

Plexus Cotton Limited

Annual Report and Financial Statements

For the year ended 31 March 2018



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COMPANY INFORMATION

Directors

N Earlam

P Egli

C Burns

J Fischer

Company Secretary

A Adlington

Registered Number

2548312

Registered Office

68 Rodney Street

Liverpool

England

L1 9AF

Independent Auditors

PricewaterhouseCoopers LLP,

Chartered Accountants & Statutory Auditors,

1 Hardman Square,

Manchester, UK ,

M3 3EB

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements for the year ended 31 March 2018.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 company and of the profit or loss of the group and company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors Confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Results' and Dividends

The loss for the financial year, after taxation and minority interests, amounted to \$4,308,000 (year ended 31 March 2017: loss \$1,239,000).

After other comprehensive loss the total comprehensive loss for the year amounted to \$4,308,000 (year ended 31 March 2017: loss \$6,484,000).

No interim or final dividend was paid on the ordinary shares (2017: Nil).

Future Developments

See Strategic Report on page 6.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

N Earlam
P Egli
C Burns
D Crausaz (resigned 3 April 2017)
J Fischer

Directors' Report (continued)

Political and Charitable Contributions

Donations made by the Company during the year to charities were nil (year ended 31 March 2017: \$1,395). There were no donations for political purposes (year ended 31 March 2017: \$nil).

Financial Instruments

Derivatives are carried forward at fair value. The Company will enter into contracts to buy or sell cotton and at the same time may acquire derivatives to hedge against possible price fluctuations thereby hedging price risk.

The Company from time to time also holds various forward currency contracts to buy GBP and EUR at various points in the future. These currency contracts are principally held to eliminate the price risk on cotton purchased for future delivery at prices fixed in currency other than US\$.

Key Performance Indicators

The shareholders and directors are involved in the day to day management of the business. They monitor the performance of the business through a range of management reports that focus on the Group's exposure to the market, its delivery of contracts, and financial liquidity and collateral. See page 7.

Statement of Directors' Indemnities

The Company maintained throughout the year, and at the date of approval of the financial statements liability insurance for its directors and officers. This is a qualifying third party provision for the purposes of the Companies Act 2006.

Financial Risk Management

Please refer to the Strategic Report on page 6.

Employees

The Group is committed to employment policies, which follow best practice, based on equal

opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled the Group continues employment wherever possible and arranges retraining.

The Group is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. In addition, the Group encourages the involvement of employees by means of training, conferences and discretionary bonus schemes.

The Group endeavours to regularly communicate to employees in matters affecting the financial and economic performance of the Group.

Disclosure of Information to Auditors

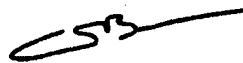
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be prepared at the Annual General Meeting.

This report was approved by the Board and signed on its behalf:



On behalf of the Board

C Burns
Group Chief Financial Officer

14 December 2018

STRATEGIC REPORT

Business Review and Future Developments

2017/18 has been a year of consolidation for Plexus Cotton Limited ("PCL"), after the company successfully entered a Company Voluntary Arrangement with its creditors in May 2017. All expectations under this arrangement have been fulfilled during the year.

The African business streams of smallholder farming, mechanised farming and integrated textiles remain core to the Groups strategy. These continue to be developed during the year.

The smallholder farming and ginning business in Mozambique faced another year with lower than planned crop yield which resulted in losses. Further optimization of the operations are planned to reduce the element of fixed cost in the business. The crop levels are expected to 30-50% higher during 2018/19.

The mechanized farming business in Mozambique continues to progress. Multiple crops have been tested, along with different models of farming in the community. The business will look to expand its hectareage during 2019 possibly adding some irrigated land.

The joint venture in Uganda continues its slow but positive momentum with growth in sales, improved operating efficiencies and the journey towards becoming cash breakeven during the year.

Plexus entered a Company Voluntary Arrangement on the 4th May 2017, since then the business has continued to perform as expected in relation to the commitments made under this arrangement.

Principal Risks and Uncertainties

The Group has an established risk management process to identify the principal risks that we face as a business. The risk management process relies on our judgement of risk likelihood and impact.

Customer Risk

If we don't meet the needs of the customer in terms of price, product, quality and service then we will lose their sales. To address this risk PCL continuously builds strong and lasting partnerships with our customers proactively adapting to their needs.

Brand, Reputation & Trust Risk

Our brand will suffer if we do not operate in an ethical, legal, moral manner in the operational challenges we face. PCL has and will continue to operate in the appropriate way with all stakeholders.

Political & Regulatory Risk

In each country in which we operate we may be impacted by political, legal and regulatory changes which could materially impact our business. PCL engage in each of our markets with both the political regimes and with regulatory bodies on a regular basis.

Principal Financial Risks

The main financial risks faced by the Group relate to the availability of funds to meet business needs, fluctuations in interest and foreign exchange rates, commodity price risk and credit risks related to risk of default by parties to financial transactions.

Foreign Exchange Risk

The risk that exchange rate volatility may have an adverse impact on our balance sheet or profit & loss account. Transactional currency exposures are managed through forward purchases and other derivatives.

Price risk

The Group is exposed to commodity price risk as a result of its operations. The directors are of the opinion that by the use of continuously updated market intelligence, the use of derivative hedging instruments and the monitoring of the Group's total derivative position, exposure to price risk is minimised.

Strategic Report (continued)

Credit risk

Credit risk is managed through the discretionary selection of counterparties. It is then further mitigated, on a transactional basis, through a policy of securing sales through trade documents via banking channels.

Funding & Liquidity Risk

The Group maintains a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions. The Group actively works with a number of local and international banks to ensure that each company has sufficient available funds for operations. Each company is responsible for managing its liquidity on an individual basis.

Interest rate cash flow risk

The Group has a policy of maintaining all of its debt at floating rates. The directors revisit the appropriateness of this policy on a periodic basis.

Exceptional items

Exceptional income for the year amounted to nil (year ended 31 March 2017: exceptional expense \$2,562,000), details of which can be found in note 5.

Key Performance Indicators

The shareholders and directors are involved in the day to day management of the business. They monitor the performance of the business through a range of management reports that focus on the Group's exposure to the market, its delivery of contracts, and financial liquidity and collateral. Key performance indicators are the comprehensive income /loss for the year and net assets of the Group.

