

**FARMLAND RESERVE UK LIMITED**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

DRAFT

---

**FARMLAND RESERVE UK LIMITED**

---

**CONTENTS**

---

	Page
<b>Reference and administrative details of the charity, its trustees and advisers</b>	1
<b>Trustees' report and Strategic report</b>	2 - 8
<b>Independent auditors' report</b>	9 - 11
<b>Consolidated statement of financial activities</b>	12
<b>Consolidated balance sheet</b>	13
<b>Company balance sheet</b>	14
<b>Consolidated statement of cash flows</b>	15
<b>Notes to the financial statements</b>	16 - 41

DRAFT

---

**FARMLAND RESERVE UK LIMITED**

---

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**Trustees**

D M Sleight, Trustee  
T N Jones, Trustee  
B M Conway, Trustee

**Company registered number**

1332670

**Charity registered number**

274605

**Principal and Registered office**

Manor Farm, Church End, Wood Walton, Huntingdon, Cambridgeshire, PE28 5YU

**Company secretary**

B J Garlick

**Independent auditors**

MHA MacIntyre Hudson, 1 The Forum, Minerva Business Park, Lynch Wood, Peterborough, PE2 6FT

**Bankers**

NatWest, 92 High Street, Huntingdon, PE29 3DT

**Solicitors**

Devonshires, 30 Finsbury Circus, London, EC2M 7DT

---

## **FARMLAND RESERVE UK LIMITED**

---

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The Trustees, who are also the Directors for the purposes of the Companies Act of Farmland Reserve UK Limited (The Charity), present their annual report together with the audited financial statements of Farmland Reserve UK Limited and its subsidiaries (The Charity and The Group) for the year ended 31 December 2017. The Trustees confirm that the financial statements of The Charity and The Group comply with the current provisions of FRS 102 and the Charities SORP 2015.

#### **Objectives and principal activities**

The object of The Charity is:

To promote and further the religious and other charitable work of The Church Jesus Christ of Latter-day Saints in the United Kingdom and elsewhere and to assist members and other persons who are in conditions of need, hardship, sickness and distress, to all ages and denominations.

The Charity will support charitable organisations, trusts, associations or institutions formed for any of the charitable purposes included in the objects, through the provision of sponsorship, grants or other financial or in kind contributions.

In 2012, the Trustees met with representatives of The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints ("CPB") to discuss making a significant donation to support CPB's international building projects for religious purpose buildings and other projects which both CPB and the Church had approved around the world. It was decided that this would be a better match (and easier to monitor) with the Charity's objectives rather than making individual donations to various charitable organisations within the UK and elsewhere.

The Trustees investigated the way in which these projects were identified and approved by internal Church committees, the type of projects and their religious and charitable purposes. Further, they were happy with the infrastructure and controls that CPB had in place to ensure proper implementation of these projects.

Following discussion amongst the Trustees, it was agreed that making a significant donation to CPB was consistent with the aims and purposes of The Charity. During 2012, it made the donation of £31.6m to CPB.

The projects supported by this investment were closely monitored each year and the Trustees received regular updates and reports.

During 2017 the Trustees met to discuss a larger donation for 2017. In reviewing past donations and the capability of CPB, it was decided to make a further donation of £300K due to the effectiveness of the previous donation and its effects. However, payment of this donation was delayed until 2018 due to internal changes of the process CPB follows in both receiving donations and identifying and approving projects.

During the year The Trustees made some local donations, one donation was made to a neighbouring school for the sum of £20K for the purpose of purchasing iPads to support education for children with varying needs. Later in the year a further donation of £50k was made to the 'We Love Manchester Emergency Fund' charity for the purpose of supporting victims of the Manchester bombing.

#### **Public Benefit**

The Trustees have read and given due regard to the guidance on public benefit published by The Charity Commission in exercising their powers and duties.

---

## FARMLAND RESERVE UK LIMITED

---

### *Financial Review*

#### **Financial results**

Each year, The Trustees carry out a detailed review of The Charity. They review the previous year's achievements, and review and approve the budgets for next year.

The end of the year saw an improved profitability caused primarily by improving commodity prices. Incoming resources saw an improvement during the year increasing from £5,324k in 2016 to £5,533k in 2017. Income from trading subsidiary increased to £5,402k (2016: £5,214k) and investment income decreased to £7k (2016: £52k).

Costs, excluding tax, decreased during the year from £4,493k in 2016 to £4,269k in 2017. Two donations were made during the year totalling £70k with a plan for a further £300k.

Incoming resources exceeded resources expended for the year by £1,121k (2016: £770k).

#### **Investment policy and performance**

Under the Articles of Association, The Charity has the power to invest in any way the Trustees deem to be in the best interests of The Charity.

The Charity's objective is to maintain high liquidity while ensuring maximum security and achieving the highest possible return. This will help facilitate future farm acquisition as listed in the future plans section of this Trustee Report.

To achieve this objective, The Charity by the year end had invested £28.4m (2016: £30.6m) of excess funds in an Instant Access Interest Bearing account with high security rating and achieved an average interest rate of 0.10% (2016: 0.40% gross) during 2017.

Investment income is recognised on a receivable basis.

