

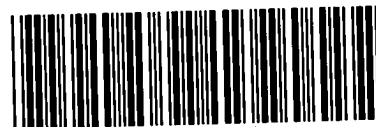
Registered No: 3525529

Agrovista UK Limited

Reports and Financial Statements

31 December 2016

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COMPANIES HOUSE

Company Information

Directors

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

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

Rutherford House
Nottingham Science and Technology Park
University Boulevard
Nottingham
Nottinghamshire
NG7 2PZ

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:

	2016	2015	Change
	£000	£000	%
Turnover	153,742	156,045	-1.5%
Operating profit	7,355	6,692	+9.9%
Profit after tax	6,145	5,477	+12.2%
Equity	39,084	35,677	+9.5%
Current assets as % of current liabilities	238%	216%	+10.2%
Average number of employees	307	311	-1.3%

Turnover from continuing operations during the year ended 31 December 2016 decreased by £2,303,000 to £153,742,000 with a profit before interest and before tax of £7,355,000 (2015: £6,692,000). The profit for the year after taxation amounted to £6,145,000 (2015: £5,477,000). Dividend payments totalling £2,738,000 (2015: £2,775,000) were made in the year. Consequently, equity increased by £3,407,000 to £39,084,000. 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 £9,074,000 (2015: £10,523,000).

Spring 2016 proved difficult for farmers with continued low commodity prices combining with unusual weather conditions. The Autumn season was more positive with improved farmer confidence due to higher commodity prices resulting from the weaker Sterling that followed the Brexit vote.

Despite the lower sales, gross profit was held broadly flat at £19,125,000 (2015: £19,183,000) with an increasing focus on serviced agronomy. Average staff numbers reduced slightly to 307 (2015: 311), with lower seasonal workers during the Spring. During the year the company moved its headquarters to modern premises on the Nottingham University Science Park and disposed of the out-dated Stapleford office.

In September 2016, the company announced the acquisition of Eden Farm Chemicals Limited, an agronomy and chemical supply business based in Penrith, Cumbria. Further acquisitions have followed since the end of the year. The company's stake in Wallace of Kelso was further increased in March 2017, and in July 2017 an expansion in the Amenity segment was completed with the purchase of Terra Firma (Scotland) Limited.

The company operates a culture of environmental care and continues to reduce its requirement for energy through the Energy Saving Opportunity Scheme and efficient use of delivery vehicles. 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.

Future developments

The company expects to see turnover growth in 2017 following a strong Spring campaign. This growth will help to fund increased investment in key staff and essential strengthening of the information technology platforms that support the business. As a result, profitability is expected to be maintained at a similar level to 2016.

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

Strategic report (continued)

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.

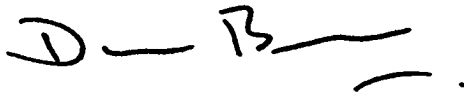
Legislation risk

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

A handwritten signature in black ink, appearing to read 'D Brown', with a horizontal line underneath.

D Brown
Secretary

19 September 2017

Directors' Report

Registered No. 3525529

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

Dividends

The directors do not recommend a final dividend. Dividends of £2,738,000 (2015: £2,775,000) 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 were as follows:

T Akai (resigned 22 April 2016)

D Brown

C Clayton

J Imaizumi (resigned 15 September 2016)

N Iwashita

T Sekita (resigned 22 April 2016, reappointed 26 April 2017)

Y Deguchi (appointed 22 April 2016, resigned 26 April 2017)

Y Kodaira

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.

