

Registered number: 07882029

## **GCH GROWERS LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 NOVEMBER 2018**



## **GCH GROWERS LIMITED**

### **COMPANY INFORMATION**

**Directors**

D Thompson  
C J Shropshire  
H J Shropshire  
G W Shropshire

**Registered number**

07882029

**Registered office**

Hainey Farm  
Barway  
Ely  
Cambridgeshire  
CB7 5TZ

**Independent auditors**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditors  
Victoria House  
199 Avebury Boulevard  
Milton Keynes  
MK9 1AU

## **GCH GROWERS LIMITED**

### **CONTENTS**

	<b>Page</b>
<b>Strategic report</b>	<b>1 - 2</b>
<b>Directors' report</b>	<b>3 - 4</b>
<b>Independent auditor's report</b>	<b>5 - 7</b>
<b>Statement of comprehensive income</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11 - 22</b>

## **GCH GROWERS LIMITED**

### **STRATEGIC REPORT FOR THE PERIOD ENDED 3 NOVEMBER 2018**

#### **Business review**

The results for the company show sales of £11.9m (2017: £21.3m) and a pre-tax profit of £0.2m (2017: £1.2m) for the period. At the period end the company had net assets of £4.0m (2017: £3.8m).

The company's principal activities during the period continued to be farming.

#### **Principal risks and uncertainties**

The company's principal operational risk and uncertainties include exposure to UK and global macroeconomic conditions, reliance on key personnel, security of customers and supply chain, reputation. Notwithstanding these risks and uncertainties, the Directors expect the company to continue to trade profitable in the future.

The company operates in a challenging economic climate, in which inflationary pressures on costs must be balanced against the price expectations of our ultimate customers. The nature of the business, being the farming of fresh produce, means that the company is always faced with the uncertainties of the weather and its impact supply of product and demand of the ultimate customers.

#### **Financial risk management**

The company uses various financial instruments including loans, cash, overdrafts and various items including trade debtors that arise directly from its operations. The main purpose of these instruments is to finance the companies' ongoing operations and capital expenditure program. Their existence exposes the group to a number of financial risks, primarily interest rate and credit risk.

#### **Interest rate risk**

The company's exposure to interest rate and liquidity risk is considered low due to the healthy cash position.

#### **Credit risk**

The company's exposure to credit risk lies principally with trade debtors. This is not considered a high risk as a significant proportion of the company's turnover is with G's Growers Limited, a cooperative with 24 active members within the UK and Spain, who via marketing agents trade with major supermarkets multiples, processors and wholesale markets. The credit terms with G's Growers Limited are between 21 - 28 days. Other customers' credit terms are based on payment history and reviewed on a regular basis.

#### **Financial key performance indicators**

Turnover is a key measure of the company's performance. Sales for the period were £11.9m (2017: £21.3m).

Overall profitability is a key indicator of the company's performance. The pre-tax profit for the financial period was £0.2m (2017: £1.2m).

Working capital management is seen as an important target for the business. At the period end, the net current asset level was £3.3m (2017: £3.1m).

**GCH GROWERS LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

**Other key performance indicators**

Maintaining health and safety standards across the company is seen as a key issue by the directors. The company continues to invest in health and welfare of its employees and customers.

Energy consumption and pollution controls are key measures. The company is in the process of improving energy efficiency and reducing any pollution risk.

In addition to the above, other KPIs, both financial and non-financial, are used for management purposes.

This report was approved by the board on 29 May 2019 and signed on its behalf.



**C J Shropshire**  
Director

## **GCH GROWERS LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 3 NOVEMBER 2018**

The directors present their report and the financial statements for the period ended 3 November 2018.

The financial statements have been prepared for the 52 week period ended 3 November 2018 (2017: 52 week period ended 4 November 2017).

#### **Results and dividends**

The profit for the period, after taxation, amounted to £190,495 (2017 - £952,623).

Dividends paid to the company's shareholders during the period amounted to £Nil (2017: £Nil).