#### **Reserves policy**

The Trustees have established the level of reserves (that is those funds that are freely available) to which The Charity and its subsidiary companies ought to have ready access. Reserves are needed to bridge any funding gap between spending and receiving resources through shareholder grants and leasing of farmland.

The Trustees' policy is to hold, as a minimum, the equivalent of approximately 12 months of charitable expenditure in reserves.

The share capital and actual reserves at 31 December 2017 were £100,517k (2016: £100,396k) which is significantly above the Trustees' target due to retaining a portion for possible future agricultural acquisitions as part of its ongoing consolidation efforts.

In addition, the Trustees wish to observe that during 2018 to date charitable donations have been made to causes that meet The Charity's objectives. This includes a larger donation which was under review for approval at year end before being donated during 2018.

It is the Trustees' view that it is prudent to ensure that there are sufficient reserves to provide financial flexibility.

The reserves policy is reviewed on an annual basis.

---

## **FARMLAND RESERVE UK LIMITED**

---

### ***Structure, governance and management***

#### **Governing document**

The Charity continues to be both a limited Company and a registered Charity. In conjunction with this, The Charity is governed by its Memorandum and Articles of Association which were last amended on 22 November 2011.

The purpose of The Charity as set out in the government document is laid out in the Objectives and Activities section of this report, with the main activities undertaken in relation to those purposes.

#### **Appointment of Trustees**

As set out in the Articles of Association, new or additional Trustees are to be appointed by the shareholder (Farmland Reserve, Inc.) or by decision of the Trustees, providing such persons are willing so to act either to fill a vacancy or as an additional Trustee.

#### **Trustee induction and training**

New Trustees undergo an orientation day to brief them on their legal obligations under charity and Company Law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of The Charity.

During the orientation day they meet key employees and other Trustees. Trustees are updated and advised on legal issues by Devonshires solicitors.

#### **Organisation**

The sole shareholder of The Charity is Farmland Reserve Inc. a non-profit corporation based in Utah, USA.

Direction is channelled to The Charity via the shareholder and is reflected in the various department budgets/plans which are reviewed by the Trustees annually.

Within this framework, the board of Trustees administers the affairs of The Charity. The Trustees monitor progress and achievements throughout the year, and other trustee meetings are held as necessary. The Trustees direct the Charity whilst the operation of the Charity on a day to day basis is delegated to the Senior Management Team. The remuneration of the Senior Management Team is reviewed annually by Trustees and is benchmarked against similar charitable roles.

#### **Related parties**

The Charity holds 100% of the share capital of its subsidiary Company, AgReserves Limited.

#### **Subsidiary undertakings**

AgReserves Limited's principal activity continued to be that of arable farming and it operates a policy of generating the highest profits feasible from efficient farming techniques that utilise the latest technology.

AgReserves Limited leases all of the farmland owned by Farmland Reserve UK Limited and then farms that land. The Trustees are mindful that the small and somewhat scattered nature of some of the parcels of land do lead to some labour and equipment inefficiencies. The Trustees believe that this weakness in the operations of the farms can be overcome by consolidating land holdings around one major farm centre in Cambridgeshire.

This process of consolidation began in 2008 and has continued through to 2017.

The profit for the year of the subsidiary AgReserves Limited included in the statement of financial activities was a profit of £463k (2016: £43k).

---

## **FARMLAND RESERVE UK LIMITED**

---

### **Risk management**

The Trustees have assessed the major risks to which The Charity and The Group are exposed, in particular those related to the operations and finances of The Charity and The Group. The Trustees ensure they are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. The risk management strategy of the Trustees includes an annual review of the principal risks. The Trustees regularly review the procedures in place to mitigate risk.

### **Employees**

The Charity ensures that its employees are able to meet the necessary requirements of their position and are up to date on any developments required for their position. This is achieved in a variety of ways:

Applications for new positions in The Charity are invited from anyone with the relevant qualifications - the key emphasis is on their ability to meet the requirements of the position although the application form requests the applicant mention if they have any illness or medical condition which the employer would need to be aware of in order to make reasonable adjustments should they be successful.

The Charity utilises regular staff meetings during the year which help to ensure that the employees' input is received regarding any decisions which affect their interests. In addition, there are websites and e-mail facilities available to enable more effective communication and training. This helps to ensure that employees receive systematic updates on matters concerning them as employees and ensures their involvement in relation to the financial and economic factors that affect the performance of The Charity and The Group.

In addition to the above points, The Charity is mindful of the need to cater for those with disabilities. Where any employees become incapacitated during their employment they are entitled to receive long-term disability benefits from The Charity. Where an employee becomes disabled but not incapacitated the employer will make any reasonable adjustments necessary. The same opportunities are available to all staff, irrespective of disability. The key emphasis is on the technical ability of each employee.

### ***Reference and administrative details***

#### **Registered name and number**

The registered name of The Charity is Farmland Reserve UK Limited. The Charity does not use any other names.

The charity registration number is 274605. The Charity is registered with the Charity Commission in England and Wales. The Company registration number is 1332670.

#### **Office**

The principal and registered office address is Manor Farm, Church End, Wood Walton, Huntingdon, Cambridgeshire, PE28 5YU.

