

MORRELLS FARMING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016



MORRELLS FARMING LIMITED

COMPANY INFORMATION

Directors	A.C. Ballard D.J.G. Morrell J.R.B. Lovegrove-Fielden
Company secretary	J.R.B Lovegrove-Fielden
Registered number	04274240
Registered office	Belmont House Shrewsbury Business Park Shrewsbury Shropshire SY2 6LG
Independent auditors	Whittingham Riddell LLP Chartered Accountants & Statutory Auditors Belmont House Shrewsbury Business Park Shrewsbury Shropshire SY2 6LG

MORRELLS FARMING LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7 - 8
Notes to the financial statements	9 - 25

MORRELLS FARMING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

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

Directors' responsibilities statement

The directors are responsible for preparing the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £898,855 (2015 - £2,636,075).

No dividends are proposed to be paid from the profits for the current accounting year.

Directors

The directors who served during the year were:

A.C. Ballard
D.J.G. Morrell
J.R.B. Lovegrove-Fielden

Future developments

The company will continue in the development of the hydro scheme and to trade in relation to its principal activities.

MORRELLS FARMING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Whittingham Riddell LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15 December 2016 and signed on its behalf.



J.R.E. Lovegrove-Fielden
Director

MORRELLS FARMING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MORRELLS FARMING LIMITED

We have audited the financial statements of Morrells Farming Limited for the year ended 31 March 2016, set out on pages 5 to 25. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Auditors' 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 Auditors

As explained more fully in the Directors' responsibilities statement on page 1, 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 Financial Reporting Council'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 Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.


MORRELLS FARMING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MORRELLS FARMING LIMITED
(CONTINUED)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

20 December 2016

MORRELLS FARMING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Turnover	4	976,086	1,223,687
Cost of sales		(421,047)	(541,068)
GROSS PROFIT		555,039	682,619
Administrative expenses		(544,927)	(456,917)
Exceptional items		-	2,361,525
Fair value movements		935,000	-
OPERATING PROFIT	5	945,112	2,587,227
Income from fixed assets investments		41,673	43,190
Amounts written off investments		(99,935)	(16,412)
Interest receivable and similar income	9	21,800	25,195
Interest payable and expenses	10	(953)	(3,125)
PROFIT BEFORE TAX		907,697	2,636,075
Tax on profit	11	(8,842)	-
PROFIT FOR THE YEAR		898,855	2,636,075
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Unrealised surplus on revaluation of fixed asset investments		1,537	246,861
OTHER COMPREHENSIVE INCOME FOR THE YEAR		1,537	246,861
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		900,392	2,882,936

MORRELLS FARMING LIMITED
REGISTERED NUMBER: 04274240

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

		2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Tangible assets	13		11,189,078		10,173,668
Investments	14		2,359,888		2,661,510
Investment property	15		1,739,479		912,555
			<u>15,288,445</u>		<u>13,747,733</u>
CURRENT ASSETS					
Stocks	16	280,122		271,818	
Debtors: amounts falling due within one year	17	479,924		550,101	
Cash at bank and in hand	18	489,524		806,036	
		<u>1,249,570</u>		<u>1,627,955</u>	
Creditors: amounts falling due within one year	19	<u>(12,134,872)</u>		<u>(11,872,937)</u>	
NET CURRENT LIABILITIES			<u>(10,885,302)</u>		<u>(10,244,982)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,403,143</u>		<u>3,502,751</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	21	<u>(93,178)</u>		<u>(93,178)</u>	
			<u>(93,178)</u>		<u>(93,178)</u>
NET ASSETS			<u><u>4,309,965</u></u>		<u><u>3,409,573</u></u>
CAPITAL AND RESERVES					
Called up share capital	22		1		1
Revaluation reserve	23		305,280		484,230
Profit and loss account	23		4,004,684		2,925,342
			<u>4,309,965</u>		<u>3,409,573</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 December 2016.


J.R.B. Lovegrove-Fielden
 Director

The notes on pages 9 to 25 form part of these financial statements.

MORRELLS FARMING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	1	484,230	2,925,342	3,409,573
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	898,855	898,855
Transfer to/from profit and loss account	-	-	180,487	180,487
Revaluation of investments	-	1,537	-	1,537
Transfer to/from profit and loss account	-	(180,487)	-	(180,487)
AT 31 MARCH 2016	1	305,280	4,004,684	4,309,965

MORRELLS FARMING LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2014	1	327,145	199,491	526,637
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	2,636,075	2,636,075
Transfer to/from profit and loss account	-	-	89,776	89,776
Revaluation of investments	-	246,861	-	246,861
Transfer to/from profit and loss account	-	(89,776)	-	(89,776)
AT 31 MARCH 2015	1	484,230	2,925,342	3,409,573

The notes on pages 9 to 25 form part of these financial statements.

