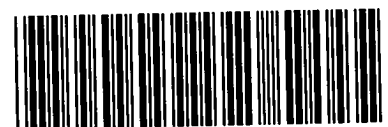


GREENS FARMING LIMITED

Report and Financial Statements

31 December 2014

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GREENS FARMING LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

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GREENS FARMING LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T M C Green
J J Joel
C A Wilson
S M Mumford
W Shakeshaft

SECRETARY

J Planton

REGISTERED OFFICE

Beaufort House
136 High Street
Newmarket
Suffolk
CB8 8JP

BANKERS

Barclays Bank Plc
9-11 St Andrews Street
Cambridge
CB2 3AA

SOLICITORS

Rustons and Lloyd
136 High Street
Newmarket
Suffolk
CB8 8JP

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge

GREENS FARMING LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company continues to be that of arable farming.

The results for the company show a pre-tax loss of £ 224,574 for the year (2013: pre-tax profit of £733,348). This reflects the challenging year that the Company has experienced where disease pressure on a number of key crops has reduced the saleable yield, and slower uptake by customers has extended the harvesting period and increased quantities stored, resulting in higher unit costs of production. The general demand and supply balance has meant it has not been possible to achieve compensating price increases. The Company has net assets of £1,265,281 (2013: £1,951,908).

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The company is part of the Spearhead International Limited group, the principal risks and uncertainties of the company are integrated with those of the group as a whole and are not managed separately. Accordingly, the principal risks and uncertainties of the ultimate parent company Spearhead International Limited, which include those of the company, are discussed in the Group's annual report which does not form part of this report.

FINANCIAL INSTRUMENTS

The company does not itself use financial instruments in the management of its risks and uncertainties.

RESULTS AND DIVIDENDS

The results for the year are set out on page 6.

A dividend of £500,000 (2013: £nil) was proposed and paid in the year.

FUTURE PROSPECTS

The marketplace is likely to remain very competitive but the Company intends to continue to develop its activities in the future and the directors are confident of producing a positive performance going forward.

KEY PERFORMANCE INDICATORS

We consider that our key performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit and net assets.

GOING CONCERN

The directors have prepared cash flow forecasts extending to at least the next harvest and on this basis have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Approved by the Board of Directors
and signed on behalf of the Board



J Planton

Secretary

19 March 2015

GREENS FARMING LIMITED

DIRECTORS' REPORT

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2014.

DIRECTORS

The directors who served during the year and to the date of this report, except as noted, were as follows:

T M C Green
C A Wilson
J J Joel
S M Mumford
W Shakeshaft

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any 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 s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



J Planton

Secretary

19 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENS FARMING LIMITED

We have audited the financial statements of Greens Farming Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 December 2014 and of its 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

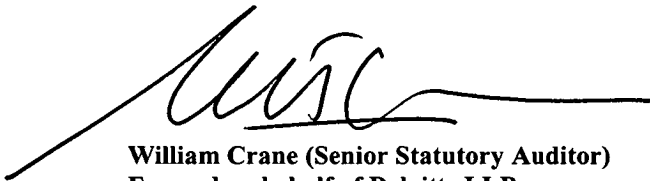
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENS 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



William Crane (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

23 March 2015

GREENS FARMING LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2014

	Note	2014 £	2013 £
TURNOVER	2	11,154,054	11,431,030
Subsidy income		131,483	155,014
Cost of sales		<u>(11,381,723)</u>	<u>(10,722,736)</u>
GROSS (LOSS) / PROFIT		(96,185)	863,308
Administrative expenses		(100,086)	(104,264)
Other operating income		<u>26,600</u>	<u>34,500</u>
OPERATING (LOSS) / PROFIT	3	(169,671)	793,544
Interest payable and similar charges	5	<u>(54,903)</u>	<u>(60,196)</u>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(224,574)	733,348
Tax on profit on ordinary activities	6	<u>37,947</u>	<u>(230,764)</u>
(LOSS) / PROFIT FOR THE FINANCIAL YEAR	15	<u><u>(186,627)</u></u>	<u><u>502,584</u></u>

All activities derive from continuing operations.

A statement of total recognised gains and losses has not been included as part of these financial statements as the company made no gains or losses in the period other than those disclosed above in the profit and loss account.