The total comprehensive loss of the Group for the year was \$4,308,000 (year ended 31 March 2017: \$6,484,000 loss). The total net assets of the Group at the year end were \$13,704,000 (2017: \$18,007,000) as reported in the Consolidated Statement of Financial Position.

This report was approved by the Board and signed on its behalf:



On behalf of the Board

C Burns
Group Chief Financial Officer
14 December 2018

Independent auditors' report to the members of Plexus Cotton Limited

Report on the audit of the financial statements

Opinion

In our opinion, Plexus Cotton Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2018 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2018; the Consolidated Statement of Comprehensive Income; the Consolidated Statement of Cash Flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
14th December 2018

**Consolidated Statement of Comprehensive Income
For the Year Ended 31 March 2018**

	Note	Year ended 31 March 2018	Year ended 31 March 2017
REVENUE	4	15,715	42,563
Cost of sales		(14,617)	(34,653)
GROSS PROFIT		1,098	7,910
Administrative expenses		(5,351)	(7,839)
Other operating income	2	73	126
OPERATING (LOSS) / PROFIT	5	(4,180)	197
Share of loss in joint ventures		(646)	(1,730)
Exceptional income	5	-	2,562
(LOSS)/PROFIT BEFORE FINANCE COSTS		(4,826)	1,029
Finance costs	9	(738)	(2,686)
LOSS BEFORE INCOME TAX		(5,564)	(1,657)
Income tax credit	10	1,258	421
LOSS AFTER INCOME TAX		(4,306)	(1,236)
Equity minority interests		(2)	(3)
LOSS FOR THE FINANCIAL YEAR		(4,308)	(1,239)
Loss attributable to:			
- Owners of the parent		(4,306)	(1,236)
- Non-controlling interest		(2)	(3)
		(4,308)	(1,239)

The notes on pages 18 to 45 form an integral part of these financial statements

Consolidated Statement of Comprehensive Income (continued)
For the Year Ended 31 March 2018

	Note	Year Ended 31 March 2018	Year Ended 31 March 2017
Loss for the financial year		\$000 (4,308)	\$000 (1,239)
OTHER COMPREHENSIVE LOSS FOR THE YEAR			
Unrealised deficit on revaluation of property, plant and equipment (loss/gain)	12	-	(783)
Total tax on components of other comprehensive loss	10	-	(4,462)
Other comprehensive loss for the year, net of tax		-	(5,245)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(4,308)	(6,484)
Total comprehensive loss attributable to			
- Owners of the parent		(4,306)	(6,481)
- Non-controlling interest		(2)	(3)
		(4,308)	(6,484)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company statement of comprehensive income. The total comprehensive loss for the Company for the year was \$1,664,000 (Year ended 31 March 2017: loss \$4,480,000).

The notes on pages 18 to 45 form an integral part of these financial statements.

Consolidated Statement of Financial Position As at 31 March 2018

	Note	As at 31 March 2018 \$000	As at 31 March 2017 \$000
FIXED ASSETS			
Intangible assets	11	-	125
Property, plant and equipment	12	25,259	26,296
Investments in joint ventures	13	9,269	9,915
		<u>34,528</u>	<u>36,336</u>
CURRENT ASSETS			
Inventories	14	1,601	3,933
Trade and other receivables	15	8,184	9,467
Deferred tax asset	19	2,834	1,569
Cash and cash equivalents		1,450	3,021
		<u>14,069</u>	<u>17,990</u>
TOTAL ASSETS		<u>48,597</u>	<u>54,326</u>
EQUITY AND LIABILITIES			
EQUITY			
Called up share capital	21	359	359
Share premium account		3,672	3,672
Revaluation reserve		15,132	15,132
Capital redemption reserve		10	10
Other reserve		-	-
Accumulated losses / retained earnings		(5,500)	(1,194)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>13,673</u>	<u>17,979</u>
NON-CONTROLLING INTERESTS		<u>31</u>	<u>28</u>
TOTAL EQUITY		<u>13,704</u>	<u>18,007</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Creditors amounts falling due after more than one year	17	17,478	6,839
Deferred tax liability	19	6,665	6,707
CURRENT LIABILITIES			
Creditors amounts falling due within one year	16	10,750	22,773
TOTAL LIABILITIES		<u>34,893</u>	<u>36,319</u>
TOTAL EQUITY AND LIABILITIES		<u>48,597</u>	<u>54,326</u>

The financial statements on pages 18 to 45 were approved and authorized for issue by the Board and were signed on its behalf on 14 December 2018.

C Burns
Group Chief Financial Officer
Plexus Cotton Limited
Registered number 2548312



Company Statement of Financial Position As at 31 March 2018

	Note	As at 31 March 2018 \$000	As at 31 March 2017 \$000
FIXED ASSETS			
Intangible assets	11	-	125
Property, plant and equipment	12	-	1
Investments	13	28,973	28,973
		<u>28,973</u>	<u>29,099</u>
CURRENT ASSETS			
Inventories	14	563	1,856
Trade and other receivables	15	5,790	8,226
Deferred tax asset	19	-	-
Cash and cash equivalents		1,249	2,974
		<u>7,602</u>	<u>13,056</u>
TOTAL ASSETS		<u>36,575</u>	<u>42,155</u>
EQUITY AND LIABILITIES			
Called up share capital	21	359	359
Share premium account		3,672	3,672
Capital redemption reserve		10	10
Retained earnings		16,039	17,704
TOTAL EQUITY		<u>20,080</u>	<u>21,745</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Creditors amounts falling due after more than one year	17	12,650	3,050
CURRENT LIABILITIES			
Creditors amounts falling due within one year	16	3,845	17,360
TOTAL LIABILITIES		<u>16,495</u>	<u>20,410</u>
TOTAL EQUITY AND LIABILITIES		<u>36,575</u>	<u>42,155</u>

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company statement of comprehensive income. The total comprehensive loss for the Company for the year was \$1,665,000 (Year ended 31 March 2017: loss \$4,480,000).

The financial statements on pages 18-45 were approved and authorized for issue by the Board and were signed on its behalf on 14 December 2018.

C Burns
Group Chief Financial Officer
Plexus Cotton Limited
Registered number 2548312



The notes on pages 18 to 45 form an integral part of these financial statements.

**Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2018**

	Note	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Other reserve	Retained earnings/ (Accumulated losses)	Non- controlling interest	Total equity
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 January 2016		359	3,672	10	20,464	925	44	26	25,500
Loss for the financial year		-	-	-	-	-	(1,239)	-	(1,239)
Deconsolidation of subsidiary		-	-	-	(87)	(925)	-	-	(1,011)
Other comprehensive loss for the year		-	-	-	(783)	-	-	-	(783)
Revaluation of property, plant and equipment		-	-	-	(783)	-	-	-	(783)
Tax rate change on deferred tax liability in relation to revaluation of property, plant and equipment	10	-	-	-	(4,462)	-	-	-	(4,462)
Total comprehensive loss for the year		-	-	-	(5,245)	-	(1,239)	-	(6,484)
Non-controlling interest reserves movement		-	-	-	-	-	-	2	2
Total transactions with owners recognised directly in equity		-	-	-	-	-	-	2	2
Balance as at 31 March 2017		359	3,672	10	15,132	-	(1,194)	28	18,007
Loss for the financial year		-	-	-	-	-	(4,306)	-	(4,306)
Non-controlling interest reserves movement		-	-	-	-	-	-	3	3
Total transactions with owners recognised directly in equity		-	-	-	-	-	-	3	3
Balance as at 31 March 2018		359	3,672	10	15,132	-	(5,500)	31	13,704

Retained earnings represents both distributable and non-distributable reserves. Non-distributable reserves amount to \$nil (year ended 31 March 2016: \$nil). The notes on pages 18 to 45 form an integral part of these financial statements.

**Company Statement of Changes in Equity
For the Year Ended 31 March 2018**

Note	Called up share capital \$000	Share premium account \$000	Capital redemption reserve \$000	Retained earnings \$000	Total Equity \$000
Balance as at 1 January 2016	359	3,672	10	22,184	26,225
Loss for the financial year	-	-	-	(1,620)	(1,620)
Other comprehensive loss for the year:	-	-	-	(2,860)	(2,860)
Unrealised loss on fair value increase in investments	-	-	-	(2,860)	(2,860)
Total comprehensive expense for the year	-	-	-	(4,480)	(4,480)
Total transactions with owners recognised directly in equity	-	-	-	-	-
Balance as at 31 March 2017	359	3,672	10	17,704	21,745
Loss for the financial year	-	-	-	(1,665)	(1,665)
Total comprehensive expense for the year	-	-	-	(1,665)	(1,665)
Total transactions with owners recognised directly in equity	-	-	-	-	-
Balance as at 31 March 2018	359	3,672	10	16,039	20,080

Retained earnings represents both distributable and non-distributable reserves. Non distributable reserves amounts to \$16,625,000 (as at 31 March 2017: \$16,625,000)

The notes on pages 18 to 45 form an integral part of these financial statements.

Consolidated Statement of Cash Flows For the Year Ended 31 March 2018

	Note	Year ended 31 March 2017 \$000	Year ended 31 March 2017 \$000
Net cash from operating activities	22	10,906	8,933
Taxation paid		(45)	(3)
Net cash generated from operating activities		10,861	8,930
Cash flow from investing activities			
Purchase of property, plant and equipment		(115)	(467)
Sale of property, plant and equipment		-	82
Deconsolidation of subsidiary		-	(11)
Net cash used in investing activities		(115)	(396)
Cash flow from financing activities			
Net interest paid		(738)	(2,686)
Hire purchase interest		-	-
Repayment of loans		(8,716)	(106)
Decrease in finance leases		(124)	(298)
Net cash used in financing activities		(9,578)	(3,090)
Net increase in cash and cash equivalents		1,168	5,444
Cash and cash equivalents at the beginning of the year		(3,150)	(8,594)
Cash and cash equivalents at the end of the year		(1,982)	(3,150)
Cash and cash equivalents consists of:			
Cash at bank and in hand		1,450	3,021
Bank overdrafts and facilities	18	(3,432)	(6,171)
Cash and cash equivalents		(1,982)	(3,150)

The notes on pages 18 to 45 form an integral part of these financial statements.

Notes to the Financial Statements For the Year Ended 31 March 2018

1. General Information

Plexus Cotton Limited is a private company limited by shares and it is incorporated in the United Kingdom. The address of its registered office is 68 Rodney Street, Liverpool, England, L1 9AF.

The principal activities of the Company and its subsidiaries (together the "Group") are focused on the development of the vertical cotton supply chain in Africa. It does this through managing and supporting the growth of cotton production, ginning, the export and trading of cotton and the production of textiles and apparel for local and international brand owners.

2. Statement of compliance

The Consolidated and Company financial statements of Plexus Cotton Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Group has also early adopted the amendments to FRS 102 (issued in July 2015).

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, except for the revaluation of property, plant and equipment, investments which are recorded at fair value and valuation of investment properties, and in accordance with applicable accounting standards and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3 (u).

The Company has taken advantage of the exemptions in section 408 of the Companies Act from disclosing its individual statement of comprehensive income.

(b) Going concern

On the basis of their assessment of the Group's financial position and resources, the directors believe that the Group is well placed to manage its business risks. Therefore the directors have 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 annual financial statements.

(c) Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements; which give a true and fair view, in which that member is consolidated. Plexus Cotton Limited can take exemptions in its standalone financial statements.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instruments disclosures, as required by section 11 and 12 of FRS 102;

Notes to the Financial Statements For the Year Ended 31 March 2018

3. Summary of significant accounting policies (continued)

(c) Exemption for qualifying entities under FRS 102 (continued)

- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the year as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

(d) Basis of consolidation

The financial statements consolidate the financial statements of Plexus Cotton Limited and all of its subsidiary undertakings ('subsidiaries'). The results of subsidiaries acquired during the year are included from the effective date of acquisition. The method used for combining the entities is that of acquisition accounting. Where a subsidiary prepares its local financial statements other than in US\$ the temporal method of consolidation is used. Consolidation includes the elimination of Group balances, profits or losses and intra-Group transactions as well as the elimination of investors share of profits/ losses on transactions with joint ventures.

In a situation where Group management are of the opinion that control of subsidiary undertakings is lost for reasons of political and economic instability such subsidiaries are not consolidated into the Group financial statements. In such circumstance the assets and liabilities of subsidiary undertakings are reversed out of the Group financial statements from the date control is lost. The deconsolidated subsidiary is then carried at cost less any impairment in the value of that investment.