#### **Directors and Trustees**

The Trustees who served during the year and subsequent to the year end and up to the date of signing the report were as follows:

D M Sleight  
T N Jones  
B M Conway

None of the trustees have qualifying third party indemnity insurance.

#### ***Funds held as custodian trustee on behalf of others***

The Charity does not hold funds as custodian trustee on behalf of others.

**Strategic Report*****Principal risks and uncertainties*****Financial risk and management**

The main risk The Charity faces is that it relies on income from the leasing of all the farmland it owns to its subsidiary undertaking. The Charity has sufficient reserves to meet the needs of its charitable activities for the foreseeable future and has assurances of continuing support from the parent Company.

Other forms of risks and the management of these risks are:

**Price risk**

Salary costs are communicated to staff during the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices.

As part of the nature of agriculture the company is subject to price variations, but active efforts are made to manage this risk by taking advantage of regular market information, forward contracts, and owning sufficient storage. These storage facilities allow the Company to price and deliver products away from the harvest window which is well known to be a period of depressed prices.

**Credit risk**

Credit risk on amounts owed to The Charity by its customers is low as the main debtor is AgReserves Limited, which is a wholly owned subsidiary. Credit risks on amounts owed to the Group are actively monitored.

The Group continues to make every effort to minimise exposure to customer credit risks and all appropriate steps are taken to reduce this risk.

**Liquidity risk**

The Charity has no long-term borrowings. Assurances of continuing financial support have been received from the parent Company.

**Interest rate cash flow risk**

The Charity is able to place surplus funds on short term deposit with the Charity's bankers. With the present banking interest rates being so low there is a risk that the Charity does not make the best use of surplus cash and therefore every effort is being made to review all options that would bring the highest rates possible.

**Currency rate risk**

Forward dealing facilities continue to be explored in regards to foreign currency accounts.

The Trustees have a risk management strategy which encompasses:

- An annual review of the risks The Charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the strategy; and
- The implementation of procedures designed to minimise any potential impact on The Charity should those risks materialise.

---

## FARMLAND RESERVE UK LIMITED

---

### Key performance indicators (KPI)

To measure the effectiveness of The Charity's strategy and its implementation The Trustees have identified the following KPI's:

	2017	2016	2015	2014	2013
Profitability of Farming Operations	£1.5M	£1.1M	£1.6M	£2.1M	£3.0M
Resources expended on charitable activities	£0.4M	£0.4M	£0.3M	£0.3M	£0.3M
Unrestricted Funds	£101.5M	£100.4M	£99.6M	£98.3M	£96.5M

### Plans for future periods

The goals for 2018 include plans to:

1. Continue to enhance the profitability and efficiency of the farms through well reasoned acquisitions to achieve, over time, a concentration of land holdings around one major farm. Any future acquisitions will be funded from retained reserves.
2. To carefully monitor the balance of unrestricted funds while striving to achieve the concentration efforts identified in goal one, so that funds can be put to the use of The Charity's objectives as swiftly as possible.
3. Identify other charitable organisations, trusts, associations or institutions formed for any of the charitable purposes included in the Objects and to provide support through the provision of sponsorship, grants or other financial or in kind contributions.

### Trustees' responsibilities statement

The Trustees (who are also directors of Farmland Reserve UK Limited for the purposes of company law) are responsible for preparing the report of the trustees (incorporating the strategic report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under Company Law the trustees 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 Charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments 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 Charitable Group will continue in business.

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

The Trustees confirm that:

- So far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

**Auditors**

The auditor, MHA MacIntyre Hudson, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

This report, incorporating the Group strategic report, was approved by the Trustees, in their capacity as company directors, on \_\_\_\_\_ and signed on their behalf by:

.....  
**B M Conway**  
**Trustee**

DRAFT

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF FARMLAND RESERVE UK LIMITED**

---

**OPINION**

We have audited the financial statements of Farmland Reserve UK Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the group Consolidated statement of financial activities incorporating income and expenditure account, the group Consolidated balance sheet, the company balance sheet, the group Consolidated statement of cash flows 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2017 and of the group's incoming resources and application of resources, including its income and expenditure 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.

**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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable 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.

---

## **FARMLAND RESERVE UK LIMITED**

---

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF FARMLAND RESERVE UK LIMITED**

---

#### **OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual report, other than the financial statements and our Auditors' 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.

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 Trustees' report incorporating the Group strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements and
- the Trustees' report and the Group strategic report have been prepared in accordance with applicable legal requirements.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the Group and Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Group strategic report.

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

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

#### **RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Trustees 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 Trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going

---

**FARMLAND RESERVE UK LIMITED**

---

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF FARMLAND RESERVE UK LIMITED**

---

concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

**AUDITORS' 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 Auditors' 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 Auditors' report.

