

TREE NUTS DIRECT LTD
REGISTERED NO:7540417
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

THURSDAY



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COMPANIES HOUSE

TREE NUTS DIRECT LIMITED

Directors

S S Hobhouse

M A Gage

Secretary

M A Gage

Independent Auditor

RSM UK Audit LLP

25 Farringdon Street

London

EC4A 4AB

Registered office

3rd Floor

45 Ludgate Hill

London

EC4M 7JU

Registered Number

07540417

TREE NUTS DIRECT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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. The directors have elected to prepare Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), including FRS101: "Reduced Disclosure Framework".

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 its profit or loss for that period.

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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 requirements of 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.

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

RESULTS AND DIVIDENDS

The total profit for the year, after taxation, amounted to \$45,234 (2019: \$545,910). The directors did not pay a dividend in the year (2019: \$2,750,000).

PRINCIPAL ACTIVITY

The principal activity of the Company is the selling of macadamia nuts. The directors do not expect this business activity to change in the foreseeable future.

LIABILITY INSURANCE FOR COMPANY OFFICERS

As permitted by section 233 of the Companies Act 2006, the Company has maintained insurance cover for the directors against liabilities in relation to the Company.

TREE NUTS DIRECT LIMITED

DIRECTORS' REPORT (Continued)

GOING CONCERN BASIS

The Company is a wholly owned subsidiary of its ultimate holding company, PGI Group Limited. Details of the group's principal risks, uncertainties and key performance indicators can be found in the Strategic report and notes to the accounts of the ultimate holding company.

As at the 31 December 2020 the Company's net current assets were \$632,162 (2019: \$586,928) and profit for the year, after taxation, amounted to \$45,234 (2019: \$545,910). The Company has received a letter of support from its immediate parent undertaking to finance the Company's working capital requirements for a period of 12 months from the date of signing of these accounts. The immediate parent is, in turn financed by its parent company, which has positive cash balances and as a result, the Company's directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 31 December 2020.

DIRECTORS

The directors who served during the year were as follows:

S S Hobhouse
M A Gage

AUDITOR

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of RSM UK Audit LLP, as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

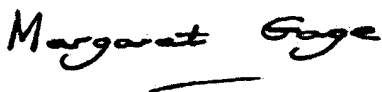
DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

BY ORDER OF THE BOARD



Margaret Gage
Secretary
3rd Floor
45 Ludgate Hill
London
EC4M 7JU
28 July 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TREE NUTS DIRECT LIMITED

Opinion

We have audited the financial statements of Tree Nuts Direct Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

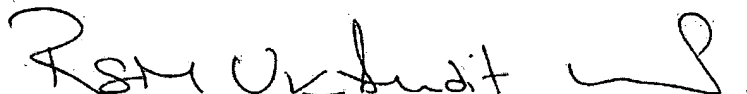
As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are international accounting standards and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating management's application of tax regulations.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

Use of our report

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



Geoff Wightwick (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Portland
25 High Street
Crawley
West Sussex
RH10 1BG
United Kingdom
30 July 2021

TREE NUTS DIRECT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

<u>CONTINUING OPERATIONS</u>			
	<u>Note</u>	<u>2020</u> \$	<u>2019</u> \$
Revenue	2	3,743,425	8,488,132
Cost of sales		(3,427,668)	(7,623,469)
		-----	-----
Gross profit		315,757	864,663
Net operating expenses		(270,523)	(318,753)
		-----	-----
Profit before tax	3	45,234	545,910
Taxation	4	-	-
		-----	-----
Profit for the financial year		45,234	545,910
		=====	=====

The notes on pages 10 to 14 form part of these financial statements.

