767)	-	-	(390,767)
Transfer to held for sale	(1,108,452)	-	-	(1,108,452)
At 30 June 2016	20,716,616	223,813	2,239,876	23,180,305
Additions	-	180,644	1,895,875	2,076,519
Disposals	(661,640)	-	(215,436)	(877,076)
Revaluation decrease	(35,470)	-	-	(35,470)
Transfer to held for sale	(4,251,075)	-	-	(4,251,075)
At 30 June 2017	15,768,431	404,457	4,509,288	20,682,176
<b>Accumulated depreciation and impairment</b>				
At 1 July 2015	-	10,042	182,229	192,271
Charge for the year	-	8,810	283,973	292,783
Eliminated on disposal	-	-	(25,767)	(25,767)
At 30 June 2016	-	18,852	440,435	459,287
Charge for the year	-	14,768	336,025	350,793
Eliminated on disposal	-	-	(139,914)	(139,914)
At 30 June 2017	-	33,620	1,225,519	1,259,139
<b>Carrying amount</b>				
At 30 June 2017	15,768,431	370,837	3,283,769	19,423,037
At 30 June 2016	20,716,616	204,961	1,799,441	22,721,018
At 30 June 2015	22,457,397	143,292	830,284	23,430,973

At 30 June 2017, had the revalued assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £12,666,841 (2016 - £18,767,296).

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

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### 14 Property, plant and equipment

(Continued)

The net carrying value of tangible fixed assets includes £1,702,255 (2016 - £1,106,488) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £197,730 (2016 - £225,300) for the year.

Farming property has been valued by George F. White LLP (GFW) as at 30 June 2017 (previously by GFW in June 2016) resulting in a downward revaluation of £35,740 (2016 downward revaluation of £390,767). GFW have confirmed that their valuation was prepared for ascertaining a market value and the valuation has been completed in accordance with the RICS Valuation-Professional Standards Global and UK (January 2014). In accordance with the Valuation Standards, the valuations have been prepared on the basis of Market Value. This is an internationally recognised basis and is defined as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." Residential, agricultural and estate properties are normally valued with reference to the sale of similar properties in the locality (the comparable approach). Owing to the uniqueness of all properties it is then necessary to make adjustments for differences in location, situation, appearance, size, condition, sporting records, land capability etc before arriving at an appropriate opinion of value.

### 15 Property, plant and equipment Company

The company had no tangible fixed assets at 30 June 2017 or 30 June 2016.

### 16 Credit risk

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk.

The company does not hold any collateral or other credit enhancements to cover this credit risk.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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17 Investments Group	Current		Non-current	
	2017	2016	2017	2016
	£	£	£	£
Trading investments carried at fair value	-	-	101,681	110,806

Investment balance relates to unlisted investments in Tynegrain Limited, in North East Grains and Borders Machinery Ring held at fair value. The investment carrying value is considered by the Board of Directors for fair value movements at least annually based on recent transactions and the underlying asset value of the investment.

The group has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

### Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

### Movements in non-current investments

	£
<b>Cost or valuation</b>	
At 30 June 2016	110,806
Additions	50
Valuation changes	(9,175)
At 30 June 2017	101,681
<b>Carrying amount</b>	
At 30 June 2017	101,681
At 30 June 2016	110,806



# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

18 Investments Company	Current		Non-current	
	2017	2016	2017	2016
	£	£	£	£
Trading investments carried at fair value	-	-	5,854,178	5,845,284

### Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

### Movements in non-current investments

	£
<b>Cost or valuation</b>	
At 30 June 2016	5,845,284
Additions	-
Valuation changes	8,894
At 30 June 2017	5,854,178
<b>Carrying amount</b>	
At 30 June 2017	5,854,178
At 30 June 2016	5,845,284

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2017

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#### 19 Subsidiaries

Details of the company's subsidiaries at 30 June 2017 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Greenshields Estates Limited	Isle of Man	100	100	Property holding
Greenshields Agri Limited	United Kingdom	100	100	Arable farming/property rental
Agricultural Management (Haddington) Limited	United Kingdom	100	100	Farm management/contracting

On 14 November 2012 GEL and GAL were acquired for total consideration of £5,714,000. This was in excess of the net assets of the entities acquired. The goodwill arising on acquisition was impaired with a charge of £165,894 taken to the consolidated profit and loss account.