**USE OF OUR REPORT**

This report is made solely to the charitable company's Trustees, 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 charitable company's Trustees those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Manning FCA (Senior statutory auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

1 The Forum  
Minerva Business Park  
Lynch Wood  
Peterborough  
PE2 6FT  
Date:

---

**FARMLAND RESERVE UK LIMITED**

---

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	Note	Unrestricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>INCOME FROM:</b>				
Other trading activities: Income from trading subsidiaries	2	5,402	5,402	5,214
Investments	3	7	7	52
Other income	4	124	124	58
<b>TOTAL INCOMING RESOURCES</b>		<b>5,533</b>	<b>5,533</b>	5,324
<b>EXPENDITURE ON:</b>				
Raising funds				
Trading activities	5	3,801	3,801	4,116
Other	5	398	398	377
Charitable donation		70	70	-
<b>TOTAL EXPENDITURE</b>	8	<b>4,269</b>	<b>4,269</b>	4,493
<b>Net income before taxation</b>		<b>1,264</b>	<b>1,264</b>	831
Tax on trading activities	12	(113)	(113)	5
<b>NET INCOME BEFORE INVESTMENT LOSSES</b>		<b>1,151</b>	<b>1,151</b>	836
Other recognised gains / (losses)		(30)	(30)	(66)
<b>NET INCOME</b>		<b>1,121</b>	<b>1,121</b>	770
<b>NET MOVEMENT IN FUNDS</b>		<b>1,121</b>	<b>1,121</b>	770
<b>RECONCILIATION OF FUNDS:</b>				
Total funds brought forward		100,396	100,396	99,626
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>101,517</b>	<b>101,517</b>	100,396

The notes on pages 16 to 41 form part of these financial statements.

**FARMLAND RESERVE UK LIMITED**  
**REGISTERED NUMBER: 1332670**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	£000	2017 £000	£000	2016 £000
<b>FIXED ASSETS</b>					
Intangible assets	13		81		79
Tangible assets	14		65,010		61,144
Investments	16		19		21
			<u>65,110</u>		<u>61,244</u>
<b>CURRENT ASSETS</b>					
Stocks	18	6,062		5,423	
Debtors	19	2,098		908	
Cash at bank and in hand	26	29,129		33,524	
		<u>37,289</u>		<u>39,855</u>	
<b>CREDITORS:</b> amounts falling due within one year	20	(653)		(431)	
<b>NET CURRENT ASSETS</b>			<u>36,636</u>		<u>39,424</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>101,746</u>		<u>100,668</u>
Deferred tax	21		(229)		(272)
<b>NET ASSETS</b>			<u>101,517</u>		<u>100,396</u>
<b>CHARITY FUNDS</b>					
Unrestricted funds:					
Share capital	27	10,000		10,000	
Unrestricted funds	23	91,517		90,396	
Total unrestricted funds			<u>101,517</u>		<u>100,396</u>
<b>SHAREHOLDERS' AND CHARITY'S FUNDS</b>			<u>101,517</u>		<u>100,396</u>

The financial statements were approved and authorised for issue by the Trustees on \_\_\_\_\_ and signed on their behalf, by:

.....  
**B M Conway, Trustee**

The notes on pages 16 to 41 form part of these financial statements.

**FARMLAND RESERVE UK LIMITED**  
**REGISTERED NUMBER: 1332670**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	£000	2017 £000	£000	2016 £000
<b>FIXED ASSETS</b>					
Tangible assets	14	1,739		267	
Investment property	15	117,628		113,133	
Total tangible assets			119,367		113,400
Investments	16		9,450		9,450
			<b>128,817</b>		<b>122,850</b>
<b>CURRENT ASSETS</b>					
Debtors	19	4,363		4,300	
Cash at bank		14,251		17,416	
		<b>18,614</b>		<b>21,716</b>	
<b>CREDITORS:</b> amounts falling due within one year	20	(190)		(157)	
<b>NET CURRENT ASSETS</b>			<b>18,424</b>		<b>21,559</b>
<b>NET ASSETS</b>			<b>147,241</b>		<b>144,409</b>
<b>CHARITY FUNDS</b>					
Unrestricted funds:					
Share capital	27	10,000		10,000	
Unrestricted income funds	31	81,064		80,405	
Revaluation reserve	32	56,177		54,004	
Total unrestricted funds			<b>147,241</b>		<b>144,409</b>
<b>SHAREHOLDERS' AND CHARITY'S FUNDS</b>			<b>147,241</b>		<b>144,409</b>

The financial statements were approved and authorised for issue by the Trustees on \_\_\_\_\_ and signed on their behalf, by:

.....  
**B M Conway, Trustee**

The notes on pages 16 to 41 form part of these financial statements.

---

**FARMLAND RESERVE UK LIMITED**

---

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	25	<u>228</u>	<u>2,759</u>
<b>Cash flows from investing activities:</b>			
Interest received	3	7	52
Proceeds from the sale of tangible fixed assets		210	247
Purchase of tangible fixed assets	14	(4,822)	(3,823)
Purchase of intangible assets	13	(18)	(82)
<b>Net cash used in investing activities</b>		<u>(4,623)</u>	<u>(3,606)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(4,395)</b>	<b>(847)</b>
Cash and cash equivalents brought forward		<u>33,524</u>	<u>34,371</u>
<b>Cash and cash equivalents carried forward</b>	26	<u><u>29,129</u></u>	<u><u>33,524</u></u>

The notes on pages 16 to 41 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1. ACCOUNTING POLICIES**

**1.1 Company information**

Farmland Reserve UK Limited is a charitable company limited by shares, incorporated in England and Wales in the United Kingdom, and the address of its registered office is Manor Farm, Church End, Wood Walton, Huntingdon, Cambridgeshire, PE28 5YU.