Directors' Report (continued)

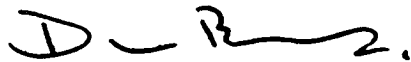
Disclosure of information to the auditors

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



D Brown
Secretary

19 September 2017

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 2016 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 22. 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 Strategic report, Directors report 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 2016 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 applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report

to the members of Agrovista UK Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

- ▶ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

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

Steven Bagworth

Steven Bagworth (Senior statutory auditor)

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

Birmingham

26 September 2017

Income statement

for the year ended 31 December 2016

		2016	2015
	Notes	£000	£000
Turnover	2	153,742	156,045
Cost of sales		(134,617)	(136,862)
Gross Profit		19,125	19,183
Distribution costs		(5,359)	(5,286)
Administrative expenses		(6,411)	(7,205)
Operating Profit	3	7,355	6,692
Interest receivable and similar income	6	169	239
Income from investments		97	70
Profit on ordinary activities before taxation		7,621	7,001
Tax	7	(1,476)	(1,524)
Profit for the financial year		6,145	5,477

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2016

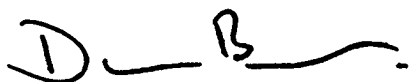
There are no items of other comprehensive income such that the profit above of £6,145,000 in the year ended 31 December 2016 (2015: £5,477,000) equals total comprehensive income for the year.

Balance sheet

at 31 December 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Intangible assets	9	6,607	5,356
Tangible assets	10	1,021	1,068
Investments	11	2,438	3,270
		<u>10,066</u>	<u>9,694</u>
Current assets			
Stocks	12	14,258	14,876
Debtors	13	28,130	24,222
Cash at bank and in hand		9,074	10,523
		<u>51,462</u>	<u>49,621</u>
Creditors: amounts falling due within one year	14	<u>(21,595)</u>	<u>(22,963)</u>
Net current assets		<u>29,867</u>	<u>26,658</u>
Total assets less current liabilities		<u>39,933</u>	<u>36,352</u>
Creditors: amounts falling due after one year	15	<u>(849)</u>	<u>(675)</u>
Net assets		<u><u>39,084</u></u>	<u><u>35,677</u></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	25,884	22,477
Equity	17	<u><u>39,084</u></u>	<u><u>35,677</u></u>

Approved by the board:



D Brown
Director

19 September 2017

Statement of changes in equity

For the year ended 31 December 2016

	Called up capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2015	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
Profit for the year	–	–	6,145	6,145
Dividend paid	–	–	(2,738)	(2,738)
At 31 December 2016	7,600	5,600	25,884	39,084

Notes to the financial statements

at 31 December 2016

1. Accounting policies

Statement of compliance

Agrovista UK Limited is a limited liability company incorporated in England. The registered office is Rutherford House, Nottingham Science & Technology Park, University Boulevard, Nottingham, NG7 2PZ.

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 2016.

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. Impairment reviews are performed in the event that the directors' consider that there are indicators of impairment.

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

Notes to the financial statements

at 31 December 2016

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 income statement on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the income statement 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 income statement.

Notes to the financial statements

at 31 December 2016

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:

		2016 £000	2015 £000
Auditors' remuneration	Audit services	65	63
	Audit related services		10
	Taxation services	17	10
		<u>82</u>	<u>83</u>
Depreciation of owned fixed assets:	Freehold property	12	18
	Leasehold property	63	66
	Fixtures, fittings and computers	148	115
	Motor vehicles	124	183
	Software	129	126
Amortisation of goodwill		<u>790</u>	<u>571</u>
		<u>1,266</u>	<u>1,079</u>
Gain on disposal of fixed assets		542	61
Foreign exchange gain		14	11
Operating lease rentals	plant and machinery	1,049	972
	land and buildings	<u>6,46</u>	<u>575</u>

4. Directors' remuneration

	2016 £000	2015 £000
Remuneration	<u>556</u>	<u>703</u>
Value of company pension contributions to money purchase schemes	<u>44</u>	<u>103</u>
	No.	No.
Members of money purchase pension schemes	<u>2</u>	<u>3</u>

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

	2015 £000	2014 £000
Remuneration	<u>392</u>	<u>381</u>
Value of company pension contributions to money purchase schemes	<u>28</u>	<u>31</u>