GEL was acquired on 14 November 2012. At the time of acquisition property valued at £5,100,000 was held in the books of GEL. The Harlow Hill and Eshott investment property was subject to an external valuation performed in July 2012 by George F. White LLP (RICS certified) where the market value of the land was determined to be £5,100,000.

At the time of acquisition of GAL the company had net assets comprising of stock, fixed assets, trade receivables and payables. The excess of consideration over net assets were impaired at acquisition.

An impairment review was performed in the prior year regarding the carrying value of the investment in GAL at 30 June 2016. Following this the investment was written down to the value of £1. Following review it was determined that there has been no further change to the value of the investment as at 30 June 2017 (2016: £231,776 impairment).

AMH was acquired on 28 October 2015. At the time of acquisition, goodwill of £254,717 arose which was immediately impaired to £Nil. Following review it was determined that an impairment loss of £46,526 should be recognised in the current year (2016: £254,717).

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

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20 Inventories Group	2017 £	2016 £
Biological assets	1,520,650	1,225,642
Other sundry stocks	63,580	12,679
	<u>1,584,230</u>	<u>1,238,321</u>

Biological assets are measured at fair value, less estimated point of sale cost, with any change thereon recognised in profit or loss.

Reconciliation of carrying amount:	2017 £	2016 £
Opening balance	1,225,642	981,115
Purchases to harvest	428,726	107,946
Fair value adjustment harvest	11,725	60,162
Less biological assets harvested	(1,666,093)	(1,149,223)
Purchases	1,017,726	914,679
Fair value crops movement	458,893	175,434
	<u>1,476,619</u>	<u>1,090,113</u>
Sundry biological stocks at fair value:	44,031	135,529
	<u>1,520,650</u>	<u>1,225,642</u>

Inventories include biological assets and contain £1,476,619 (2016 £1,090,113) relating to growing crops and £44,031 (2016 £135,529) relating to sundry stocks in store at the year end.

Growing crops consist of Wheat, Barley, Oats, Oilseed Rape, Peas and Beans. The expected output of each has been estimated based on the expected crop yields and actual growing crop areas as at the year end.

The entity utilises forwards, futures and options in order to mitigate the risk of any major fluctuations in commodity prices between the balance sheet date and date of delivery. Any net gains or losses on the fair value position of these contracts at the year end has been recognised within the statement of comprehensive income.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 21 Trade and other receivables Group

	Current 2017	2016
	£	£
Trade receivables	483,212	740,404
Amounts due from contract customers	-	213,371
Other receivables	644,562	135,519
VAT recoverable	48,083	-
Prepayments	78,259	18,506
	<u>1,254,116</u>	<u>1,105,800</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

### 22 Trade and other receivables Company

	Current 2017	2016
	£	£
Other receivables	-	108,173
Amounts due from subsidiary undertakings	9,727,726	9,731,608
Prepayments	5,033	5,073
	<u>9,732,759</u>	<u>9,844,854</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

### 23 Trade receivables - credit risk

#### Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

### 24 Assets and liabilities classified as held for sale

	2017	2016
	£	£
Farming property	<u>4,251,075</u>	<u>1,108,452</u>

Assets held for sale represent farming property that was approved for sale at the year end. The proceeds of disposal are expected to exceed the book value of the related net assets and accordingly no impairment losses have been recognised on classification of these operations as held for sale.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

### 25 Trade and other payables Group

	Current 2017	2016
	£	£
Trade payables	661,085	605,114
Amounts due to related parties	179,000	-
Accruals	263,759	329,684
Other payables	86,566	500,000
	<u>1,190,410</u>	<u>1,434,798</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on amounts payable. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

### 26 Trade and other payables Company

	Current 2017	2016
	£	£
Accruals	53,933	33,750
Other payables	-	500,000
	<u>53,933</u>	<u>533,750</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on amounts payable. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