**1.2 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

Farmland Reserve UK Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

**1.3 Basis of consolidation**

The financial statements consolidate the accounts of Farmland Reserve UK Limited and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

**1.4 Going concern**

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements.

The budgeted income and expenditure is sufficient with the level of reserves for the Group to be able to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1. ACCOUNTING POLICIES (continued)**

**1.5 Funds**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**1.6 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

**1.7 Income**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Rental income is recognised on a straight line basis over the period of the lease.

Income from subsidiaries represents revenue recognised in respect of goods and services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from crop sales is recognised upon receipt of the goods by the customers. Whilst goods are in transit, the risk and reward of ownership remain with the company.

Single farm payments are receivable on an annual basis. The annual payment is recognised in the year that the application applies to. Due to the regular variation in when the payment occurs, this is recognised either by accrual or upon receipt of payment.

**1.8 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1. ACCOUNTING POLICIES (continued)**

**1.9 Operating leases - lessor**

Rental income is recognised on a straight line basis over the period of the lease, unless the rental payments are structured to increase in line with expected inflation, in which case the annual rental income equals the amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the income recognised over the lease term on a straight line basis.

**1.10 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Costs of raising funds: trading activities comprise the expenses of the trading subsidiary in undertaking its income generating activities.

Other expenditure represents the expenses of parent company in renting the tangible fixed assets. These expenses are not considered to be directly attributable to either costs of raising funds or charitable expenditure to further the charity's aims.

Where costs cannot be reliably attributed to particular activities they have been allocated on a basis consistent with the use of the resources. Direct charitable expenditure comprises expenditure directly relating to the objects of The Charity.

Governance costs incorporate those costs of governance arrangements which relate to the general running of The Charity as opposed to the direct management functions. The costs relating to these activities provide the governance infrastructure which allows The Charity to operate and to generate the information required for public accountability. An analysis of these costs is disclosed in note 7.

Support costs are those functions that assist the work of The Charity but do not directly undertake charitable activities. Support costs include finance, professional and governance costs which support The Charity's activities. As there is only one activity in The Charity, the support costs have been allocated there in full.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1. ACCOUNTING POLICIES (continued)**

**1.11 Intangible fixed assets and amortisation**

Intangible fixed assets represent purchased entitlements to receive the single farm payment subsidy. These are held at cost and amortised over their expected useful life.

The amortisation charge is included within expenditure on raising funds: trading activities line in the SOFA.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Single farm payment entitlements - Straight line over the remaining review period to 2022

**1.12 Tangible fixed assets and depreciation**

All assets costing more than £10,000 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	not depreciated
Land improvements	-	over 10 to 40 years
Assets under construction	-	not depreciated until bought into use
Plant and machinery	-	over 5 to 10 years
Equipment fixtures and fittings	-	over 5 to 10 years
Farm houses and farm buildings	-	over 25 to 40 years

**1.13 Investment Property**

The freehold land, farm houses and farm buildings owned by The Charity are recognised as investment properties in The Charity's own balance sheet, and revalued to fair value at each balance sheet date. The valuation is based on management's assessment of the market value of land and buildings held as investment property at the year end. It takes into consideration market reports and their knowledge of the property and the local market. The property is carried at depreciated cost in the group accounts.

Investment property held by the Charity is measured initially at cost and subsequently at fair value at each reporting date, with the gain or loss on revaluation going to the charitable company's net surplus for the year. The land and buildings rented to group companies are held as investment property within the financial statements of the Charity but remain as tangible fixed assets in the group consolidated financial statements at depreciated cost.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1. ACCOUNTING POLICIES (continued)**

**1.14 Investments**

Fixed asset investments in listed securities are held at fair value and revalued annually with any gains or loss going to the Consolidated Statement of Financial Activities.

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment.

**1.15 Stocks**

Agriculture produce is held under cost model, being stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on an allocation of costs. Cultivations and crop in store include labour and attributable overheads.

Cultivations cost is determined on an overhead allocation basis. Cultivations are in the early stages of growth at the year end and therefore their market value cannot be determined.

Crop in store are valued at the lower of cost and net realisable value, with reference to market value and contracted future sales.

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

**1.16 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.17 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.18 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1. ACCOUNTING POLICIES (continued)**

**1.19 Derivative financial instruments**

The Group enters into non-basic financial instrument transactions such as forward foreign currency contracts, that result in the recognition of financial assets and liabilities. Derivative financial instruments are recognised at fair value through profit and loss, and are revalued to fair value at the end of each reporting period using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at the reporting date are included under the appropriate format heading depending on the nature of the derivative.

**1.20 Financial instruments**

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1. ACCOUNTING POLICIES (continued)**

**1.21 Taxation**

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tax is payable on profits in the subsidiary company.