GREENS FARMING LIMITED

BALANCE SHEET 31 December 2014

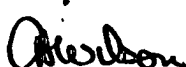
	Note	2014 £	2013 £
FIXED ASSETS			
Tangible assets	7	1,857,549	2,100,206
Investments		1	1
		<u>1,857,550</u>	<u>2,100,207</u>
CURRENT ASSETS			
Stocks	8	4,628,556	4,075,578
Debtors	9	1,956,815	2,533,269
Cash at bank and in hand		3,632	335
		<u>6,589,003</u>	<u>6,609,182</u>
CREDITORS: amounts falling due within one year	10	<u>(6,851,465)</u>	<u>(6,458,043)</u>
NET CURRENT (LIABILITIES) / ASSETS		<u>(262,462)</u>	<u>151,139</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,595,088	2,251,346
CREDITORS: amounts falling due after more than one year	11	<u>(329,807)</u>	<u>(299,438)</u>
NET ASSETS		<u>1,265,281</u>	<u>1,951,908</u>
CAPITAL AND RESERVES			
Called up share capital	13	400,000	400,000
Profit and loss account	14	865,281	1,551,908
SHAREHOLDERS' FUNDS		<u>1,265,281</u>	<u>1,951,908</u>

The financial statements of Greens Farming Limited, registered number 2026430, were approved by the Board of Directors and authorised for issue on 19 March 2015.

Signed on behalf of the Board of Directors



S M Mumford
Director



C A Wilson
Director

GREENS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2014**

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Going concern

The directors have prepared cash flow forecasts extending to at least the next harvest and on this basis have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business net of VAT and trade discounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	20% reducing balance
Property improvement	33% straight line

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Investments

Fixed asset investments are stated at cost less provision for impairment in value.

Stocks

Farming stocks, raw materials and consumable stores are stated at the lower of cost and net realisable value. Cost is determined on the basis of cost of acquisition plus attributable costs in getting such stocks, materials and stores to their current location and condition. Living plants and animals are valued at fair value in accordance with the fair value accounting rules of Schedule 1 part 2 section D paragraph 39 to the Companies Act 2006 on the grounds that such items fall within the fair value rules of IAS 41 "Agriculture".

The deemed cost of agricultural produce harvested from biological assets is measured at its fair value less estimated point-of-sale costs at the point of harvest. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Government grants

Unconditional government grants related to biological assets are recognised in the income statement when the grant becomes receivable.

GREENS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Cash flow statement

The company has taken advantage of the exemption under Financial Reporting Standard 1 (revised 1996) not to prepare a cash flow statement on the basis that the consolidated financial statements are prepared by the ultimate parent company Spearhead International Limited.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

2. TURNOVER

The turnover and profit on ordinary activities before taxation are attributable to the company's principal activity.

	2014 £	2013 £
The geographical analysis of turnover is:		
United Kingdom	10,729,046	11,214,285
Rest of Europe	425,008	216,745
	<u>11,154,054</u>	<u>11,431,030</u>

3. OPERATING PROFIT

	2014 £	2013 £
Operating profit is stated after charging (crediting):		
Depreciation of tangible assets		
Owned assets	335,557	355,336
Leased assets	143,617	183,172
Operating lease rentals		
Land and buildings	1,609,559	1,253,840
Plant and machinery	501,804	403,632
Profit on disposal of fixed assets	<u>(29,657)</u>	<u>(28,053)</u>
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>8,500</u>	<u>9,825</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No directors were remunerated from this company in the current or previous year. The company had no employees in the current or prior year.

GREENS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

5. INTEREST PAYABLE AND INVESTMENT EXPENSE

	2014 £	2013 £
Bank loans and overdrafts	26,117	34,075
Finance lease interest	28,786	26,121
	<u>54,903</u>	<u>60,196</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
Current tax		
United Kingdom corporation tax at 21.49% (2013 - 23.25%) based on the profit for the year	50,982	290,596
Total current tax	<u>50,982</u>	<u>290,596</u>
Deferred tax		
Origination and reversal of timing differences	(95,568)	(117,530)
Adjustment in respect of prior years	6,639	57,698
Total deferred tax	<u>(88,929)</u>	<u>(59,832)</u>
Total tax on profit on ordinary activities	<u>(37,947)</u>	<u>230,764</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 21.49% (2013 – 23.25%). The actual tax charge for the current and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2014 £	2013 £
(Loss) / Profit on ordinary activities before tax	<u>(224,575)</u>	<u>733,348</u>
Tax on profit on ordinary activities at standard rate	(48,268)	170,478
Factors affecting charge for the year:		
Depreciation in excess of capital allowances	95,568	117,530
Expenses not deductible for tax purposes	3,682	2,588
Total actual amount of current tax	<u>50,982</u>	<u>290,596</u>

The company has capital losses totalling £498,382 (2013 - £498,382) to carry forward for utilisation against future capital disposals.

Finance Act 2013 provides for a reduction in the standard rate of tax from 21% to 20% effective from 1 April 2015. This change was substantially enacted on 17 July 2014. This reduced rate has been reflected in the calculation of deferred tax as it was substantively enacted at the balance sheet date.