Any difference between the assets and liabilities as previously consolidated and the reinstated cost less impairment is taken to the consolidated statement of comprehensive income in the year in which control is lost.

(e) Foreign currencies

(i) Functional and presentation currency

The Group financial statements are presented in US dollars and rounded to thousands.

The Company's functional and presentation currency is US dollars.

(ii) Transaction and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance (costs)/ income'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'Other operating (losses)/income'.

(iii) Translations

The trading results of Group undertakings are translated into USD at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year end.

Notes to the Financial Statements For the Year Ended 31 March 2018

3 Summary of significant accounting policies (continued)

(e) Foreign currencies (continued)

(iii) Translations (continued)

Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

(f) Revenue

Revenue comprises revenue recognised by the Group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised when the title passes on delivery of goods.

(g) Grant income

Grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognized in the consolidated statement of comprehensive income in the year in which they become receivable.

(h) Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

(i) Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

(ii) Defined contribution pension plans

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

(j) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Notes to the Financial Statements For the Year Ended 31 March 2018

3 Summary of significant accounting policies (continued)

(j) Taxation (continued)

(ii) *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

(k) Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transactions.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measureable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the consolidated statement of comprehensive income. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

(l) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate depreciable amount of the assets to their residual value over their estimated useful lives as follows:

- Non-compete agreement - five years

Amortisation is charged to administrative expenses in the consolidated statement of comprehensive income.

(m) Property, plant and equipment

Property, plant and equipment are stated at valuation less depreciation. Valuations are determined using external third party valuers, suitably and professionally qualified, reflecting the value in use of the revalued tangible fixed assets. Valuations are performed with sufficient regularity (internally every 3 years / externally 5 years) to ensure

Notes to the Financial Statements For the Year Ended 31 March 2018

3 Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

that the fair value of a revalued asset does not differ materially from its carrying amount. Depreciation is provided at rates calculated to write off the valuation of property, plant and equipment less their estimated residual value, over their expected useful lives on the following bases:

Freehold property – 2% straight line

Motor vehicles – 25-33.5% straight line

Fixtures, fittings & equipment – 20-25% straight line

Property, plant and equipment are de-recognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (income) /expense'.

(n) Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the retained earnings.

Investment properties are included in the Statement of Financial Position at their open market value and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the Group. The Directors undertake internal valuations at least every three years (but more often if market conditions alter significantly) and professionally every five years. The method of valuation is on the basis of Existing Use Value.

(o) Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease costs are charged to the consolidated statement of comprehensive income in equal amounts over the period of the lease.

Notes to the Financial Statements For the Year Ended 31 March 2018

3 Summary of significant accounting policies (continued)

(p) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the consolidated statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the consolidated statement of comprehensive income.

(q) Investments

(i) Investment in subsidiary company

Investment in subsidiaries are valued at fair value with changes recognised in other comprehensive income.

(ii) Investment in joint venture undertakings

The Company enters into joint trading or merchanting relationships to minimise the exposure to entering and trading with new markets, buyers and sellers. Profits on joint accounts are recognised when the transactions are complete. Aggregate losses are recognised as they arise. Investments in joint ventures are stated at the Group's share of net liabilities or assets. The Group's share of the profits or losses of the joint ventures is included in the consolidated statement of comprehensive income using the equity accounting basis.

(r) Inventories and work in progress and biological asset

Inventories and work in progress are valued at lower of cost and estimated selling price less costs to sell after making due allowance for obsolete and slow moving inventories. Inventory are recognised as an expense in the period in which the related revenue is recognized.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes all direct costs.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the consolidated statement of comprehensive income. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the consolidated statement of comprehensive income.

Biological asset

Biological assets relate to the growing crop of agricultural cotton seed in the Group's subsidiary company Plexus Mozambique Limitada. The biological asset is valued at cost, and all costs associated with the biological asset arose in the final three months of the period. The directors do not consider that any depreciation or impairment is applicable for the period.

(s) Cash and cash equivalents

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

Notes to the Financial Statements For the Year Ended 31 March 2018

3 Summary of significant accounting policies (continued)

(t) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in consolidated statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated statement of comprehensive income.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the consolidated statement of comprehensive income, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives are used as hedging instruments. The Group will enter into contracts to buy or sell cotton and at the same time the Group will acquire derivatives to hedge against possible price fluctuations so hedging price risk

Notes to the Financial Statements For the Year Ended 31 March 2018

3 Summary of significant accounting policies (continued)

(t) Financial instruments (continued)

Derivatives are recognised at fair value. Changes in the fair value of derivatives are recognised in statement of comprehensive income in finance costs or finance income as appropriate.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

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

(u) Critical accounting judgements and key sources of estimation uncertainty

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

Estimates & underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which they are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of property, plant and equipment and intangible assets:

The annual depreciation or amortisation charge for property, plant and equipment and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation & physical condition of the assets. See notes 11 /12 for the carrying amount of the property, plant and equipment and intangible assets and accounting policy above for the useful economic lives for each class of asset.

(ii) Impairment of property, plant and equipment:

The carrying value of property, plant and equipment is sensitive to changes in both economic conditions and physical conditions. The carrying value is assessed annually and amended when necessary to reflect the current conditions. See note 12 for the carrying value of property, plant and equipment.

(iii) Fair value of investment

The carrying value of investments is sensitive to economic conditions, political conditions, and physical conditions. The carrying value is assessed annually taking into consideration factors such as 'discounted cash flows' and 'going concern' and amended when necessary to reflect the current conditions. See note 13 for the carrying value of investments.

Notes to the Financial Statements For the Year Ended 31 March 2018

4. Revenue

An analysis of revenue by geographical market would be, in the opinion of the directors, prejudicial to the interests of the Group. The Group operates one class of business which is the merchandising of cotton and cotton products and growth of cotton and associated rotation crops within sub-Saharan and East Africa.