#### **Directors**

The directors who served during the period were:

D Thompson  
C J Shropshire  
H J Shropshire  
G W Shropshire

#### **Future developments**

The directors anticipate no significant changes in the company's activities for the foreseeable future.

#### **Post balance sheet events**

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

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, 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 judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

**GCH GROWERS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

**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.

**Auditors**

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

This report was approved by the board on **29 MAY 2019** and signed on its behalf.



**C J Shropshire**  
Director

## **GCH GROWERS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GCH GROWERS LIMITED**

#### **Opinion**

We have audited the financial statements of GCH Growers Limited (the 'Company') for the period ended 3 November 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 3 November 2018 and of its profit for the period 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.

#### **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 United Kingdom, including the Financial Reporting Council'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**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report, other than the financial statements and our Auditor's report thereon. 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.

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



## **GCH GROWERS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GCH GROWERS LIMITED (CONTINUED)**

We have nothing to report in this regard.

#### **Opinion 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 Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### **Matter on which we are required to report under the Companies Act 2006**

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 Strategic report or the Directors' report.

#### **Matters on which we are required to report by exception**

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.

#### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement on page 3, 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.

## **GCH GROWERS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GCH GROWERS LIMITED (CONTINUED)**

#### **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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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.

**Grant Thornton UK LLP**

Gareth Norris FCA (Senior statutory auditor)

for and on behalf of

**Grant Thornton UK LLP**

Statutory Auditors, Chartered Accountants

Milton Keynes

Date: **21 JUNE 2019**

**GCH GROWERS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	11,856,552	21,327,130
Cost of sales		(10,815,088)	(19,146,281)
<b>Gross profit</b>		<b>1,041,464</b>	<b>2,180,849</b>
Administrative expenses		(819,423)	(1,149,993)
Other operating income	5	817	140,259
<b>Operating profit</b>		<b>222,858</b>	<b>1,171,115</b>
Interest receivable and similar income	9	5,516	1,527
Interest payable and expenses	10	(779)	(14,772)
<b>Profit before tax</b>		<b>227,595</b>	<b>1,157,870</b>
Tax on profit	11	(37,100)	(205,247)
<b>Profit for the financial period</b>		<b>190,495</b>	<b>952,623</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 11 to 22 form part of these financial statements.

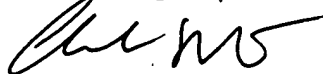
**GCH GROWERS LIMITED**  
**REGISTERED NUMBER: 07882029**

**BALANCE SHEET**  
**AS AT 3 NOVEMBER 2018**

	Note	3 November 2018 £	4 November 2017 £
<b>Fixed assets</b>			
Tangible assets	12	755,308	645,693
Investments	13	30,000	30,000
		<u>785,308</u>	<u>675,693</u>
<b>Current assets</b>			
Stocks	14	1,331,904	3,085,641
Debtors: amounts falling due within one year	15	767,915	790,150
Cash at bank and in hand	16	2,755,659	1,158,357
		<u>4,855,478</u>	<u>5,034,148</u>
Creditors: amounts falling due within one year	17	(1,554,907)	(1,918,285)
<b>Net current assets</b>		<u>3,300,571</u>	<u>3,115,863</u>
<b>Total assets less current liabilities</b>		<u>4,085,879</u>	<u>3,791,556</u>
Creditors: amounts falling due after more than one year	18	(103,828)	-
<b>Net assets</b>		<u><u>3,982,051</u></u>	<u><u>3,791,556</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Profit and loss account	21	3,982,050	3,791,555
		<u><u>3,982,051</u></u>	<u><u>3,791,556</u></u>

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

29 May 2019



**C J Shropshire**  
Director

The notes on pages 11 to 22 form part of these financial statements.

