

Registered No: 3525529

Agrovista UK Limited

Reports and Financial Statements

31 December 2015



Company Information

Directors

C Clayton
N Iwashita
D Brown
Y Deguchi
Y Kodaira
T Oda

Secretary

D Brown

Auditors

Ernst & Young LLP
No. 1 Colmore Square
Birmingham
B4 6HQ

Bankers

Royal Bank of Scotland
135 Bishopsgate
London
EC2M 3UR

Registered Office

Cambridge House
Nottingham Road
Stapleford
Nottingham
Nottinghamshire
NG9 8AB

Strategic report

Principal activities and review of the business

The company's principal activities are the sale of agrochemicals, seed, fertiliser and the provision of advice to farmers and growers, along with amenity, glasshouse and horticulture organisations in Great Britain.

The company's key financial and other performance indicators during the year were:

	2015 £000	2014 £000	Change %
Turnover	156,045	170,412	-8.4%
Operating profit	6,692	6,900	-3.0%
Profit after tax	5,477	5,541	-1.2%
Shareholders' funds	35,677	32,975	+8.2%
Current assets as % of current liabilities	216%	225%	-4.9%
Average number of employees	311	295	+5.4%

Turnover from continuing operations during the year ended 31 December 2015 decreased by £14,367,000 to £156,045,000 with a profit before interest and before tax of £6,692,000 (2014 - £6,900,000). The profit for the year after taxation amounted to £5,477,000 (2014 - profit of £5,541,000). Dividend payments totalling £2,775,000 (2014 - £2,553,000) were made in the year. Consequently, shareholders' funds increased by £2,702,000 to £35,677,000. The business continued to fund all capital expenditure and working capital requirements from internal funds and operated a positive cash position throughout the year. The year end cash balance was £10,523,000 (2014 - £5,254,000).

2015 proved a challenging year in the key arable markets, with low commodity prices and cold wet conditions during the spring leading to reduced grower confidence and lower demand for agrochemicals.

Efforts to mitigate the impact of declining sales resulted in gross profit increasing slightly to £19,183,000 (2014 - £19,066,000) allowing continued investment for future growth. Staff numbers grew to 311 (2014 - 295), with increases in both the sales force and depot employees to further support customers. Agrovista is resolutely committed to innovation and the year saw further expansion of our technical platform and broadening of our offer in precision services.

The company has continued to focus on growth through acquisitions, with three important projects completing during the year. In February, the business strengthened its position in the arable sector via the acquisition of South West Seeds Limited, an agronomy and seed business with a very strong market position in South West Scotland. In March, the company increased its minority stake in Wallace of Kelso Limited, one of the largest independently owned agricultural companies providing crop advice and supplies to growers in Scotland and the North of England. The year was completed with the acquisition in December of Dignity Seeds Limited and its wholly owned subsidiary, John Ebbage Seeds Limited, a specialist in combinable seed production and the third largest seed producer in the UK also acting as a breeders' agent in the oilseed rape and pulse seed markets.

The company operates a culture of environmental care and is seeking to reduce its requirement for energy through the Energy Saving Opportunity Scheme and the introduction of commercial vehicle telemetry. All sites operate a recyclable waste segregation process. Health and Safety continues to take a high profile with the continued implementation of BASIS pesticide storage standards.

Strategic report (continued)

Future developments

Spring 2016 proved difficult for farmers with continued low commodity prices combining with unusual weather conditions. Autumn is more positive with some signs of improving farmer confidence and lifting commodity prices for the current harvest, due to a weaker sterling. Profitability is expected to be maintained and the improvements in cost efficiency will yield further growth in 2017 and beyond.

Principal risks and uncertainties

The directors consider the following to be the principal risks and uncertainties for the business:

Foreign exchange risk

The market for agricultural inputs continues to be affected by foreign currency exchange rate movements as most are produced in the Euro or Dollar zones. Availability is also a factor as manufacturers continue to seek to tightly manage their working capital. To the extent that the company has non sterling denominated sales or purchases, no steps are taken to hedge the exposure and therefore, except where a natural hedge exists, the company is exposed to fluctuations in the underlying currency.