**1.22 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.23 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

**1.24 Pensions**

The Group is part of a defined benefit pension scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plan. The fund is valued every three years by a professionally qualified independent actuary, with rates of contributions payable being determined by the actuary. In intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of contributions made in the year or accrued at the year end, on a defined contribution basis, as requested by FRS 102 as the company is unable to identify its share of the underlying assets and liabilities of the scheme. Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

The Group is not liable to the plan for other entities obligations under the terms and conditions of the multi employer pension plan.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1. ACCOUNTING POLICIES (continued)**

The Group also operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**1.25 Critical accounting estimates and areas of judgment**

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

**Investment property**

The investment property in the Parent Charity is valued by the trustees at the balance sheet date. The Trustees consider the valuation to be appropriate having regard to the local market conditions.

**Trade debtors**

Trade debtors consist of amounts due from customers. An allowance for doubtful debts is maintained for estimated losses resulting from the inability of The Group's customers to make required payments. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of the customer.

**Stock**

Stock is valued at the lower of cost and net realisable value. Cost is determined on an overhead allocation basis. Net realisable value is determined by management with reference to market value, considering contracted future sales. Certain factors could affect the net realisable value of The Group's stocks, including customer demand and market conditions.

**Tangible and intangible assets**

Depreciation and amortisation are provided on fixed assets based on the estimated useful economic life of those assets. This is based on management's knowledge of the business, assets and prior experience.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

---

**FARMLAND RESERVE UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. TRADING ACTIVITIES**

	<b>Unrestricted funds 2017 £000</b>	<b>Total funds 2017 £000</b>	<b>Total funds 2016 £000</b>
<b>Charity trading income</b>			
Trading subsidiary	<u>5,402</u>	<u>5,402</u>	<u>5,214</u>
Net income from trading activities	<u><u>5,402</u></u>	<u><u>5,402</u></u>	<u><u>5,214</u></u>

In 2016, income from the trading subsidiary was unrestricted income.

**3. INVESTMENT INCOME**

	<b>Unrestricted funds 2017 £000</b>	<b>Total funds 2017 £000</b>	<b>Total funds 2016 £000</b>
Interest receivable from interest bearing accounts	<u>7</u>	<u>7</u>	<u>52</u>
Total 2016	<u><u>52</u></u>	<u><u>52</u></u>	

**4. OTHER INCOMING RESOURCES**

	<b>Unrestricted funds 2017 £000</b>	<b>Total funds 2017 £000</b>	<b>Total funds 2016 £000</b>
Profit on disposal of tangible fixed assets	<u>124</u>	<u>124</u>	<u>52</u>
Gain on foreign exchange	<u>-</u>	<u>-</u>	<u>6</u>
	<u><u>124</u></u>	<u><u>124</u></u>	<u><u>58</u></u>
Total 2016	<u><u>58</u></u>	<u><u>58</u></u>	

---

**FARMLAND RESERVE UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**5. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2017 £000	Support costs 2017 £000	Total 2017 £000	Total 2016 £000
Operating costs of parent company	445	22	467	377
Trading of subsidiary	3,791	10	3,801	4,116
	<u>4,236</u>	<u>32</u>	<u>4,268</u>	<u>4,493</u>
Total 2017	<u>4,236</u>	<u>32</u>	<u>4,268</u>	<u>4,493</u>
Total 2016	<u>4,452</u>	<u>41</u>	<u>4,493</u>	

**6. DIRECT COSTS**

	Operating costs of parent £000	Trading of subsidiary £000	Total 2017 £000	Total 2016 £000
Trading activities	-	2,487	2,487	2,911
Donations and other	92	-	92	11
Wages and salaries	-	600	600	498
National insurance	-	57	57	41
Pension cost	-	133	133	136
Depreciation	353	515	868	855
	<u>445</u>	<u>3,792</u>	<u>4,237</u>	<u>4,452</u>
Total 2016	<u>351</u>	<u>4,116</u>	<u>4,467</u>	

**7. SUPPORT COSTS**

	Operating costs of parent £000	Trading of subsidiary £000	Total 2017 £000	Total 2016 £000
Audit of Subsidiary	-	10	10	15
Legal	10	-	10	13
Audit of Parent	6	-	6	7
Outside services - other	6	-	6	6
	<u>22</u>	<u>10</u>	<u>32</u>	<u>41</u>
Total 2016	<u>26</u>	<u>-</u>	<u>26</u>	

---

**FARMLAND RESERVE UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**7. SUPPORT COSTS (continued)**

During the year ended 31 December 2017, the company incurred the following Governance costs:

The Charity only auditor remuneration - £6k (2016: £7k)

Subsidiary company auditor remuneration - £10k (2016: £15k)

**8. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE**

	<b>Staff costs</b>	<b>Depreciation</b>	<b>Other costs</b>	<b>Total</b>	<b>Total</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating costs of the parent	-	353	114	467	377
Trading subsidiary	790	515	2,497	3,802	4,116
	<u>790</u>	<u>868</u>	<u>2,611</u>	<u>4,269</u>	<u>4,493</u>
Total 2016	<u>675</u>	<u>855</u>	<u>2,963</u>	<u>4,493</u>	

**9. NET INCOME/(EXPENDITURE)**

This is stated after charging/(crediting):