27 Finance lease obligations Group	Minimum lease payments		Present value	
	2017	2016	2017	2016
Amounts payable under finance leases:	£	£	£	£
Within one year	373,551	341,947	340,433	321,343
In two to five years	759,821	371,953	708,623	353,056
	<u>1,133,372</u>	<u>713,900</u>	<u>1,049,056</u>	<u>674,399</u>
Less: future finance charges	(84,318)	(39,501)	-	-
	<u>1,049,056</u>	<u>674,399</u>	<u>1,049,056</u>	<u>674,399</u>

### Analysis of finance leases

	2017	2016
	£	£
Current liabilities	340,433	321,343
Non-current liabilities	708,623	353,056
	<u>1,049,056</u>	<u>674,399</u>

The net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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28	Borrowings Group	2017	2016
		£	£
	<b>Secured borrowings at amortised cost</b>		
	Bank overdrafts	473,504	265,279
	Bank loans	6,656,996	6,656,996
		<u>7,130,500</u>	<u>6,922,275</u>

### Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017	2016
	£	£
Current liabilities	849,831	323,279
Non-current liabilities	6,280,669	6,598,996
	<u>7,130,500</u>	<u>6,922,275</u>

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 29 Secured loans

In December 2012 Greenshields Estates Limited entered into a loan with Royal Bank of Scotland (RBS) for a principal balance of £4,470,000. The loan carries an interest rate of 2.75% over LIBOR and matures 60 months after the initial drawdown loan date on 26 February 2018.

On 12 July 2013, Greenshields Estates Limited entered into a loan agreement with RBS for a loan with the principal amount of £4,470,000 and carrying interest of 3% over LIBOR for a 10 year term. This loan was a replacement of the existing loan agreement with Royal Bank of Scotland at 3 December 2012 for the principal amount of £4,470,000 and carrying interest of 2.75% over LIBOR for a 5 year term. Repayments were due to commence in November 2015.

On 21 March 2014, Greenshields Estates Limited entered into a loan agreement with RBS for a loan with the principal amount of £2,186,996 and carrying interest of 3% over LIBOR for a 10 year term. Repayments were due to commence in April 2018.

The Group is subject to banking covenants in respect of its loan arrangements which require Debt Servicing: Net Cash Flow to Debt Service Liability for each financial year must be at least 1.10 to 1. Net Cash Flow is defined as EBITDA plus any decrease in Working Capital or less any increase in Working Capital and less dividends paid, tax paid and dividends paid to minority interests plus the closing cash balance of the previous financial year. Debt Service Liability is defined as borrowing costs paid plus scheduled repayments of gross borrowings.

Greenshields Estates Limited has granted RBS first standard security over the land and associated buildings at Spott Estate and Lemington and freehold first legal charge over the land and associated buildings at Harlow Hill and Eshott. In addition, Greenshields Estates Limited has granted RBS a Debenture.

Greenshields Agri Holdings plc has provided RBS with guarantees for £4,470,000 and £2,186,996, supported by a Debenture from Greenshields Agri Holdings plc.

On 3 December 2015, Greenshields Estates Limited entered into an agreement with the Royal Bank of Scotland regarding the existing loans of £4,470,000 and £2,186,996 to commence repayments from February 2017.

### Inter company loans

On 6 February 2014, Greenshields Estates Limited entered into inter-company loans with Greenshields Agri Holdings plc. The purpose of the loans was to facilitate the purchase of land and buildings at Coldingham in the County of Berwick and to provide working capital. The loan is unsecured Sterling 5 year term loan facilities and consist of an interest free loan of £2,951,215. The loan is due for repayment 5 years from the date of drawdown. The facility has not been drawn down to date.

On 6 February 2014, Greenshields Agri Limited entered into inter-company loans with Greenshields Agri Holdings plc. The purpose of the loan was to provide working capital. The loan is an unsecured Sterling 5 year term loan facility of £1,500,000 and is interest free. The loan is due for repayment 5 years from the date of drawdown. The facility has not been drawn down to date.

### Other loans

On 9 June 2017, Greenshields & Co Edinburgh Ltd granted a loan to a group company. Greenshields & Co Edinburgh Limited is a non-group company but is an entity with shared directors. The purpose of this loan was to provide capital in order to pay for the deposit on the land being purchased at Spott Home Farm, to pay for deposits on renewable energy projects and for working capital purposes. The loan is an unsecured Sterling 5 month term loan facility of £280,000 and accrues interest at 3% above LIBOR. The loan was due for repayment by October 2017. As at the year end the company has drawn down £179,000 of the £280,000 available. The loan was then repaid in full on 7 November 2017.



# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 30 Fair value of financial liabilities

The directors believe that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

### 31 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial obligations that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Liquidity risk management

Responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

### 32 Market risk

#### Market risk management

##### Crop prices

UK grain prices are largely determined by world prices and the dynamics of the global grain market. The company seeks to use its grain market analysis to optimise timing for crop price hedging. In addition the company seeks to optimise the premium it earns over the underlying commodity price through growing specific quality grains for local big brand customers. The company utilises the cash and futures markets to hedge its position. All trades are recapped by the outside broker to the executive management team. The group CEO reports the overall group "long" and "short" position on a daily basis as part of a daily grain market report to the executive management team. The executive management team monitor the company's exposure on an ongoing basis through a daily conference call and regular email discussion. The group Farming Director is responsible for arranging the premium contracts for specific quality grains.

Sensitivity analysis:

	2017	2016
	£	£
Turnover - 5% crop price movement		
Profit increase or decrease	90,404	93,072
Biological asset - 5% crop price movement		
Profit increase or decrease	76,032	63,622

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

### 32 Market risk

(Continued)

#### Interest rate risk

The Group enters into interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Sensitivity analysis:-A change of 100 basis points in interest rates would have increased or decreased equity as follows:

	2017 £	2016 £
100 basis points increase: Profits (decrease)	(33,347)	(30,712)
100 basis points (decrease): Profits increase	33,347	30,712

#### Equity price risk

Equity price risk arises from the financial asset investments at fair value through profit or loss due to uncertainties about future values of the instrument. Investments held at the year end represent interests held in the share capital of Tynegrain Limited. This instrument is unquoted and classified as level 3 in fair value hierarchy.

Sensitivity analysis:

A 5% change in the value per share of Tynegrain Limited would have increased or decreased equity as follows:

	2017 £	2016 £
Profit increase or decrease	5,084	5,539

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 33 Fair value hierarchy

Fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Company determines Level 2 fair values for biological assets using LIFFE (London International Financial Futures and Options Exchange) prices, crop yields based on company historical and DEFRA (Department for Environmental Food & Rural Affairs) average data and company historical and projected costs of production.

The Company determines Level 2 fair values for forward crop trades based on LIFFE prices and Chicago Board of Trade (CBOT) prices.

The Company determines Level 3 fair values for the unlisted investment in Tynegrain Limited based on the value of the last trade of shares in Tynegrain Limited

The Company determines Level 3 fair values for Basic Payment Scheme entitlements based on a valuation prepared by George F. White LLP (RICS certified). This value was determined on a best estimate on entitlement values and the changes to quantities since acquisition.

The fair value of all other financial instruments are deemed to be approximately reflected by their carrying value.

### 34 Deferred taxation Group

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £
Deferred tax liability at 1 July 2015	-
<b>Deferred tax movements in prior year</b>	
Credit to profit or loss	125,154
Deferred tax liability at 1 July 2016	125,154
<b>Deferred tax movements in current year</b>	
Credit to profit or loss	(24,717)
Deferred tax liability at 30 June 2017	<u>100,437</u>

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 34 Deferred taxation

(Continued)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2017 £	2016 £
Deferred tax liabilities	100,437	125,154

### 35 Capital commitments

2017  
£

2016  
£

At 30 June 2017 the company had capital commitments as follows:

Contracted for but not provided in the financial statements:

Acquisition of property, plant and equipment

1,871,600

639,312

Prior to the year end a group company committed to purchasing a Trailblazer Sprayer. The final purchase price, which will become payable on delivery, is expected to be around £81,600. No amounts have been invoiced or paid prior to the year end.

Furthermore, prior to the year end another group company committed to purchasing agricultural land at Spott. This land will be used to expand the group's farming operations and the agreed completed purchase price will be £1,790,000. As at 30 June 2017 the group had paid £179,000 as a deposit towards this purchase. The purchase was completed in October 2017.