Notes to the financial statements

at 31 December 2016

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

	2016 £000	2015 £000
Wages and salaries	12,531	11,994
Social security costs	1,309	1,226
Other pension costs	1,466	1,355
	<u>15,306</u>	<u>14,575</u>

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

	No.	No.
Administration and management	38	36
Sales, workshop and production	269	275
	<u>307</u>	<u>311</u>

6. Interest receivable and similar income

	2016 £000	2015 £000
Bank interest	73	73
Other interest receivable	96	166
	<u>169</u>	<u>239</u>

Notes to the financial statements

at 31 December 2016

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016 £000	2015 £000
Current tax:		
UK corporation tax on the profit for the year	1,551	1,359
Tax under provided in previous years	29	-
Total current tax (note 7(b))	1,580	1,359
Deferred tax:		
Origination and reversal of timing differences	(101)	95
Effect of changes in tax rate	20	7
Adjustment in respect of previous years	(23)	63
Total deferred tax (note 7(c))	(104)	165
 Total tax per income statement	 1,476	 1,524

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

	2016 £000	2015 £000
Profit on ordinary activities before tax	7,621	7,001
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	1,524	1,418
<i>Effects of:</i>		
Group relief received – not paid for	-	(81)
Disallowed expenses and non-taxable income	(48)	131
Tax rate changes	20	7
Adjustments in respect of previous years	6	63
Non taxable income	(26)	(14)
Tax charge for the period	1,476	1,524

The corporation tax liability for 2015 was reduced by the utilisation of tax losses from another group company.

Notes to the financial statements

at 31 December 2016

7. Tax (continued)

(c) Deferred tax

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

	2016	2015
	£000	£000
Included in debtors (note 13)	<u>164</u>	<u>60</u>

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

	2016		2015	
	<i>Provided</i>	<i>Not provided</i>	<i>Provided</i>	<i>Not provided</i>
	£000	£000	£000	£000
Depreciation in advance of capital allowances	156	—	39	—
Other	8	5	21	5
Deferred tax asset	<u>164</u>	<u>5</u>	<u>60</u>	<u>5</u>

£000

At 1 January 2016	60
Adjustment in respect of prior years	23
Profit and loss account movement arising in the year (note 6(a))	<u>81</u>
At 31 December 2016	<u>164</u>

Deferred tax assets of £5,000 (2015 – £5,000) 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

The standard rate of Corporation Tax in the UK reduced from 21% to 20% with effect from 1 April 2015. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 20%. The standard rate will fall further to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. These rates were enacted during the current year and deferred tax balances have been stated at a rate at which they are expected to reverse.

8. Dividends

	2016	2015
	£000	£000
Ordinary shares—interim paid 36.0p (2015 – 36.5p)	<u>2,738</u>	<u>2,775</u>

No final dividend is proposed for the year ending 31 December 2016 (2015 – £nil).

Notes to the financial statements

at 31 December 2016

9. Intangible fixed assets

	<i>Software</i> £000	<i>Goodwill</i> £000	<i>Total</i> £000
Cost:			
At 1 January 2016	1,191	12,635	13,826
Acquisition	10	2,160	2,170
At 31 December 2016	<u>1,201</u>	<u>14,795</u>	<u>15,996</u>
Amortisation:			
At 1 January 2016	245	8,225	8,470
Provided during the year	129	790	919
At 31 December 2016	<u>374</u>	<u>9015</u>	<u>9,389</u>
Net book value:			
At 31 December 2016	<u>827</u>	<u>5,780</u>	<u>6,607</u>
At 1 January 2016	<u>946</u>	<u>4,410</u>	<u>5,356</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 the subsidiary John Ebbage Seeds Limited was hived up into the company.

	Fair value £000
Fixed assets	22
Net working capital	<u>455</u>
Net assets	<u>477</u>
Goodwill arising on acquisition	<u>2,100</u>
	<u>2,577</u>

The company was acquired on 22 December 2015 for a total consideration of £2,485,000. The balance between this consideration and the fair value of assets acquired has been transferred to goodwill.