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Amortisation of intangible assets	16	10
Depreciation of tangible fixed assets:		
- owned by the charitable group	869	855
Auditors' remuneration - audit	15	22
Auditors' remuneration - other financial services	1	4
Operating lease rentals	4	8
Profit on disposal of fixed assets	(123)	(52)
Changes in the fair value of investments	2	2
Changes in the fair value of derivatives	27	63
Pension costs	133	136
	<u>133</u>	<u>136</u>

---

**FARMLAND RESERVE UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**10. STAFF COSTS**

Staff costs were as follows:

	<b>2017</b>	2016
	<b>£000</b>	£000
Wages and salaries	<b>600</b>	498
Social security costs	<b>57</b>	41
Other pension costs	<b>133</b>	136
	<b>790</b>	675

The average number of persons employed by the company during the year was as follows:

	<b>2017</b>	2016
	<b>No.</b>	No.
Production and administration	<b>15</b>	15

Average headcount expressed as a full time equivalent:

	<b>2017</b>	2016
	<b>No.</b>	No.
Production and administration	<b>15</b>	15

The number of higher paid employees was:

	<b>2017</b>	2016
	<b>No.</b>	No.
In the band £70,001 - £80,000	<b>1</b>	1

The Charity does not have any employees. During both 2017 and 2016, no Trustees of The Charity received any remuneration, benefits in kind or reimbursement of expenses from The Charity, nor incurred any expenses. Trustees remuneration by the Group is disclosed in note 11.

Key management personnel of the group are the trustees of the Parent Charity and the senior managers of the subsidiary, AgReserves Limited. The total of employee benefits received by key management personnel of the group was £250k (2016: £199k).

---

**FARMLAND RESERVE UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**11. TRUSTEES' REMUNERATION**

One trustee who is also a director, received remuneration from the subsidiary company in relation to services provided as a director of the subsidiary company. No other Trustees received remuneration or pension contributions. The remuneration paid is outlined below:

	<b>2017</b> <b>£000</b>	2016 £000
Remuneration	<u>77</u>	<u>74</u>
Company pension contributions to defined contribution pension schemes	<u>18</u>	<u>17</u>

Payment is made to the Trustee as agreed with the Charity Commission.

There were no trustee expenses incurred in the year (2016: £nil)

**12. TAXATION**

	<b>2017</b> <b>£000</b>	2016 £000
<b>Current tax</b>		
UK corporation tax (credit)/charge on surplus for the year	<b>154</b>	50
Adjustments in respect of prior years	-	-
Total current tax	<u>154</u>	<u>50</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(27)</b>	(37)
Effect of tax rate change on opening balance	<b>(14)</b>	(18)
Tax on surplus on ordinary activities	<u>113</u>	<u>(5)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	<b>2017</b> <b>£000</b>	2016 £000
Surplus on ordinary activities before tax - Agreserves Limited	<b>575</b>	38
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2016: 20%)	<b>109</b>	8
Other timing differences and disallowed expenditure	<b>(16)</b>	2
Difference in tax rates	<b>20</b>	(15)
Total	<u>113</u>	<u>(5)</u>

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

---

13. INTANGIBLE FIXED ASSETS

	<b>Single farm payment entitlements</b>
<b>Group</b>	
<b>Cost</b>	
At 1 January 2017	405
Additions	18
At 31 December 2017	<u>423</u>
<b>Amortisation</b>	
At 1 January 2017	326
Charge for the year	16
At 31 December 2017	<u>342</u>
<b>Carrying amount</b>	
At 31 December 2017	<u>81</u>
At 31 December 2016	<u>79</u>

Amortisation of intangible fixed assets is included in expenditure on raising funds: trading activities.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

14. TANGIBLE FIXED ASSETS

Group	Freehold land £000	Farm houses & Farm buildings £000	Plant and machinery £000	Land improv. Equipment and fixtures and fittings £000	Assets in the course of construction £000
<b>Cost or valuation</b>					
At 1 January 2017	49,710	11,627	4,318	598	200
Additions	1,891	674	675	105	1,477
Disposals	-	(3)	(447)	-	-
At 31 December 2017	<u>51,601</u>	<u>12,298</u>	<u>4,546</u>	<u>703</u>	<u>1,677</u>
<b>Depreciation</b>					
At 1 January 2017	-	2,571	2,606	132	-
Charge for the year	-	340	504	24	-
On disposals	-	(3)	(359)	-	-
At 31 December 2017	<u>-</u>	<u>2,908</u>	<u>2,751</u>	<u>156</u>	<u>-</u>
<b>Net book value</b>					
At 31 December 2017	<u>51,601</u>	<u>9,390</u>	<u>1,795</u>	<u>547</u>	<u>1,677</u>
At 31 December 2016	<u>49,710</u>	<u>9,056</u>	<u>1,712</u>	<u>466</u>	<u>200</u>

---

**FARMLAND RESERVE UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**14. TANGIBLE FIXED ASSETS (continued)**

<b>Group</b>	<b>Total £000</b>
<b>Cost or valuation</b>	
At 1 January 2017	66,453
Additions	4,822
Disposals	(450)
At 31 December 2017	<u>70,825</u>
<b>Depreciation</b>	
At 1 January 2017	5,309
Charge for the year	868
On disposals	(362)
At 31 December 2017	<u>5,815</u>
<b>Net book value</b>	
At 31 December 2017	<u>65,010</u>
At 31 December 2016	<u>61,144</u>

The tangible fixed assets are held for the direct furtherance of the group's objects.