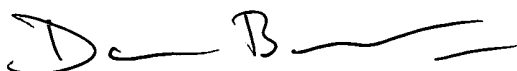
Legislation risk

European legislation and the revocation of existing products remains an issue affecting the availability of actives for growers.

Credit risk

Credit risk is managed through policies which require that deferred terms are only granted to customers who demonstrate appropriate payment history and satisfy credit worthiness procedures. The company continues to have an excellent record in assessing credit control risks, however the availability of short term finance remains an issue for customers following the crisis in the banking sector and the current low levels for commodity prices.

By order of the board



D Brown
Secretary

30 September 2016

Registered No. 3525529

Directors' report

The directors present their report and financial statements for the year ended 31 December 2015.

Dividends

The directors do not recommend a final dividend. Dividends of £2,775,000 (2014: £2,553,000) were paid during the year.

Going concern

The company has reasonable expectation of the availability of adequate resources in order to continue in operational existence for the foreseeable future, hence continued adoption of the going concern basis of accounting is appropriate in preparing the financial statements.

Directors

The directors who served the company during the year and up to the date of signing the financial statements were as follows:

T Akai (appointed 31 March 2015, resigned 22 April 2016)
G Aungles (resigned 1 October 2015)
D Brown (appointed 1 October 2015)
C Clayton (appointed 4 March 2015)
S Fujiwara (resigned 30 October 2015)
H Futai (resigned 31 March 2015)
J Imaizumi (resigned 15 September 2016)
N Iwashita (Appointed 31 March 2015)
F J Mason (resigned 30 June 2015)
J Robertson (resigned 31 March 2015)
T Saito (resigned 31 March 2015)
T Sekita (appointed 31 March 2015, resigned 22 April 2016)
Y Deguchi (appointed 22 April 2016)
Y Kodaira (appointed 22 April 2016)
T Oda (appointed 22 April 2016)

Directors' liabilities

The company has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision is in force as at the date of approving the directors' report.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the company has been continued through the intranet web site and employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the group's profit sharing schemes.

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'D Brown', with a long horizontal line extending to the right.

D Brown
Secretary

30 September 2016

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Independent auditors' report

to the members of Agrovista UK Limited

We have audited the financial statements of Agrovista UK Limited for the year ended 31 December 2015 which comprise the Income statement, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

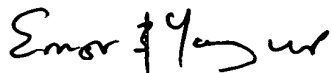
Independent auditors' report (continued)

to the members of Agrovista UK Limited

Matters on which we are required to report by exception

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

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



Steven Bagworth (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham

30 September 2016

Income statement

for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Turnover	2	156,045	170,412
Cost of sales		<u>(136,862)</u>	<u>(151,346)</u>
Gross Profit		19,183	19,066
Distribution costs		(5,286)	(5,239)
Administrative expenses		<u>(7,205)</u>	<u>(6,927)</u>
Operating Profit	3	6,692	6,900
Interest receivable and similar income	6	239	48
Income from investments		<u>70</u>	<u>48</u>
Profit on ordinary activities before taxation		7,001	6,996
Tax	7	<u>(1,524)</u>	<u>(1,455)</u>
Profit for the financial year		<u>5,477</u>	<u>5,541</u>

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2015

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £5,477,000 in the year ended 31 December 2015 (2014 – profit of £5,541,000).