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. GENERAL INFORMATION

The company's operations relate to the farming of land, rental income and other contracting income.

The company operates within the United Kingdom.

The company is a private company limited by shares and is incorporated and domiciled in England.

The address of its registered office is Waggoners Cottage, Sandford Common, Sandford St Martin, Chipping Norton, Oxfordshire, OX7 7AE.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 26.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Morrells Holdings Limited as at 31 March 2016 and these financial statements may be obtained from Waggoners Cottage, Sandford Common, Sandford St Martin, Chipping Norton, Oxfordshire, OX7 7AE.

2.3 Going concern

The directors acknowledge the net current liabilities position of £10,885,302 (2015: £10,244,982). This position is due to the classification of the intercompany loan of £11,784,680 (2015: £11,219,807) as due within less than one year. Without this balance the company would have net current assets of £899,378 (2015: £974,825) which would show the working capital position of the company to be positive.

Having taken appropriate enquiries, the directors confirm this balance will not be called in at the detriment to the cashflow of the company and have accordingly prepared the accounts on a going concern basis.

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

The estimated useful lives range as follows:

Freehold property	- 25 years straight line
Plant and machinery	- 10% reducing balance or 25% straight line
Assets under construction	- Not depreciated until brought into commission.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.8 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

At each period 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.16 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors there are no 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.

MORRELLS FARMING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Farming income	730,328	974,757
Contracting Income	132,490	147,482
Fees receivable - Domestic	1,333	1,791
Stewardship Scheme Income	58,982	62,830
Rental income	52,953	36,827
	<u>976,086</u>	<u>1,223,687</u>

All turnover arose within the United Kingdom.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	109,509	109,393
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	4,680	4,500
Exchange differences	(2,933)	(6,736)
	<u></u>	<u></u>

During the year, no director received any emoluments (2015 - £NIL).

6. AUDITORS' REMUNERATION

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	4,680	4,500
	<u>4,680</u>	<u>4,500</u>

MORRELLS FARMING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

7. EMPLOYEES

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	71,904	70,649
Social security costs	3,208	2,874
	<u>75,112</u>	<u>73,523</u>

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

	2016	2015
	No.	No.
Employees	<u>5</u>	<u>5</u>

8. INCOME FROM INVESTMENTS

	2016	2015
	£	£
Income from current asset investments	(41,673)	(43,190)
	<u>(41,673)</u>	<u>(43,190)</u>

9. INTEREST RECEIVABLE

	2016	2015
	£	£
Other interest receivable	21,800	25,195
	<u>21,800</u>	<u>25,195</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Finance leases and hire purchase contracts	953	3,125
	<u>953</u>	<u>3,125</u>

MORRELLS FARMING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

11. TAXATION

	2016 £	2015 £
CORPORATION TAX		
Adjustments in respect of previous periods	8,842	-
	<u>8,842</u>	<u>-</u>
TOTAL CURRENT TAX	<u>8,842</u>	<u>-</u>
DEFERRED TAX		
TOTAL DEFERRED TAX	<u>-</u>	<u>-</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>8,842</u>	<u>-</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	907,697	2,636,075
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	181,539	527,215
EFFECTS OF:		
Utilisation of tax losses	5,461	-
Adjustments to tax charge in respect of prior periods	8,842	(22,722)
Book profit on chargeable assets	-	(472,305)
Unrelieved tax losses carried forward	-	(32,188)
Impact of fair value adjustments	(187,000)	-
TOTAL TAX CHARGE FOR THE YEAR	<u>8,842</u>	<u>-</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

12. EXCEPTIONAL ITEMS

	2016 £	2015 £
Profit on sale of tangible fixed assets	-	(2,361,525)
	-	(2,361,525)

13. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Assets under construction £	Total £
COST OR VALUATION				
At 1 April 2015	9,059,081	1,818,083	-	10,877,164
Additions	234,385	128,970	502,289	865,644
Disposals	(3,326)	-	-	(3,326)
Transfers between classes	262,567	-	-	262,567
At 31 March 2016	9,552,707	1,947,053	502,289	12,002,049
DEPRECIATION				
At 1 April 2015	95,182	608,314	-	703,496
Charge for the period on owned assets	18,927	90,582	-	109,509
Disposals	(34)	-	-	(34)
At 31 March 2016	114,075	698,896	-	812,971
NET BOOK VALUE				
At 31 March 2016	9,438,632	1,248,157	502,289	11,189,078
At 31 March 2015	8,963,899	1,209,769	-	10,173,668