# GCH GROWERS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 3 NOVEMBER 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 5 November 2017	1	3,791,555	3,791,556
<b>Comprehensive income for the period</b>			
Profit for the period	-	190,495	190,495
<b>At 3 November 2018</b>	<b>1</b>	<b>3,982,050</b>	<b>3,982,051</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 4 NOVEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2016	1	2,838,932	2,838,933
<b>Comprehensive income for the period</b>			
Profit for the period	-	952,623	952,623
<b>At 4 November 2017</b>	<b>1</b>	<b>3,791,555</b>	<b>3,791,556</b>

The notes on pages 11 to 22 form part of these financial statements.

## **GCH GROWERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 NOVEMBER 2018**

#### **1. General information**

GCH Growers Limited is a private company limited by shares and is registered in England and Wales.

Registered number: 07882029.

Registered address: Hailey Farm, Barway, Ely, Cambridgeshire, CB7 5TZ.

The principal activity of the company is farming.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement 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 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);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of GCH Farms Holdings Limited as at 3 November 2018 and these financial statements may be obtained from Companies House.

## **GCH GROWERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 NOVEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.3 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

##### **Sale of goods**

Turnover 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 turnover 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**

Turnover 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 turnover 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.

##### **2.4 Tangible fixed assets**

Tangible fixed assets under the cost model 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	- 25% reducing balance & 4 years straight line
---------------------	--

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.

## **GCH GROWERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 NOVEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.5 Valuation of investments**

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.

##### **2.6 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 first in, first out basis.

At each balance sheet 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.

##### **2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment.

##### **2.8 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.

##### **2.9 Financial instruments**

The Company only enters into basic financial instrument 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 the 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



## **GCH GROWERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 NOVEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.9 Financial instruments (continued)**

difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

##### **2.10 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.

##### **2.11 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'.

##### **2.12 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt.

##### **2.13 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

## **GCH GROWERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 NOVEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.14 Leased assets: the Company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **2.15 Interest income**

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

##### **2.16 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

##### **2.17 Taxation**

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

#### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make judgements and estimates. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation uncertainty is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

##### **Fixed assets**

Depreciation is charged with due consideration to the useful economic life and residual value of fixed assets and the continuing appropriateness of the applied policy is considered on an annual basis by the directors.

##### **Stock provision**

Stocks are assessed for impairment at each reporting date based on the directors best estimate of net realisable values with reference to quoted market or contract prices.

# GCH GROWERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 NOVEMBER 2018

### 4. Turnover

The whole of the turnover is attributable to farming.

All turnover arose within the United Kingdom.

### 5. Other operating income

	2018 £	2017 £
Other operating income	817	140,259

### 6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	188,658	171,123
Loss/(profit) on disposal of fixed assets	43,977	(23,764)
Exchange differences	(461)	1,745
Operating lease rentals	563,003	844,441
Cost of stock recognised in income statement	4,325,409	8,396,982

### 7. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,790	9,200
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
All other services	4,085	3,800

### 8. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL).

**GCH GROWERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

**9. Interest receivable**

	2018 £	2017 £
Other interest receivable	5,516	1,527
	<u>5,516</u>	<u>1,527</u>

**10. Interest payable and similar expenses**

	2018 £	2017 £
Bank interest payable	362	27
Other loan interest payable	417	11,876
Finance leases and hire purchase contracts	-	2,869
	<u>779</u>	<u>14,772</u>

**11. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	37,100	205,247
<b>Total current tax</b>	<u>37,100</u>	<u>205,247</u>

**Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.41%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	227,595	1,157,870
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.41%)	43,243	224,786
<b>Effects of:</b>		
Capital allowances for period in excess of depreciation	(6,143)	(19,539)
<b>Total tax charge for the period</b>	<u>37,100</u>	<u>205,247</u>

# GCH GROWERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 NOVEMBER 2018

### 11. Taxation (continued)

#### Factors that may affect future tax charges

During the period, the main rate of UK corporation tax is 19% and the rate will reduce further to 17% from 1 April 2020. These changes have been substantively enacted at the balance sheet date. Temporary differences have been measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