Balance sheet

at 31 December 2015

	Notes	2015 £000	2014 £000
Fixed assets			
Intangible assets	9	5,356	3,320
Tangible assets	10	1,068	1,167
Investments	11	3,270	560
		<u>9,694</u>	<u>5,047</u>
Current assets			
Stocks	12	14,876	17,007
Debtors	13	24,222	28,174
Cash at bank and in hand		10,523	5,254
		<u>49,621</u>	<u>50,435</u>
Creditors: amounts falling due within one year	14	<u>(22,963)</u>	<u>(22,407)</u>
Net current assets		<u>26,658</u>	<u>28,028</u>
Total assets less current liabilities		<u>36,352</u>	<u>33,075</u>
Creditors: amounts falling due after one year	15	<u>(675)</u>	<u>(100)</u>
Net assets		<u>35,677</u>	<u>32,975</u>
Capital and reserves			
Called up share capital	16	7,600	7,600
Capital redemption reserve	17	5,600	5,600
Profit and loss account	17	22,477	19,775
Equity	17	<u>35,677</u>	<u>32,975</u>

Approved by the board:



D Brown
Director

30 September 2015

Statement of changes in equity

For the year ended 31 December 2015

	Called up capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2014	7,600	5,600	16,787	29,987
Profit for the year	–	–	5,541	5,541
Dividend paid	–	–	(2,553)	(2,553)
At 31 December 2014	7,600	5,600	19,775	32,975
Profit for the year	–	–	5,477	5,477
Dividend paid	–	–	(2,775)	(2,775)
At 31 December 2015	7,600	5,600	22, 477	35,677

Notes to the financial statements

at 31 December 2015

1. Accounting policies

Statement of compliance

Agrovista UK Limited is a limited liability company incorporated in England. The registered office is Cambridge House, Nottingham Road, Stapleford, NG9 8AB.

The company's financial statements have been prepared in compliance with FRS 102 as it applied to the financial statements of the company for the year ended 31 December 2015. The company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Companies Act 2006 and United Kingdom applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

The financial statements have been prepared on the going concern basis as the directors consider the company has sufficient funds to meet its obligations as they fall due.

The financial statements present information about the company as an individual undertaking and not as a group. The company is exempt from preparing consolidated financial statements under Section 400 of the Companies Act 2006 as it is a wholly owned subsidiary of Marubeni Corporation, registered and incorporated in Japan, which prepares consolidated financial statements.

Statement of cash flows

The directors have taken advantage of the exemption in FRS 102 from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements.

Goodwill

Goodwill is the difference between the cost of an acquired business and the aggregate of the fair value of that entity's identifiable assets and liabilities including the fair value of acquired intangible assets.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets and depreciation

All fixed assets are initially recorded at cost. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold property	–	Maximum of 40 years
Leasehold property	–	Amortised over the life of the lease
Plant and machinery	–	Over 3 to 20 years
Fixtures and fittings	–	Over 3 to 20 years
Motor vehicles	–	Over 3 to 5 years
Computer equipment	–	Maximum 5 years

Investments and investment income

Investments are stated at cost less any provisions for impairment.

Dividend income is recognised when the right to receive payment is established.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Turnover

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 goods.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Taxation

The charge for taxation is based on the result for the year and takes into consideration timing differences arising as a result of different treatments of certain items for taxation and accounting purposes.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key areas of judgement impacting these financial statements are in respect of the assumptions used for bad and doubtful debt provision and customer rebates.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Rebates receivable

Rebates in respect of trade purchases are recognised on the basis of cash received, other than those where a formal agreement exists, in which case, they are accounted for on an accruals basis.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the relevant rates of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

Notes to the financial statements

at 31 December 2015

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. It is attributable to one continuing activity, the selling of supplies and services to the agricultural industry in the United Kingdom.