5. Operating (loss) / Profit

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

	Year ended 31 March 2018	Year ended 31 March 2017
	\$000	\$000
Amortisation - intangible fixed assets	125	200
Depreciation of property, plant and equipment:		
- Owned by the Group	977	909
- Held under finances leases	175	283
Operating lease rentals	33	63
Difference on foreign exchange	(170)	909
Grant income	(175)	(428)
Exceptional items:		
Exceptional expenses and income:		
- Deconsolidation of subsidiary		(3,267)
- Exceptional bad debt provision		705
	-	(2,562)

6. Auditors' Remuneration

	Year ended 31 March 2018	Year ended 31 March 2017
	\$000	\$000
Fees payable to the Company's auditors and their associates for the audit of the Group's annual financial statements	40	59
Fees payable to the Company's auditors and their associates in respect of:		
- Coordination of Group reporting	10	10
Audit of company's subsidiaries pursuant to legislation	48	58

There are no fees payable to the auditors for non-audit services (year ended 31 March 2017 : Nil)

Notes to the Financial Statements For the Year Ended 31 March 2018

7. Staff Costs

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

	Year ended 31 March 2018	Year ended 31 March 2017
	\$000	\$000
Wages and salaries	2,759	3,029
Social security costs	143	190
Other pension costs	111	218
	3,013	3,437

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

	Year ended 31 March 2018	Year ended 31 March 2017
	\$000	\$000
Merchanting and administration	173	168
Production	527	480
	700	648

8. Directors' Remuneration

	Year ended 31 March 2018	Year ended 31 March 2017
	\$000	\$000
Accumulated Remuneration	518	736
Company pension contributions to defined contribution pension schemes	23	57
	541	793

During the year retirement benefits were accruing to three directors (year ended 31 March 2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of \$212,000 (year ended 31 March 2017 - \$257,000), including amounts paid to a defined contribution pension scheme of \$13,000 (year ended 31 March 2017 - \$38,000).

Key management compensation

Key management includes directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 March 2018	Year ended 31 March 2017
	\$000	\$000
Salaries and other short-term benefits	518	736
Post-employment benefits	23	57
	541	793

Notes to the Financial Statements For the Year Ended 31 March 2018

9. Finance costs

	Year ended 31 March 2018 \$000	Year ended 31 March 2017 \$000
On bank loans and overdrafts	724	2,429
Other interest	3	287
On finance leases and hire purchase contracts	11	-
Interest receivable	-	(30)
	738	2,686

10. Income tax credit

(a) Tax credit included in profit or loss:

	Year ended 31 March 2018 \$000	Year ended 31 March 2017 \$000
Current tax (see note below)		
UK corporation tax on loss for the year	(340)	12
Foreign tax on income for the year	8	20
Total current tax charge	(26)	32
Deferred tax		
Recognition of deferred tax assets	(1,232)	(1,085)
Reversal of deferred tax assets	-	632
Other movements	-	-
Total deferred tax credit	(1,232)	(453)
Income tax credit	(1,258)	(421)

(b) Tax charge included in other comprehensive income:

	Year ended 31 March 2018 \$000	Year ended 31 March 2017 \$000
Deferred tax		
- On revaluation portion of property, plant and equipment	-	4,462
Total tax expense included in other comprehensive income	-	4,462

Notes to the Financial Statements For the Year Ended 31 March 2018

10. Income tax credit (continued)

(c) Reconciliation of tax charge

Factors affecting tax charge for the year

The tax assessed for the year ended 31 March 2018 is lower than (year ended 31 March 2017 - lower than) the standard rate of corporation tax in the UK of 19% (year ended 31 March 2017 - 20%). The differences are explained below:

	Group	
	Year ended 31 March 2018 \$000	Year ended 31 March 2017 \$000
Loss before taxation	(5,564)	(1,657)
Loss multiplied by standard rate of corporation tax in the UK of 19% (year ended 31 March 2017 - 20%)	(1,058)	(331)
Effects of:		
Expenses not deductible for tax purposes, or not taxable	209	564
Deconsolidation of subsidiary	-	(653)
Adjustments to tax charge in respect of prior years	(37)	46
Adjustment in respect of foreign tax rates	433	260
Unutilised losses carried forward	(15)	(201)
Other movements	442	347
Current tax (credit) / charge	(26)	32
Deferred tax:		
Recognition of deferred tax asset	(1,232)	(1,085)
Reversal of deferred tax asset	-	632
Total tax credit for the year	(1,258)	(421)

(d) Tax rate changes

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced was to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. The change to 17% was substantively enacted on 6 September 2016. As the change to 17% had been substantively enacted at the balance sheet date, its effect is included in these financial statements. The current tax rate applied to the year ended 31 March 2018 is 19% (year ended 31 March 2017: 20%).

Notes to the Financial Statements For the Year Ended 31 March 2018

11. Intangible assets

	Non- compete agreement \$000
Group and Company	
At 1 April 2017	
Cost	730
Additions	-
Disposals	-
At 31 March 2018	730
Accumulated amortisation and impairment	
At 1 April 2017	605
Charge for the year	125
At 31 March 2018	730
Net book value	
At 31 March 2018	0
At 31 March 2017	125

12. Property, plant and equipment

	Land & freehold buildings \$000	Fixtures, fittings & equipment \$000	Motor vehicles \$000	Total \$000
Group				
Cost or valuation				
At 1 April 2017	24,419	7,037	4,768	36,224
Additions /Reclassify	(428)	473	70	115
At 31 March 2018	23,991	7,510	4,838	36,339
Accumulated Depreciation				
At 1 April 2017	1,008	4,709	4,211	9,928
Charge for the year	516	425	211	1,152
At 31 March 2018	1,524	5,133	4,423	11,080
Net book value				
At 31 March 2018	22,467	2,377	415	25,259
At 31 March 2017	23,411	2,328	557	26,296

The revaluations above relate to an adjustment in the amount of land revaluations in Plexus Mozambique Limitada.

Notes to the Financial Statements For the Year Ended 31 March 2018

12. Property, plant and equipment (continued)

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

	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Group		
Motor vehicles	88	164
Furniture, fittings and equipment	70	169
	<u>158</u>	<u>333</u>

Included within freehold land and buildings are properties in Mahate and Mueda, Mozambique. There is no active market in these kinds of assets, nor any recent sales of comparable properties, and as such the directors consider that the net book value of \$774,000 (as at 31 March 2017: \$774,000) at which they are held within the accounts to be a fair representation of the market value.