### 12. Tangible fixed assets

	Plant and machinery £
<b>Cost or valuation</b>	
At 5 November 2017	1,082,906
Additions	422,250
Disposals	(294,000)
At 3 November 2018	1,211,156
<b>Depreciation</b>	
At 5 November 2017	437,213
Charge for the period on owned assets	149,783
Charge for the period on financed assets	38,875
Disposals	(170,023)
At 3 November 2018	455,848
<b>Net book value</b>	
At 3 November 2018	755,308
At 4 November 2017	645,693

# GCH GROWERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 NOVEMBER 2018

### 12. Tangible fixed assets (continued)

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

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

	3 November 2018 £	4 November 2017 £
Plant and machinery	272,125	-

### 13. Fixed asset investments

	Unlisted investments £
<b>Cost</b>	
At 5 November 2017	30,000
At 3 November 2018	30,000
<b>Net book value</b>	
At 3 November 2018	30,000
At 4 November 2017	30,000

### 14. Stocks

	3 November 2018 £	4 November 2017 £
Finished goods and goods for resale	1,331,904	3,085,641

Stock recognised in cost of sales during the period as an expense was £4,325,409 (2017: £8,396,985).

**GCH GROWERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 NOVEMBER 2018**

**15. Debtors**

	3 November 2018 £	4 November 2017 £
Trade debtors	346,740	534,678
Amounts owed by group undertakings	209,209	73,515
Other debtors	211,966	181,957
	<u>767,915</u>	<u>790,150</u>

**16. Cash and cash equivalents**

	3 November 2018 £	4 November 2017 £
Cash at bank and in hand	2,755,659	1,158,357
Less: bank overdrafts	(756,207)	-
	<u>1,999,452</u>	<u>1,158,357</u>

**17. Creditors: Amounts falling due within one year**

	3 November 2018 £	4 November 2017 £
Bank overdrafts	756,207	-
Trade creditors	402,640	1,406,878
Amounts owed to group undertakings	62	372
Corporation tax	-	70,350
Obligations under finance lease and hire purchase contracts	100,730	-
Other creditors	248,438	302,886
Accruals and deferred income	46,830	137,799
	<u>1,554,907</u>	<u>1,918,285</u>

Amounts owed to group undertakings are unsecured, interest bearing and repayable on demand.

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate to.

# GCH GROWERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 NOVEMBER 2018

### 18. Creditors: Amounts falling due after more than one year

	3 November 2018 £	4 November 2017 £
Net obligations under finance leases and hire purchase contracts	103,828	-

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate to.

### 19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	3 November 2018 £	4 November 2017 £
Within one year	100,730	-
Between 1-5 years	103,828	-
	204,558	-

### 20. Share capital

	3 November 2018 £	4 November 2017 £
<b>Allotted, called up and fully paid</b>		
1 (2017 - 1) Ordinary share of £1.00	1	1

### 21. Reserves

#### Profit and loss account

This reserve includes all current and prior period retained earnings.



# GCH GROWERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 NOVEMBER 2018

### 22. Commitments under operating leases

At 3 November 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	3 November 2018 £	4 November 2017 £
Not later than 1 year	29,955	129,227

### 23. Related party transactions

The company had related party transactions as follows during the period.

**Entities over which the entity has control, joint control or significant influence:**

	3 November 2018 £	4 November 2017 £
Sales and recharges	9,724,596	10,240,688
Purchases	9,507,756	7,956,016
Debtors	346,739	536,497
Creditors	245,609	1,390,535

### 24. Controlling party

The ultimate and immediate parent undertaking of the company is GCH Farms Holdings Limited (Company number: 09068010); a company registered in England and Wales. The registered office of GCH Farms Holdings Limited is the same as that of the company.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by GCH Farms Holdings Limited. Copies of the group accounts are available to the public and can be obtained from Companies House, 4 Abbey Orchard Street, Westminster, London, SW1P 2HT.

There is no ultimate controlling party.