3. Operating profit

This is stated after charging:

		2015 £000	2014 £000
Auditors' remuneration	Audit services	63	45
	Audit related services	10	-
	Taxation services	10	10
		<u>83</u>	<u>55</u>
Depreciation of owned fixed assets:	Freehold property	18	18
	Leasehold property	66	64
	Fixtures, fittings and computers	115	231
	Motor vehicles	183	227
Amortisation of goodwill		<u>571</u>	<u>500</u>
		<u>953</u>	<u>1,040</u>
Gain on disposal of fixed assets		61	44
Foreign exchange gain		11	20
Operating lease rentals	plant and machinery	972	857
	land and buildings	<u>575</u>	<u>557</u>

4. Directors' remuneration

	2015 £000	2014 £000
Remuneration	<u>703</u>	<u>535</u>
Value of company pension contributions to money purchase schemes	<u>103</u>	<u>29</u>
	No.	No.
Members of money purchase pension schemes	<u>3</u>	<u>2</u>

The amounts in respect of the highest paid director are as follows:

	2015 £000	2014 £000
Remuneration	<u>381</u>	<u>169</u>
Value of company pension contributions to money purchase schemes	<u>31</u>	<u>27</u>

Notes to the financial statements

at 31 December 2015

4. Directors' remuneration (continued)

Of the directors that served in the year, seven are also directors of other subsidiary undertakings within the Marubeni Corporation group and their remuneration for the year was paid by other Marubeni Corporation undertakings. These directors did not receive any remuneration in relation to the company as the qualifying services provided to the company were incidental to the qualifying services provided to other Marubeni Corporation subsidiary undertakings.

5. Staff costs

	2015 £000	2014 £000
Wages and salaries	11,994	12,176
Social security costs	1,226	1,188
Other pension costs	1,355	1,313
	<u>14,575</u>	<u>14,677</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Administration and management	36	33
Sales, workshop and production	275	262
	<u>311</u>	<u>295</u>

6. Interest receivable and similar income

	2015 £000	2014 £000
Bank interest	73	26
Other interest receivable	166	22
	<u>239</u>	<u>48</u>

Notes to the financial statements

at 31 December 2015

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015 £000	2014 £000
Current tax:		
UK corporation tax on the profit for the year	1,359	1,493
Tax under provided in previous years	-	(5)
Total current tax (note 7(b))	1,359	1,488
Deferred tax:		
Origination and reversal of timing differences	95	(41)
Effect of changes in tax rate	7	3
Adjustment in respect of previous years	63	5
Total deferred tax (note 7(c))	165	(33)
 Total tax per income statement	 1,524	 1,455

(b) The charge for the year can be reconciled to the profit per the income statement as follows:

	2015 £000	2014 £000
Profit on ordinary activities before tax	7,001	6,996
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%)	1,418	1,504
<i>Effects of:</i>		
Group relief received – not paid for	(81)	(94)
Disallowed expenses and non-taxable income	131	93
Tax rate changes	7	-
Adjustments in respect of previous years	63	(5)
Non taxable income	(14)	(10)
Tax charge for the period	1,524	1,488

The corporation tax liability for 2014 and 2013 was reduced by the utilisation of tax losses from another group company.

Notes to the financial statements

at 31 December 2015

7. Tax (continued)

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2015	2014
	£000	£000
Included in debtors (note 13)	60	226

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	2015		2014	
	Provided	Not provided	Provided	Not provided
	£000	£000	£000	£000
Depreciation in advance of capital allowances	39	—	136	—
Other	21	5	90	6
Deferred tax asset	60	5	226	6

£000

At 1 January 2015	226
Adjustment in respect of prior years	(63)
Profit and loss account movement arising in the year (note 6(a))	(103)
At 31 December 2015	60

Deferred tax assets of £6,000(2014 – £6,000) have not been recognised. This asset arises from capital losses and is not available to offset against any future taxable profits, other than capital gains.

(d) Factors affecting future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is 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 to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would not be significant.

8. Dividends

	2015	2014
	£000	£000
Ordinary shares—interim paid 36.5p (2014 – 33.6p)	2,775	2,553

No final dividend is proposed for the year ending 31 December 2015 (2014 – £nil).