If the land and freehold property had not been included at valuation they would have been included under the historical cost convention as follows:

	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Group		
Cost	6,711	6,317
Accumulated depreciation	(1,696)	(2,128)
Net book value	<u>5,015</u>	<u>4,189</u>

If the fixtures, fittings and equipment had not been included at valuation they would have been included under the historical cost convention as follows:

	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Group		
Cost	10,909	7,224
Accumulated depreciation	(9,808)	(6,659)
Net book value	<u>1,001</u>	<u>1,116</u>

Notes to the Financial Statements For the Year Ended 31 March 2018

12. Property, plant and equipment (continued)

The valuations were carried out by external third party valuers who were all suitably and professionally qualified. The valuations are regarded as reflecting the value in use of the revalued property, plant and equipment. Details of the parties that performed the valuations are as follows:

Plexus Mozambique Limitada	Land & buildings	Zambujo & Asociados, Limitada, Independent Valuers	Date of valuation: 11 November 2016
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Plexus Mozambique Limitada	Land & buildings : Plant and machinery	Zambujo & Asociados, Limitada, Independent Valuers	Date of valuation: 26 December 2013
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Company	Fixtures, fittings & equipment \$000
Cost	
At 1 April 2017	162
Additions	-
Disposals	-
At 31 March 2018	162
Accumulated Depreciation	
At 1 April 2017	161
Charge for the year	1
On disposals	-
At 31 March 2018	162
Net book value	
At 31 March 2018	-
At 31 March 2017	1

Notes to the Financial Statements For the Year Ended 31 March 2018

13. Investments

Group	Investment in joint ventures
Cost or valuation	\$000
At 1 April 2017	9,915
Share of losses	(646)
At 31 March 2018	<u>9,269</u>
Net book value	
At 31 March 2018	9,269
At 31 March 2017	<u>9,915</u>

The Group owns a 50% joint venture share in Plexus Farming Mozambique Limited, a commercial farming operation in northern Mozambique. 2014 was its first full year of operation.

Investments are accounted for using the equity method.

The Company had no joint ventures at 31 March 2018 (as at 31 March 2017: None).

Company	\$000
Cost or valuation	
At 1 April 2017	28,973
Additions and fair value adjustments	-
Net book value	<u>28,973</u>
At 31 March 2018	28,973
At 31 March 2017	<u>28,973</u>

See note 24 for further details on principal subsidiaries, joint ventures and other investments.

Notes to the Financial Statements For the Year Ended 31 March 2018

14. Inventories

	Group		Company	
	As at 31 March 2018 \$000	As at 31 March 2017 \$000	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Raw materials	1,038	1,483	-	-
Finished goods and goods for resale	563	2,450	563	1,856
Total inventories	1,601	3,933	563	1,856

The amount of inventories recognised as an expense during the year was \$2,332,000 (year ended 31 March 2017: \$3,994,000). Inventories are stated after provision for impairment of \$132,000 (as at 31 March 2017: \$132,000). There is no material difference between the carrying amount of inventory and the replacement cost.

15. Trade and other receivables

	Group		Company	
	As at 31 March 2018 \$000	As at 31 March 2017 \$000	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Trade receivables	1,516	4,816	1,145	3,582
Amounts owed by Group undertakings	-	-	3,073	2,846
Amounts owed by joint ventures	1,129	-	1,129	862
Corporation tax receivable	129	114	34	-
Other debtors	1,457	1,693	372	798
Prepayments and accrued income	3,953	2,844	37	138
	8,184	9,467	5,790	8,226

Trade receivables are stated after provisions for impairment of \$nil at 31 March 2017: \$nil).

Amounts owed by Group undertakings are unsecured, repayable on demand and attract no interest.

Notes to the Financial Statements For the Year Ended 31 March 2018

16. Creditors : Amounts Falling Due Within One Year

	Group		Company	
	As at 31 March 2018 \$000	As at 31 March 2017 \$000	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Bank loans and overdrafts	3,432	8,744	1,510	6,873
Other loans	390	2,390	-	2,000
Net obligations under finance leases and hire purchase contracts	16	92	-	-
Trade and other payables	3,992	9,230	1,274	6,620
Amounts owed to Group undertakings	-	-	291	857
Taxation and social security	33	49	31	47
Other creditors	1,381	883	58	75
Accruals and deferred income	1,506	1,385	681	888
	10,750	22,773	3,845	17,360

Securities and guarantees over trade and other payables are disclosed in notes 17 and 18.

Amounts owed to Group undertakings are unsecured, repayable on demand and attract no interest

Notes to the Financial Statements For the Year Ended 31 March 2018

17. Creditors : Amounts Falling Due After More Than One Year

	Group		Company	
	As at 31 March 2018 \$000	As at 31 March 2017 \$000	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Bank loans and overdrafts	2,630	1,223	-	-
Other Loans	-	5,550	-	3,050
Trade and Other Payables	14,829	-	12,650	-
Net obligations under finance leases and hire purchase contracts	19	67	-	-
	17,478	6,839	12,650	3,050

Included within the above are amounts falling due as follows:

	Group		Company	
	As at 31 March 2018 \$000	As at 31 March 2017 \$000	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Between one and two years				
Bank loans and overdrafts	2,630	1,223	-	-
Other Loans	-	5,550	-	3,050
Trade and Other Payables	5,379	-	3,200	-
Between two and five years				
Trade and Other Payables	9,450	-	9,450	-

Notes to the Financial Statements For the Year Ended 31 March 2018

17. Creditors: Amounts Falling Due After More Than One Year (continued)

Obligations under finance lease and hire purchase contracts, included above, are payable as follows:

	Group	
	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Between one and five years	19	67

Security and guarantees

See note 18 for full disclosure.

Plexus Mozambique Limitada had various bank overdraft facilities, loans and leases totalling \$4,587,000 at 31 March 2018 (\$3,253,000 in the year to 31 March 2017) which were secured over certain of its property, plant and equipment. It also had other loans of \$390,000 (\$390,000 in the year to 31 March 2017).

The carrying amount of property, plant and equipment, some of which is pledged as security for liabilities are as stated below:

	As at 31 March 2018 \$000	As at 31 March 2017 \$000
For Plexus Mozambique Limitada (Mozambique)		
Land and Buildings	22,471	23,149
Plant and Machinery	2,632	2,583
Motor Vehicles	416	536

18. Loans and other borrowings

	Group		Company	
	As at 31 March 2018 \$000	As at 31 March 2017 \$000	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Bank overdrafts and facilities	3,432	6,171	1,510	5,373
Bank loans	2,630	3,796	-	1,500
Other loans	390	7,940	-	5,050
Finance leases	35	159	-	-
	6,487	18,066	1,510	11,923

Notes to the Financial Statements For the Year Ended 31 March 2018

18. Loans and other borrowings (continued)

Bank overdraft and facilities:

The following terms and conditions are associated with the bank overdrafts and facilities:

- (i) Plexus Cotton Limited: \$1,510,000 (as at 31 March 2017: \$5,373,000):
The company benefits from trade finance facilities from a group of banks. The facilities are granted on an 'on demand until further notice' basis, and are repayable on demand. Drawings are made on a 'case by case' transactional basis, and are secured by a pledge over the underlying goods and documents to which each drawing relates.
- (ii) Plexus Mozambique Limitada: \$1,922,000 (as at 31 March 2017: \$798,000):
There are two bank overdrafts secured over property, plant and equipment.