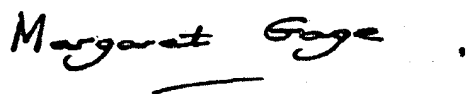
TREE NUTS DIRECT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

Company Registration No. 07540417

		<u>2020</u>	<u>2019</u>
	<u>Note</u>	\$	\$
Current assets			
Inventories	5	1,047,332	-
Trade and other receivables	6	698,596	1,243,756
Cash and cash equivalents		366	1,911
		-----	-----
Total current assets		1,746,294	1,245,667
		-----	-----
Current liabilities			
Trade and other payables	7	(1,114,132)	(658,739)
		-----	-----
		(1,114,132)	(658,739)
		-----	-----
Net current assets		632,162	586,928
		=====	=====
Equity attributable to owners of the parent			
Share capital	8	123	123
Retained earnings	9	632,039	586,805
		-----	-----
Total equity		632,162	586,928
		=====	=====

The notes on pages 10 to 14 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28 July 2021 and signed on its behalf by:



Margaret Gage
Director

TREE NUTS DIRECT LIMITED
STATEMENT OF CHANGES IN EQUITY

	Share <u>Capital</u>	Retained <u>Earnings</u>	<u>Total</u>
	\$	\$	\$
Balance at 1 January 2019	123	2,790,895	2,791,018
Dividends paid	-	(2,750,000)	(2,750,000)
Profit for the year and total comprehensive income	-	545,910	545,910
	-----	-----	-----
Balance at 31 December 2019	123	586,805	586,928
	=====	=====	=====
Balance at 1 January 2020	123	586,805	586,928
Dividends paid	-	-	-
Profit for the year and total comprehensive income	-	45,234	45,234
	-----	-----	-----
Balance at 31 December 2020	123	632,039	632,162
	=====	=====	=====

The notes on pages 10 to 14 form part of these financial statements.

TREE NUTS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Tree Nuts Direct Limited is a private company limited by shares which is registered, domiciled and incorporated in England.

The company's principal activity and the nature of its operations are the selling of macadamia nuts.

The address of the company's registered office and principal place of business is 3rd Floor,
45, Ludgate Hill, London, EC4M 7JU.

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation and significant accounting policies

The financial statements of the company have been prepared in accordance with United Kingdom Accounting Standards (UK General Accepted Accounting Practice), including Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention.

In preparing these financial statements, the company applies the recognition and measurement requirements of International Accounting Standards ('IAS'), in conformity with the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the group accounts of PGI Group Limited, in accordance with FRS 101:

- presentation of a Statement of Cash Flows and related notes;
- comparative period reconciliations for share capital.
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- disclosures in respect of the compensation of Key Management Personnel;
- disclosures required by IFRS 7 'Financial instruments: Disclosures' and IFRS 13 "Fair Value Measurement" regarding financial instrument disclosures have not been provided.
- disclosures in respect of capital management;
- transactions with other wholly owned group companies

The financial statements of the Company are consolidated into the financial statements of PGI Group Limited. The consolidated financial statements of PGI Group Limited are available from its registered office, 3rd Floor, 45 Ludgate Hill, London, EC4M 7JU.

Going concern basis

As at the 31 December 2020 the Company's net current assets were \$632,162 (2019: \$586,928) and profit for the year, after taxation, amounted to \$45,234 (2019: \$545,910). The Company has received a letter of support from its immediate parent undertaking to finance the Company's working capital requirements for a period of 12 months from the date of signing of these accounts. The immediate parent is, in turn financed by its parent company, which has positive cash balances and as a result, the Company's directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 31 December 2020.

TREE NUTS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT)

1. PRINCIPAL ACCOUNTING POLICIES (CONT)

Changes in accounting policies – new and revised accounting standards

The Company changed its presentational currency from pound sterling to the US dollar with effect from 1 January 2020. The change has been applied retrospectively in line with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and as a result, the comparative financial information for the year ended 31 December 2019 has been presented in US dollars. The pound sterling to US dollar exchange rate as at 31 December 2019 was 1.3247.

A number of new standards and amendments are effective for the annual periods commencing on or after 1 January 2020, none of which have any impact on the accounting policies of the Company.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates, "the functional currency". The functional currency of the Company was changed from pound sterling to the US dollar with effect from 1 January 2018. These financial statements are presented in US dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. 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 the category to which they relate.