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Freehold	9,438,632	8,963,899
	9,438,632	8,963,899

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

14. FIXED ASSET INVESTMENTS

	Listed investments £	Other fixed asset investments £	Total £
COST OR VALUATION			
At 1 April 2015	2,661,300	210	2,661,510
Additions	808,950	-	808,950
Disposals	(1,012,176)	-	(1,012,176)
Revaluations	(98,396)	-	(98,396)
At 31 March 2016	<u>2,359,678</u>	<u>210</u>	<u>2,359,888</u>
 NET BOOK VALUE			
At 31 March 2016	<u>2,359,678</u>	<u>210</u>	<u>2,359,888</u>
 <i>At 31 March 2015</i>	<u>2,661,300</u>	<u>210</u>	<u>2,661,510</u>

MORRELLS FARMING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

15. INVESTMENT PROPERTY

	Freehold investment property £
VALUATION	
At 1 April 2015	912,555
Additions at cost	154,491
Surplus on revaluation	935,000
Transfers between classes	(262,567)
AT 31 MARCH 2016	1,739,479

The 2016 valuations were made by Jonathan Lovegrove-Fielden, a director, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2016 £	2015 £
Historic cost	804,479	912,555
	804,479	912,555

16. STOCKS

	2016 £	2015 £
Farming stock	280,122	271,818
	280,122	271,818

17. DEBTORS

	2016 £	2015 £
Trade debtors	324,126	305,344
Other debtors	124,463	104,910
Prepayments and accrued income	31,335	139,847
	479,924	550,101

MORRELLS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

18. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	489,524	806,036
	<u>489,524</u>	<u>806,036</u>

19. CREDITORS: Amounts falling due within one year

	2016 £	As restated 2015 £
Trade creditors	112,159	132,149
Amounts owed to group undertakings	11,784,680	11,219,807
Corporation tax	8,907	-
Taxation and social security	1,518	1,584
Obligations under finance lease and hire purchase contracts	-	54,508
Other creditors	20,381	288,078
Accruals and deferred income	207,227	176,811
	<u>12,134,872</u>	<u>11,872,937</u>

The company's bankers hold an unlimited debenture incorporating a fixed and floating charge. They also have a first legal charge over the freehold property known as Ladbroke Hill Farm, Ladbroke.

Net obligations under finance leases and hire purchase contracts are secured on the asset to which the finance relates.

MORRELLS FARMING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

20. FINANCIAL INSTRUMENTS

	2016 £	2015 £
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	938,113	1,216,290
	<u>938,113</u>	<u>1,216,290</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(12,118,688)	(11,812,871)
	<u>(12,118,688)</u>	<u>(11,812,871)</u>

Financial assets measured at amortised cost comprise of cash at bank, trade debtors and other debtors.

Financial assets that are equity instruments measured at cost less impairment comprise...

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals and amounts owed to group undertakings.

21. DEFERRED TAXATION

	2016 £
At beginning of year	(93,178)
AT END OF YEAR	<u>(93,178)</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(93,178)	(93,178)
	<u>(93,178)</u>	<u>(93,178)</u>

MORRELLS FARMING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

22. SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

23. RESERVES

Profit and loss account

The profit and loss account comprises the cumulative retained earnings of the company since incorporation.

24. RELATED PARTY TRANSACTIONS

Included within debtors due within one year is an amount of £92 (2015: £nil) due from DJG Morrell, a director.

Included within debtors due within one year is an amount of £1,163 (2015: £127) due from LC Taylor, a family member of DJG Morrell, a director.

During the year there were purchases of £28,615 (2015: £160,603) from Balfours Chartered Surveyors, a firm in which J.R.B. Lovegrove-Fielden, a director of the company, is a partner. The amount owed by the company at the balance sheet date was £nil (2015: £4,716).

During the year there were sales of £2,316 (2015: £665) to Heath Farm, a business owned by A.C. Ballard, a director of the company. The amount due to the company at the balance sheet date was £nil (2015: £nil).

During the year consultancy fees of £10,000 (2015: £10,000) were paid to R H Wells, a director of Morrells Holdings Limited, the parent company. The amount owed by the company at the balance sheet date was £2,500 (2015: £2,500).

As the company is a wholly owned subsidiary of Morrells Holdings Limited, the company has taken advantage of the exemption contained with Financial Reporting Standard 102 and has therefore not disclosed transactions or balances with entities which form part of the group. The financial statements of Morrells Holdings Limited, the ultimate parent company of the group, can be obtained from Companies House.

25. CONTROLLING PARTY

The company's ultimate parent undertaking is Morrells Holdings Limited, a company incorporated in the UK.

MORRELLS FARMING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

26. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.