Notes to the financial statements

at 31 December 2015

9. Intangible fixed assets

	<i>Software</i> £000	<i>Goodwill</i> £000	<i>Total</i> £000
Cost:			
At 1 January 2015	1,191	9,903	11,094
Acquisition	-	2,738	2,738
Adjustment to contingent consideration estimate	-	(5)	(5)
At 31 December 2015	<u>1,191</u>	<u>12,636</u>	<u>13,827</u>
Amortisation:			
At 1 January 2015	119	7,655	7,774
Provided during the year	126	571	697
At 31 December 2015	<u>245</u>	<u>8,226</u>	<u>8,471</u>
Net book value:			
At 31 December 2015	<u>946</u>	<u>4,410</u>	<u>5,356</u>
At 1 January 2015	<u>1,072</u>	<u>2,248</u>	<u>3,320</u>

Goodwill is being amortised evenly over the directors' estimate of the useful life of each acquisition, being the lower of 10 years or its remaining useful life at the point of transition to FRS 102.

During the year the business of South West Seeds Limited was hived up into the company.

	Fair value £000
Fixed assets	4
Net working capital	<u>37</u>
Net assets	<u><u>41</u></u>
Goodwill arising on acquisition	<u>2,738</u>
	<u><u>2,779</u></u>

Notes to the financial statements

at 31 December 2015

10. Tangible fixed assets

	<i>Freehold property £000</i>	<i>Leasehold property £000</i>	<i>Plant, machinery, fixtures, fittings & computers £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:					
At 1 January 2015	490	420	1,528	1,249	3,687
Additions	–	18	251	23	292
Disposals	–	–	(88)	(322)	(410)
At 31 December 2015	<u>490</u>	<u>438</u>	<u>1,691</u>	<u>950</u>	<u>3,569</u>
Depreciation:					
At 1 January 2015	253	274	1,269	724	2,520
Provided during the year	18	66	115	183	382
Disposals	–	–	(88)	(313)	(401)
At 31 December 2015	<u>271</u>	<u>340</u>	<u>1,296</u>	<u>594</u>	<u>2,501</u>
Net book value:					
At 31 December 2015	<u>219</u>	<u>98</u>	<u>395</u>	<u>356</u>	<u>1,068</u>
At 1 January 2015	<u>237</u>	<u>146</u>	<u>259</u>	<u>525</u>	<u>1,167</u>

Included within freehold property is land valued at £69,000 (2014– £69,000) which is not depreciated.

11. Investments

	<i>Fixed asset investments £000</i>
Cost:	
At 1 January 2015	704
Additions	2,710
At 31 December 2015	<u>3,414</u>
Provision for impairment:	
At 1 January 2015 and 31 December 2015	<u>(144)</u>
Net book value:	
At 31 December 2015	<u>3,270</u>
At 1 January 2015	<u>560</u>

Details of the investments which the company holds are as follows:

Notes to the financial statements

at 31 December 2015

11. Investments (continued)

Name of company	Holding	Country of incorporation	Proportion of voting rights and shares held	Nature of business
Willoughby (369) Limited*	Ordinary shares	UK	100%	Investment company
Profarma Limited	Ordinary shares	UK	100%	Dormant
Alpha Amenity Limited	Ordinary shares	UK	100%	Dormant
Wallace of Kelso Limited	Ordinary shares	UK	25%	Agriculture
South West Seeds Limited	Ordinary shares	UK	100%	Dormant
Dignity Seeds Limited	Ordinary shares	UK	100%	Agriculture

* Indirectly owned

During March 2015 the company acquired an additional 15% of Wallace of Kelso Limited, for consideration of £610,111.

Additionally, the company acquired 100% of the share capital of Dignity Seeds Limited in December 2015. The consideration for this purchase was £2,100,000 of which £900,000 represents deferred contingent consideration.