GREENS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

7. TANGIBLE FIXED ASSETS

	Property improvements £	Plant and machinery £	Total £
Cost			
At 1 January 2014	191,847	4,941,119	5,132,966
Additions	-	529,908	529,908
Disposals	-	(418,679)	(418,679)
At 31 December 2014	191,847	5,052,348	5,244,195
Depreciation			
At 1 January 2014	144,261	2,888,499	3,032,760
Charge for the year	21,426	457,748	479,174
Disposals	-	(125,288)	(125,288)
At 31 December 2014	165,687	3,220,959	3,386,616
Net book value			
At 31 December 2014	26,160	1,831,389	1,857,549
At 31 December 2013	47,586	2,052,620	2,100,206

Included above are assets held under finance leases or hire purchase contracts with a net book value of £574,415 (2013 - £809,441).

8. STOCKS

	2014 £	2013 £
Raw materials and consumables	392,344	620,673
Growing crops an work-in-progress	205,742	168,725
Harvested crops	4,030,470	3,286,180
	4,628,556	4,075,578

9. DEBTORS

	2014 £	2013 £
Trade debtors	672,289	1,232,135
Amounts owed by group undertakings and undertakings in which the company has a participating interest	69,025	73,464
Other debtors	121,072	158,268
Prepayments and accrued income	629,162	693,064
Deferred tax asset (note 12)	465,267	376,338
	1,956,815	2,533,269

All debts are due within one year.

A deferred tax asset has been recognised in relation to excess depreciation over capital allowances.

GREENS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Bank loans and overdrafts	2,077,618	2,314,285
Obligations under hire purchase contracts	171,672	215,275
Trade creditors	1,151,707	770,687
Amounts owed to group undertakings and undertakings in which the company has a participating interest	3,276,670	2,769,232
Group relief	50,982	290,596
Accruals and deferred income	122,816	97,968
	<u>6,851,465</u>	<u>6,458,043</u>

The bank loan and overdraft is secured as outlined in note 16.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £	2013 £
Obligations under hire purchase and finance leases	<u>329,807</u>	<u>299,438</u>
Obligations under finance leases		
Repayable within one year	171,672	215,275
Repayable between one and two years	140,958	299,438
Repayable between three and five years	<u>188,849</u>	<u>-</u>
	501,479	514,714
Included in liabilities falling due within one year	<u>(171,672)</u>	<u>(215,275)</u>
	<u>329,807</u>	<u>299,438</u>

Obligations under hire purchase contracts are secured by fixed charges on the assets concerned.

12. DEFERRED TAXATION

	Deferred taxation £
Balance at 1 January 2014	376,338
Profit and loss account	<u>88,929</u>
Balance at 31 December 2014 (note 9)	<u>465,267</u>
	2014 £
Capital allowances in deficit of depreciation	<u>465,267</u>
	2013 £
	<u>376,338</u>

GREENS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

13. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Called up, allotted and fully paid		
4,000,000 ordinary share of 10p each	400,000	400,000

14. STATEMENT OF MOVEMENT IN RESERVES

	Profit and loss account £
At 1 January 2014	1,551,908
Loss for the financial year	(186,627)
Dividend paid	(500,000)
At 31 December 2014	865,281

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
(Loss)/profit for the financial year	(186,627)	502,584
Dividend paid	(500,000)	-
Decrease/increase in shareholders' funds	(686,627)	502,584
Opening shareholders' funds	1,951,908	1,449,324
Closing shareholders' funds	1,265,281	1,951,908

16. CONTINGENT LIABILITIES

The company has provided a composite cross guarantee to Barclays Bank Plc to secure its borrowings and those of Greens of Soham Limited, Greenseed International Limited, Spearhead Turf Limited, Javelin Potatoes Limited and D C Produce Limited. At 31 December 2014 the total borrowings (excluding loans) from Barclays amounted to £1,628,195 (2013 - £986,968).

The company has provided a guarantee and indemnity to Clydesdale Bank Asset Finance Limited for the facilities made available to the company periodically and also those made available to other fellow group companies - namely Greens of Soham Limited, D C Produce Limited, Spearhead Turf Limited, and Greenseed International Limited. At 31 December 2014 the total facilities provided amounted to £165,711 (2013 - £29,028).

GREENS FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

17. FINANCIAL COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Plant and machinery		Land and buildings	
	2014	2013	2014	2013
	£	£	£	£
Leases which expire:				
Within one year	74,827	46,647	181,633	181,633
Between two and five years	326,514	236,715	179,115	276,748
After five years	-	-	-	-
	<u>401,341</u>	<u>283,362</u>	<u>360,748</u>	<u>458,381</u>

18. ULTIMATE CONTROLLING PARTY

The immediate parent company and controlling party is Greens of Soham Limited, a company registered in England and Wales, who owns 100% of the share capital of Greens Farming Limited. The ultimate parent company is Spearhead International Limited, a company registered in England and Wales, who own 100% of the share capital of the immediate parent company. There is no ultimate controlling party.

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company, Spearhead International Limited.

Spearhead International Limited prepares group financial statements and copies can be obtained from Compass House, Vision Park, Chivers Way, Histon, Cambridge, CB24 9AD.