Notes to the financial statements

at 31 December 2016

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 2016	490	438	1,691	950	3,569
Additions	–	228	346	–	574
Disposals	(490)	(6)	(356)	(245)	(1,098)
At 31 December 2016	–	660	1,680	704	3,045
Depreciation:					
At 1 January 2016	271	340	1,296	594	2,501
Provided during the year	12	63	148	124	347
Disposals	(283)	(6)	(329)	(205)	(823)
At 31 December 2016	–	396	1,115	513	2,024
Net book value:					
At 31 December 2016	–	264	566	191	1,021
At 1 January 2016	219	98	395	356	1,068

Included within freehold property is land valued at £nil (2015– £69,000) which is not depreciated.

11. Investments

	<i>Fixed asset investments £000</i>
Cost:	
At 1 January 2016	3,414
Additions	1,268
Transfer to goodwill (note 9)	(2,100)
At 31 December 2016	2,582
Provision for impairment:	
At 1 January 2016 and 31 December 2016	(144)
Net book value:	
At 31 December 2016	2,438
At 1 January 2016	3,270

Notes to the financial statements

at 31 December 2016

11. Investments (continued)

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

Name of company	Holding	Country of incorporation	Proportion of voting rights and shares held	Nature of business
Willoughby (369) Limited	Ordinary shares	UK	100%	Holding 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%	Holding company
John Ebbage Seeds Limited *	Ordinary shares	UK	100%	Agriculture
Eden Farm Chemicals Limited	Ordinary shares	UK	100%	Agriculture

* Indirectly owned

In September 2016 the company acquired 100% of the share capital of Eden Farm Chemicals Limited. The consideration for this purchase was £790,000 of which £278,000 represents deferred consideration.

12. Stocks

	2016 £000	2015 £000
Finished goods	14,258	14,876

13. Debtors

	2016 £000	2015 £000
Trade debtors	23,777	20,001
Prepayments and accrued income	4,189	4,155
Deferred taxation (note 7(c))	164	60
Other taxes	—	6
	28,130	24,222

Notes to the financial statements

at 31 December 2016

14. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	16,000	19,379
Amounts owed by group undertakings	477	2
Corporation tax	747	410
Other taxes and social security costs	908	501
Deferred consideration	329	325
Accruals and deferred income	3,134	2,346
	<u>21,595</u>	<u>22,963</u>

15. Creditors: amounts falling due after one year

	2016	2015
	£000	£000
Deferred consideration	<u>849</u>	<u>675</u>

16. Issued share capital

	2016	2015
	£000	£000
<i>Authorised</i>		
Ordinary shares of £1 each	<u>7,600</u>	<u>7,600</u>

	No.	2016 £000	No.	2015 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	7,600,000	<u>7,600</u>	7,600,000	<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 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 1 January 2016	7,600	5,600	22,477	35,677
Profit for the year	—	—	6,145	6,145
Dividend (note 8)	—	—	(2,738)	(2,738)
At 31 December 2016	<u>7,600</u>	<u>5,600</u>	<u>25,884</u>	<u>39,084</u>

Notes to the financial statements

at 31 December 2016

18. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £212,045 (2015: £32,483).

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 £1,466,000 (2015: £1,355,000). Contributions of £nil were due at the year end (2015: £132,061).

20. Other financial commitments

At 31 December 2016 the company had contractual commitments under non-cancellable operating leases as set out below:

	2016		2015	
	<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	212	117	292	144
In two to five years	324	918	246	677
In over five years	8	—	—	—
	<u>544</u>	<u>1,035</u>	<u>538</u>	<u>821</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 £360,000 (2015: £773,000). Further, goods were purchased from Wallace of Kelso Limited with a value of £50,000 (2015: £28,000). At 31 December 2016 £nil (2015: £300,000) was due from Wallace of Kelso Limited in respect of a loan.

Notes to the financial statements

at 31 December 2016

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).