12. Stocks

	2015 £000	2014 £000
Finished goods	14,876	17,007

13. Debtors

	2015 £000	2014 £000
Trade debtors	20,001	25,395
Prepayments and accrued income	4,155	2,553
Deferred taxation (note 7(c))	60	226
Other taxes	6	–
	<u>24,222</u>	<u>28,174</u>

Notes to the financial statements

at 31 December 2015

14. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	19,379	17,558
Amounts owed by group undertakings	2	3
Corporation tax	410	572
Other taxes and social security costs	501	1,005
Deferred consideration	325	175
Accruals and deferred income	2,346	3,094
	<u>22,963</u>	<u>22,407</u>

15. Creditors: amounts falling due after one year

	2015 £000	2014 £000
Deferred consideration	<u>675</u>	<u>100</u>

16. Issued share capital

	2015 £000	2014 £000
<i>Authorised</i>		
Ordinary shares of £1 each	<u>7,600</u>	<u>7,600</u>
	2015	2014
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>No.</i>
	£000	£000
Ordinary shares of £1 each	7,600,000	7,600,000
	<u>7,600</u>	<u>7,600</u>

17. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2014	7,600	5,600	16,787	29,987
Profit for the year	–	–	5,541	5,541
Dividend (note 8)	–	–	(2,553)	(2,553)
At 1 January 2015	7,600	5,600	19,775	32,975
Profit for the year	–	–	5,477	5,477
Dividend (note 8)	–	–	(2,775)	(2,775)
At 31 December 2015	<u>7,600</u>	<u>5,600</u>	<u>22,477</u>	<u>35,677</u>

Notes to the financial statements

at 31 December 2015

18. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £32,483 (2014 – £21,000).

19. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund. The pension costs for the period amounted to £1,355,000 (2014 – £1,313,000). Contributions of £132,061 were due at the year end (2014 – £nil).

20. Other financial commitments

At 31 December 2015 the company had contractual commitments under non-cancellable operating leases as set out below:

	2015		2014	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire:				
Within one year	292	144	79	175
In two to five years	246	677	423	652
In over five years	–	–	39	–
	<u>538</u>	<u>821</u>	<u>541</u>	<u>827</u>

21. Related party transactions

The company is a wholly owned subsidiary of the Marubeni Corporation, the group financial statements of which are publicly available.

Accordingly, the company has taken advantage of the exemption in FRS 102 paragraph 33 from disclosing transactions with other wholly owned companies of the Marubeni Corporation.

During the year the company sold goods to Wallace of Kelso Limited, a company in which Agrovista UK Limited has a 25% shareholding, to the value of £773,000 (2014: £953,000). Further, goods were purchased from Wallace of Kelso Limited with a value of £28,000 (2014: £nil). At 31 December 2015 £300,000 (2014: £nil) was due from Wallace of Kelso Limited in respect of a loan.

Notes to the financial statements

at 31 December 2015

22. Ultimate parent undertaking and controlling party

Agrovista UK Limited is wholly owned by Agrovista BV, registered and incorporated in the Netherlands, and is the smallest group of which the company is a member for which group financial statements are prepared.

The ultimate parent undertaking and controlling party is the Marubeni Corporation, registered and incorporated in Japan. This is the largest group of which the company is a member for which group financial statements are prepared.

Copies of the ultimate parent undertaking's group financial statements may be obtained from Marubeni Corporation 4-2 Ohtemachi 1-Chrome, Chiyoda-Ku, Tokyo 100-88, Japan (CPO Box 595, Tokyo 100-91 Japan).

23. Transition to FRS 102

For all periods up to and including 31 December 2014, the company prepared its financial statements in accordance with previously extant United Kingdom Generally Accepted Accounting Practice (UK GAAP). The financial statements for the year ended 31 December 2015 are the first the company has prepared in accordance with FRS 102 'The Financial Reporting Standard for the UK and Republic of Ireland'.