Bank loans:

The following terms and conditions are associated with the bank loans:

- (i) Plexus Mozambique Limitada: \$2,630,000 (as at 31 March 2017: \$2,296,000)
The company benefits from a loan from the Societe Generale bank in Mozambique and from Banc ABC in Mozambique, both of which are secured on cotton production and property.

Other Loans :

- (i) Plexus Mozambique Limitada: State loans \$390,000 (as at 31 March 2017: \$390,000).

Finance leases :

Plexus Mozambique Limitada \$34,000, as at 31 March 2017: \$158,000)

The future minimum finance lease payments are as follows:

	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Not later than one year	16	92
Later than one year and not later than five years	19	67
Later than five years		
	<u>35</u>	<u>159</u>

Interest is charged at current market rates and lease payments are made monthly. The only guarantee provided is the actual asset which is being leased under the lease contract. Legal ownership of the vehicle leased assets will be transferred to the lessee on full payment of all lease commitments. Interest is incurred on the leases at an interest rate of Libor (1 month) plus 6.5% per annum. There are no restrictions on the usage of the leased assets.

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19. Deferred Tax Asset and Liability
(a) Deferred Tax Asset

	Note	Group		Company	
		As at 31 March 2018 \$000	As at 31 March 2017 \$000	As at 31 March 2018 \$000	As at 31 March 2017 \$000
At beginning of the year		1,569	1,120	-	632
Credit / (charge) during the year	10a & 10b	1,258	453	-	(632)
Deferred tax balance re-classified in the year		7	(4)	-	-
At end of the year		2,834	1,569	-	-
The deferred tax asset is made up as follows:					
		Group		Company	
		As at 31 March 2018 \$000	As at 31 March 2017 \$000	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Accelerated capital allowances		-	-	-	-
Tax losses		2,834	1,569	-	-
Other items		-	-	-	-
		2,834	1,569	-	-

Deferred tax assets of \$1,000,000 are expected to reverse in the next twelve months, being the utilisation of tax losses (as at 31 March 2017: \$1,000,000, being a combination of the reversal of timing differences and write offs). The amount of unrecognised deferred tax losses for the year was \$206,000 (year ended 31 March 2017: \$206,000), not recognized due to the uncertainty surrounding future profitability.

Notes to the Financial Statements For the Year Ended 31 March 2018

19. Deferred Tax Asset and Liability (continued)

(b) Deferred Tax Liability

	Group		Company	
	As at 31 March 2018 \$000	As at 31 March 2017 \$000	As at 31 March 2018 \$000	As at 31 March 2017 \$000
At beginning of the year	(6,707)	(2,245)	-	-
Credit / (charge) during the year	42	(4,462)	-	-
Deferred tax balance adjusted for tax change	-	-	-	-
At end of the year	(6,665)	(6,707)	-	-

The deferred tax liability is made up as follows:

	Group		Company	
	As at 31 March 2018 \$000	As at 31 March 2017 \$000	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Accelerated capital allowances	-	-	-	-
Tax losses	-	-	-	-
Unrealised foreign exchange	-	(42)	-	-
On revaluation portion of property, plant and equipment	(6,665)	(6,665)	-	-
	(6,665)	(6,707)	-	-

Deferred tax liabilities are not expected to reverse in the next twelve months.

Notes to the Financial Statements For the Year Ended 31 March 2018

20. Financial instruments

The Group has the following financial instruments:

	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Financial assets at fair value through profit or loss:		
Derivative financial instruments	50	1,344
Financial assets that are debt instruments measured at amortised cost:		
Trade receivables (see note 15)	1,516	4,816
Other debtors (see note 15)	5,539	1,693
Amount owed by joint ventures (see note 15)	1,129	-
	8,184	6,509
Financial and other liabilities measured at amortised cost:		
Trade payables (see note 16 and 17)	(18,821)	(9,230)
Bank loans and overdraft (see notes 16 and 17)	(6,062)	(9,967)
Other loans (see notes 16 and 17)	(390)	(7,940)
Other creditors (see note 16)	(1,414)	(883)
Finance lease (see notes 16 and 17)	(35)	(159)
Accruals and deferred income (see note 16)	(1,506)	(1,384)
	(28,228)	(29,562)

The Company has the following financial instruments:

	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Financial assets at fair value through profit or loss:		
Derivative financial instruments	50	1,344
Financial assets that are debt instruments measured at amortised cost:		
Trade receivables (see note 15)	4,218	3,582
Other debtors (see note 15)	409	798
Amount owed by joint ventures (see note 15)	1,129	862
	5,756	5,242
Financial and other liabilities measured at amortised cost:		
Trade payables (see note 16)	(14,215)	(6,620)
Bank loans and overdraft (see notes 16 and 17)	(1,510)	(6,873)
Other loans (see notes 16 and 17)	-	(5,050)
Other creditors (see note 16)	(89)	(75)
Accruals and deferred income (see note 16)	(681)	(889)
	(16,495)	(19,507)

Derivative financial instruments – forward contracts

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value, which is determined as the liquidation value from the broker statements. Changes in the fair value of derivatives are recognized in the consolidated statement of comprehensive income as a finance cost or finance income. The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables and payables. The Group enters into forward commodity contracts to mitigate the price volatility of cotton in certain growths worldwide.