### 36 Share capital

Group	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
21,867,070 Ordinary of £1 each	21,867,070	21,334,109
4,258,156 Treasury of £1 each	(4,258,156)	(4,258,156)
	<u>17,608,914</u>	<u>17,075,953</u>

Each ordinary share carries the right to one vote at a meeting of shareholders or any resolution of the shareholders; the right to any dividend paid by the company; and a right to an equal share in the distribution of the surplus assets of the company on its winding up.

On 6 February 2014, the Group established a trust to be known as The Greenshields Agri Executive Benefit Trust and approved the appointment of Hillberry Trust Company Limited as the sole corporate trustee of the Trust. On the same date, the Group approved the creation of a share option plan for the benefit of certain key members of the company's management for the purposes of incentivising those persons; those persons being W H Boase, J C Goodgal, P A Jackson, J D McKenna, Y Yasumoto. 4,258,156 shares have since been allotted and issued to the Trust via a loan from the Group to the Trust. At present none of the options have been exercised and the trustee has irrevocably waived all rights and entitlements, in respect of the entire holding of shares which may be held and to all and any dividends declared or paid by the company in respect of those shares.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

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(Continued)

<b>36 Share capital</b>		
Reconciliation of movements during the year:		
	<b>Ordinary Shares</b>	<b>Treasury Shares</b>
At 1 July 2016	21,334,109	(4,258,156)
Issue of fully paid shares	532,961	-
At 30 June 2017	<u>21,867,070</u>	<u>(4,258,156)</u>

The shares issued in the year carry the same rights as the existing ordinary share capital.

### 37 Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of debt, cash and cash equivalents and equity comprising share capital, reserves and retained earnings. The company reviews the capital structure annually and as part of this review considers that cost of capital and the risks associated with each class of capital.

The company is not subject to any externally imposed capital requirements.

### 38 Events after the reporting date

As of 15 September 2017, the group has successfully restructured its borrowings with the Royal Bank of Scotland.

In place of the current loan agreements, Greenshields Estates Limited now holds the following three loans with the Royal Bank of Scotland:

- £1,000,000 Term loan with an 18 month term. Interest only loan with interest charged at Bank of England base rate plus 2.75%.
- £3,000,000 Term Loan with a 5 year term. Interest only loan at a fixed rate of 4.21%.
- £2,656,996 Term Loan with a 5 year term on a 20 year repayment profile with 3 year Capital Repayment Holiday. Interest charged at Bank of England base rate plus 2.75%.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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39 Share capital Company	2017 £	2016 £
<b>Ordinary share capital Issued and fully paid</b>		
21,867,070 Ordinary of £1 each	21,867,070	21,334,109
4,258,156 Treasury of £1 each	(4,258,156)	(4,258,156)
	<u>17,608,914</u>	<u>17,075,953</u>

Each ordinary share carries the right to one vote at a meeting of shareholders or any resolution of the shareholders; the right to any dividend paid by the company; and a right to an equal share in the distribution of the surplus assets of the company on its winding up.

On 6 February 2014, the Group established a trust to be known as The Greenshields Agri Executive Benefit Trust and approved the appointment of Hillberry Trust Company Limited as the sole corporate trustee of the Trust. On the same date, the Group approved the creation of a share option plan for the benefit of certain key members of the company's management for the purposes of incentivising those persons; those persons being W H Bcase, J C Goodgal, P A Jackson, J D McKenna, Y Yasumoto. 4,258,156 shares have since been allotted and issued to the Trust via a loan from the Group to the Trust. At present none of the options have been exercised and the trustee has irrevocably waived all rights and entitlements, in respect of the entire holding of shares which may be held and to all and any dividends declared or paid by the company in respect of those shares.

#### Reconciliation of movements during the year:

	Ordinary Shares	Treasury Shares
At 1 July 2016	21,334,109	(4,258,156)
Issue of fully paid shares	532,961	-
At 30 June 2017	<u>21,867,070</u>	<u>(4,258,156)</u>

The shares issued in the year carry the same rights as the existing ordinary share capital.

#### 40 Directors' transactions

During the year the directors received fees totalling £19,200 (2016 £19,800).