Notes to the financial statements

at 31 December 2015

Transition to FRS 102 (continued)

Reconciliation of equity as at 1 January 2014

	Note	UK GAAP £000	Holiday pay accrual £000	Intangible assets £000	FRS102 £000
Fixed assets					
Intangible assets	2	2,776	-	949	3,725
Tangible assets		2,248	-	(949)	1,299
Investments		560	-	-	560
		<u>5,584</u>	<u>-</u>	<u>-</u>	<u>5,584</u>
Current assets					
Stocks		14,527	-	-	14,527
Debtors		22,500	-	-	22,500
Cash at bank		5,458	-	-	5,458
		<u>42,485</u>			<u>42,485</u>
Creditors: amounts falling due within one year	1	<u>(17,761)</u>	<u>(46)</u>	<u>-</u>	<u>(17,807)</u>
Total assets less current liabilities		<u>30,308</u>	<u>(46)</u>	<u>-</u>	<u>30,262</u>
Creditors: amounts falling due after one year		<u>(275)</u>	<u>-</u>	<u>-</u>	<u>(275)</u>
Net assets		<u>30,033</u>	<u>(46)</u>	<u>-</u>	<u>29,987</u>
Capital and reserves					
Called up share capital		7,600	-	-	7,600
Capital redemption reserve		5,600	-	-	5,600
Profit and loss account		16,833	(46)	-	16,787
Total equity		<u>30,033</u>	<u>(46)</u>	<u>-</u>	<u>29,987</u>

Notes to the financial statements

at 31 December 2015

Transition to FRS 102 (continued)

Reconciliation of equity as at 31 December 2014

	Note	UK GAAP £000	Holiday pay accrual £000	Intangible assets £000	FRS102 £000
Fixed assets					
Intangible assets	2,3	2,248	-	1,072	3,320
Tangible assets		2,239	-	(1,072)	1,167
Investments		560	-	-	560
		<u>5,047</u>	<u>-</u>	<u>-</u>	<u>5,047</u>
Current assets					
Stocks		17,007	-	-	17,007
Debtors		28,174	-	-	28,174
Cash at bank		5,254	-	-	5,254
		<u>50,435</u>	<u>-</u>	<u>-</u>	<u>50,435</u>
Creditors: amounts falling due within one year	1	(22,351)	(56)	-	(22,407)
		<u>33,131</u>	<u>(56)</u>	<u>-</u>	<u>33,075</u>
Total assets less current liabilities					
Creditors: amounts falling due after one year		(100)	-	-	(100)
		<u>33,031</u>	<u>(56)</u>	<u>-</u>	<u>32,975</u>
Net assets					
		<u>33,031</u>	<u>(56)</u>	<u>-</u>	<u>32,975</u>
Capital and reserves					
Called up share capital		7,600	-	-	7,600
Capital redemption reserve		5,600	-	-	5,600
Profit and loss account		19,831	(56)	-	19,775
Total equity		<u>33,031</u>	<u>(56)</u>	<u>-</u>	<u>32,975</u>

Notes to the financial statements

at 31 December 2015

Transition to FRS 102 (continued)

The effect of the remeasurement differences on the reported total comprehensive income of the company for the year ended 31 December 2014 is as follows:

	Note	£000
Total comprehensive income for the year ended 31 December 2014 under UK GAAP		5,551
Holiday pay accrual	1	(10)
Total comprehensive income for the year ended 31 December 2014 under FRS 102		5,541

1. Holiday pay accrual

On transition to FRS 102 the company has calculated an accrual for holiday pay. The impact of this was to create a provision for the opening balance sheet of £46,000 and for 31 December 2014 of £56,000.

2. Software

On transition to FRS 102 the company has reclassified capitalised software from tangible fixed assets to intangible fixed assets. The impact of this was to reclassify a net book value of £1,072,000 for 31 December 2014 and £949,000 for the opening position.

3. Goodwill

Management have re-visited the acquisitions made following the transition date to determine if intangibles have been correctly identified. Management are of the view that there are no separately identifiable assets which can be attributed a value, and therefore the amount paid for the acquired businesses in excess of the fair value of the assets acquired has been deemed to be goodwill.