Notes to the Financial Statements For the Year Ended 31 March 2018

21. Called up share capital

Group and company	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Allotted, issued and fully paid		
210,000 (as at 31 March 2017: 210,000) Ordinary shares of £1 each shares of \$1.70952 each	359	359

There were no charges in the year in authorised share capital, allotted, called up and fully paid share capital.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

22. Notes to the Statement of Cash Flows

	Year Ended 31 March 2018 \$000	Year Ended 31 March 2017 \$000
Operating (loss) / profit	(4,180)	197
Amortisation of intangible fixed assets	125	200
Depreciation of property, plant and equipment	1,152	1,192
Decrease in inventories	2,332	3,685
Decrease in trade and other receivables	1,283	4,230
Increase / (decrease) in trade and other payables	10,194	(570)
Net cash inflow from operating activities	10,905	8,933

23. Capital and other commitments

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings		Plant and machinery	
	As at 31 March 2018 \$000	As at 31 March 2017 \$000	As at 31 March 2018 \$000	As at 31 March 2017 \$000
Payments due				
Not later than one year	13	102	-	-
Later than one year and not later than five years	-	73	-	-
Later than five years	-	-	-	-
	13	175	-	-

Notes to the Financial Statements For the Year Ended 31 March 2018

24. Principal Subsidiaries and Joint Ventures

a. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
The Great Lakes Cotton Company Limited	Mauritius	100%	Intermediate holding company
Plexus Mozambique Limitada	Mozambique	100%	Farming and ginning of cotton
Eastern Linkage Limited	Hong Kong	90%	Cotton agent
Great Lakes Cotton Company Investments Limited	Mauritius	100%	Intermediate holding company
Great Lakes Textiles Limited	Mauritius	100%	Intermediate holding company
Great Lakes Farming (Mozambique) Limited	Mauritius	100%	Intermediate holding company
Plexus Africa Limited	Mauritius	100%	Intermediate holding company

Subsidiaries held via GLCC Mauritius

Bugema Cotton Company Limited	Uganda	100%	Non-trading
Great Lakes Cotton Company (Pty) Limited	South Africa	100%	Non-trading
Commercial Cotton Services (Pty) Limited	South Africa	100%	Non-trading
Great Lakes Cotton Company Limited	Uganda	100%	Non-trading

b. Principal joint ventures

Company name	Country	Percentage Shareholding	Description
Aquafalls Ventures Limited	Mauritius	33.3%	Integrated cotton supply chain in Uganda
Plexus Farming Mozambique Limitada	Mozambique	50%	Mechanised cotton farming

Aquafalls Ventures Limited holds 100% of the shares in Fine Spinners (Uganda) Limited, Uganda Ginning Company Limited (a holding company in Mauritius), and Western Uganda Cotton Company Limited and North Bukedi Cotton Company Limited (both involved in smallholder farming and ginning of cotton in Uganda).

c. Registered office addresses

Great Lakes Cotton Company Limited - IFS Court, Bank Street, 28, Cybercity, Ebene, 72201, Mauritius
 Great Lakes Cotton Company Investments Limited - IFS Court, Bank Street, 28, Cybercity, Ebene, 72201, Mauritius
 Great Lakes Textiles Limited - IFS Court, Bank Street, 28, Cybercity, Ebene, 72201, Mauritius
 Great Lakes Farming (Mozambique) Limited - IFS Court, Bank Street, 28, Cybercity, Ebene, 72201, Mauritius
 Plexus Africa Limited - IFS Court, Bank Street, 28, Cybercity, Ebene, 72201, Mauritius
 Aquafalls Ventures Limited - MITCO, 4th Floor, Ebene Skies, Rue de l'Institut, Ebene, Mauritius
 Plexus Mozambique Limitada - Base of Mozambique Road, nr 501, Pemba, Cabo Delgado, Mozambique
 Eastern Linkage Limited - Suite No. 6, 18/F, Pacific Plaza, 410 Des Voeux Road West, Hong Kong
 Bugema Cotton Company Limited - Plot 7, Sezibwa Road, Nakasero Hill, P.O. Box 22490, Kampala, Uganda
 Great Lakes Cotton Company Limited (Uganda) - Plot 7, Sezibwa Road, Nakasero Hill, P.O. Box 22490, Kampala, Uganda
 Great Lakes Cotton Company (Pty) Limited - Acacia House, Palm Square Bonza Bay Road, Beacon Bay, Western Cape, 5241, South Africa
 Commercial Cotton Services (Pty) Limited - Pineslopes Office Park, Block D Ground Floor, The Straight and Forest Drive, Fourways, 2196, South Africa
 Plexus Farming Mozambique Limitada - Base of Mozambique Road, nr 501, Pemba, Cabo Delgado, Mozambique

Notes to the Financial Statements For the Year Ended 31 March 2018

24. Principal Subsidiaries and Joint ventures (continued)

Subsidiary excluded from consolidation:

The directors believe that the Group no longer controls its subsidiary located in Malawi in light of the sustained political and economic instability in that country. The directors believe that the Group does not have financial and operational control of the Malawian entity and as a result has not consolidated this entity.

Subsidiary not consolidated:

The Malawian subsidiary not consolidated is Great Lakes Cotton Company Malawi Limited. The Group owns a 100% share in the issued share capital of GLCC Malawi. No financial statements were produced for the year ending 31 March 2018.

Joint ventures excluded from consolidation:

The directors believe that the Group no longer controls its joint venture located in Zimbabwe in light of the sustained political and economic instability in that country. The directors believe that the Group does not have financial and operational control of the Zimbabwe joint venture and as a result has not consolidated this entity.

Joint venture not consolidated:

The Zimbabwe joint venture not consolidated is Romsdal Investments (Pvt) Limited. The Group owns a 48% share in the issued share capital of Romsdal. No financial statements were produced for year ending 31 March 2018.

Notes to the Financial Statements For the Year Ended 31 March 2018

25. Related Party Transactions

The Company was under the control of Mr N P F Earlam, a director, and members of his close family throughout the year. This situation is unchanged from the previous year.

The Group is exempt under paragraph 33.1A of FRS 102 from disclosing related party transactions with entities wholly controlled by the Group. Transactions between the Company and related parties and balances in the Company balance sheet at the year end are summarised below:

		Year ended 31 March 2018 \$000	Year ended 31 March 2017 \$000
Eastern Linkage Limited	Purchase of Goods & Services	-	14
Eastern Linkage Limited	Net creditor	(321)	(346)
Uganda Ginning Company Limited	Services	18	-
North Bukedi Cotton Company Ltd	Net creditor	(291)	-
Western Uganda Cotton Company	Net debtor	100	299
Fine Spinners (Uganda) Limited	Net debtor	970	563
Agriefert SA	Third party loan	-	4,000
Agriefert SA	Loan Interest	-	287