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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<b>41 Share premium account</b>	
<b>Group</b>	<b>£</b>
At 1 July 2015	-
Issue of new shares	3,466
	<hr/>
At 30 June 2016	3,466
Issue of new shares	42,640
	<hr/>
At 30 June 2017	46,106
	<hr/> <hr/>
<b>42 Controlling party</b>	
The directors are of the opinion that there is no single ultimate controlling party due to the even distribution of voting rights amongst the shareholders with no shareholder having a controlling majority.	
<b>43 Share premium account</b>	
<b>Company</b>	<b>£</b>
At 1 July 2015	-
Issue of new shares	3,466
	<hr/>
At 30 June 2016	3,466
Issue of new shares	42,640
	<hr/>
At 30 June 2017	46,106
	<hr/> <hr/>
<b>44 Revaluation reserve</b>	
<b>Group</b>	<b>£</b>
At 1 July 2015 (as restated)	2,745,028
Revaluation loss arising in the year	(471,270)
	<hr/>
At 30 June 2016	2,273,758
Revaluation loss arising in the year	(21,163)
Transfer to retained earnings	(276,750)
	<hr/>
At 30 June 2017	1,975,843
	<hr/> <hr/>

During the year, Basic Payment Scheme entitlements, as detailed within note 12, were revalued upward by £14,307 (2016 £80,503 downwards).

There were also revaluation losses of £35,470 (2016 £390,767) on the valuation of farming properties, as detailed within note 14.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

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<b>45 Retained earnings</b>		
<b>Group</b>		<b>£</b>
At 1 July 2015		(1,161,025)
Loss for the year (as restated)		(667,136)
		<hr/>
At 30 June 2016 (as restated)		(1,828,162)
Profit for the year		65,125
		<hr/>
At 30 June 2017		<u>(1,763,037)</u>
<b>46 Retained earnings</b>		
<b>Company</b>		<b>£</b>
At 1 July 2015		(1,032,241)
Loss for the year		(860,970)
		<hr/>
At 30 June 2016		(1,913,211)
Loss for the year		(208,685)
		<hr/>
At 30 June 2017		<u>(2,121,897)</u>



# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

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### 47 Operating lease commitments

#### Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2017	2016
	£	£
Minimum lease payments under operating leases	735,193	597,318

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

	2017	2016
	£	£
Within one year	337,196	437,212
Between two and five years	404,963	722,448
In over five years	704,777	789,087
	<u>1,446,936</u>	<u>1,948,747</u>

#### Lessor

The operating leases represent letting of land to third parties. Rental income earned during the year was £98,352 (2016 £Nil). There are no fixed terms for the leases. There are no options in place for either party to extend the lease terms.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

### 48 Related party transactions

#### Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2017	2016	2017	2016
	£	£	£	£
Entities with joint control or significant influence over the company	477,474	335,521	558,351	928,918

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017	2016
	£	£
Entities with joint control or significant influence over the company	327,668	149,497
	<u>327,668</u>	<u>149,497</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2017	2016
	£	£
Entities with joint control or significant influence over the company	63,815	71,730
	<u>63,815</u>	<u>71,730</u>

The borrowings of Haddington Farmers Limited are secured by a £75,000 guarantee provided by a group company.

# GREENSHIELDS AGRI HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

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49 Cash generated from operations	2017	2016
	£	£
Profit/(loss) for the year after tax	65,125	(867,138)
<b>Adjustments for:</b>		
Taxation (credited)/charged	(6,212)	31,989
Finance costs	333,465	307,124
Investment income	(773)	(239)
(Gain)/loss on disposal of property, plant and equipment	(173,038)	16,248
Gain on disposal of intangibles	(6,387)	-
Amortisation and impairment of intangible assets	-	254,717
Depreciation and impairment of property, plant and equipment	350,793	292,783
Other gains and losses	(16,825)	24,564
<b>Movements in working capital:</b>		
Increase in inventories	(345,909)	(257,206)
Increase in trade and other receivables	(148,316)	(812,543)
(Decrease)/increase in trade and other payables	(244,388)	1,222,002
<b>Cash (absorbed by)/generated from operations</b>	<u>(192,466)</u>	<u>412,301</u>
Per cash flow statement page	<u>(192,466)</u>	<u>412,301</u>