Inventories

Agricultural produce is recognised at the lower of cost and net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Trade and other receivables

Trade receivables are carried at original invoice amount less provisions made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash and deposits held at call with banks.

TREE NUTS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT)

1. PRINCIPAL ACCOUNTING POLICIES (CONT)

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled.

Deferred tax assets are generally not recognised unless it is certain that future taxable profit will be available against which the temporary differences can be utilised.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods which is deemed to be the point at which the performance obligation is satisfied.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The resultant estimates will differ from actual results and may require adjustment in subsequent accounting periods. Where key estimates and assumptions that may cause a material adjustment to the carrying amount of assets and liabilities in the next financial year have been applied, these are referred to in the relevant notes.

TREE NUTS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT)

2. REVENUE

Revenue represents both the net amount receivable excluding VAT for goods sold and commission earned.

The analysis of revenue is:

	<u>2020</u>	<u>2019</u>
	\$	\$
Sale of agribusiness produce	3,743,425	8,488,132
	=====	=====

3. PROFIT BEFORE TAX

This is stated after charging:

	<u>2020</u>	<u>2019</u>
	\$	\$
Cost of stock	3,282,731	7,348,592
Management fee	262,000	311,000
	=====	=====

No director received any emoluments during the year (2019: \$nil). Directors' emoluments and auditor's remuneration are met by the parent company. No recharge is made. The Company has no employees.

4. TAXATION

	<u>2020</u>	<u>2019</u>
	\$	\$
UK corporation tax	-	-
	=====	=====

(b) Factors affecting the current tax:

The tax assessed on the profit for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	<u>2020</u>	<u>2019</u>
	\$	\$
Profit before tax	45,234	545,910
	=====	=====
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	8,594	103,723
Effects of:		
Group relief	(8,594)	(103,723)
	-----	-----
Total current tax	-	-
	=====	=====

5. INVENTORIES

	<u>2020</u>	<u>2019</u>
	\$	\$
Produce	1,047,332	-
	=====	=====

TREE NUTS DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT)

6.	<u>TRADE AND OTHER RECEIVABLES:</u>	<u>2020</u>	<u>2019</u>
		\$	\$
	Amounts falling due within one year:		
	Trade and other receivables	326,641	313,601
	Amounts due from fellow subsidiary undertakings	371,955	930,155
		-----	-----
		698,596	1,243,756
		=====	=====

7.	<u>TRADE AND OTHER PAYABLES:</u>	<u>2020</u>	<u>2019</u>
		\$	\$
	Amounts falling due within one year:		
	Trade and other payables	31,927	20,000
	Amounts due to fellow subsidiary undertakings	1,082,205	638,739
		-----	-----
		1,114,132	658,739
		=====	=====

8.	<u>SHARE CAPITAL</u>	<u>Authorised</u>	<u>Issued and fully paid</u>
		<u>2020</u>	<u>2019</u>
		\$	\$
	Ordinary shares of \$1.23 (£1.00) each	1,230	123
		=====	=====

9. EQUITY

Retained earnings represents the cumulative profit and loss net of distributions to owners.

The functional currency of the Company was changed from pound sterling to the US dollar with effect from 1 January 2017.

The foreign currency translation reserve represents exchange differences on equity arising from the translation of the financial statements due to the change in presentation currency from pound sterling to United States dollars at 31 December 2020.

The foreign currency translation reserve is represented in the accompanying statement of changes in equity within retained earnings.

	<u>Retained</u>	<u>Translation</u>	
	<u>Earnings</u>	<u>Reserve</u>	<u>Total</u>
	\$	\$	\$
Balance at 31 December 2019	588,194	(1,389)	586,805
	=====	=====	=====
Balance at 31 December 2020	633,428	(1,389)	632,039
	=====	=====	=====

10. ULTIMATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The ultimate parent company and the only group company for which group financial statements are prepared is PGI Group Ltd. Copies of this company's financial statements can be obtained from The Secretary, 3rd Floor, 45 Ludgate Hill, London, EC4M 7JU. The ultimate controlling party is Mr SN Roditi.