**FARMLAND RESERVE UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>Company</b>	<b>Farm houses &amp; Farm buildings £000</b>	<b>Long-term leasehold property £000</b>	<b>Equipment fixtures and fittings £000</b>	<b>Assets in the course of construction £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 January 2017	111	-	47	200	358
Additions	-	105	-	1,477	1,582
Fair value movement	-	(105)	-	-	(105)
At 31 December 2017	111	-	47	1,677	1,835
<b>Depreciation</b>					
At 1 January 2017	57	-	34	-	91
Charge for the year	329	22	2	-	353
Fair value movement	(326)	(22)	-	-	(348)
At 31 December 2017	60	-	36	-	96
<b>Net book value</b>					
At 31 December 2017	51	-	11	1,677	1,739
At 31 December 2016	54	-	13	200	267

The tangible fixed assets are held for the direct furtherance of the charity's objects.

**15. INVESTMENT PROPERTY**

<b>Company</b>	<b>Investment property £000</b>
<b>Valuation</b>	
At 1 January 2017	113,133
Additions at cost	2,565
Fair value movement	1,930
At 31 December 2017	117,628

The fair value of investment property is based on a valuation by management, determined with reference to market reports and management's knowledge of the property and the local market.

The investment property is held by the Parent Charity and used only by the subsidiary Company, AgReserves Limited. It is carried at fair value in the Parent Company financial statements and at depreciated cost in the group accounts.

The historical cost of the investment property is £61,451k (2016: £59,129k).

---

**FARMLAND RESERVE UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**16. FIXED ASSET INVESTMENTS**

<b>Group</b>	<b>Listed securities £000</b>
<b>Market value</b>	
At 1 January 2017	21
Fair value movement	(2)
	<hr/>
At 31 December 2017	<b>19</b>
	<hr/> <hr/>

**Group investments at market value comprise:**

	<b>2017 £000</b>	2016 £000
Listed investments	<b>19</b>	21
	<hr/> <hr/>	<hr/> <hr/>

All the fixed asset investments are held in the UK.

<b>Company</b>	<b>Shares in group undertakings £000</b>
<b>Cost and net book value</b>	
At 1 January 2017 and 31 December 2017	<b>9,450</b>
	<hr/> <hr/>

Details of the subsidiary undertakings are included in note 17.

**17. PRINCIPAL SUBSIDIARIES****Agreserves Limited**

Subsidiary name	Agreserves Limited
Company registration number	02947030
Basis of control	Ownership of Ordinary shares
Equity shareholding %	100%
Total assets as at 31 December 2017	£ 25,076,988
Total liabilities as at 31 December 2017	£ 5,174,043
Total equity as at 31 December 2017	£ 19,902,945
Turnover for the year ended 31 December 2017	£ 5,538,505
Expenditure for the year ended 31 December 2017	£ 5,075,699
Profit for the year ended 31 December 2017	£ 462,806

---

**FARMLAND RESERVE UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**18. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Cultivations	<b>2,628</b>	2,393	-	-
Crops	<b>3,434</b>	3,030	-	-
	<b>6,062</b>	5,423	-	-

The amount of stock recognised as an expense during the year is £3.5m (2016: £3.5m).

An impairment loss of £1.17m (2016: £1.4m) was recognised against stock during the year due to damaged stock, and to ensure that stock is stated at the lower of cost and net realisable value.

**19. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Trade debtors	<b>1,075</b>	858	-	-
Amounts owed by group undertakings	-	-	<b>4,313</b>	4,281
Other debtors	<b>1,023</b>	50	<b>50</b>	19
	<b>2,098</b>	908	<b>4,363</b>	4,300

An impairment loss of £nil (2016: £5k) on trade debtors was recognised in expenditure on raising funds: trading activities against trade debtors during the year.

Amounts owed by group undertakings are interest free and repayable on demand.

**20. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Trade creditors	<b>196</b>	118	<b>15</b>	5
Amounts owed to group undertakings	-	-	<b>167</b>	145
Corporation tax	<b>116</b>	20	-	-
Other taxation and social security	<b>150</b>	126	-	-
Derivative financial liabilities	<b>27</b>	63	-	-
Other creditors	<b>39</b>	36	-	2
Accruals and deferred income	<b>125</b>	68	<b>8</b>	5
	<b>653</b>	431	<b>190</b>	157

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

---

**FARMLAND RESERVE UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**21. DEFERRED TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
At beginning of year	<b>272</b>	326	-	-
(Released during)/charge for the year (P&L)	<b>(43)</b>	(54)	-	-
At end of year	<b>229</b>	272	-	-

The provision for deferred taxation is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Accelerated capital allowances	<b>190</b>	232	-	-
Other short term differences	<b>39</b>	40	-	-
	<b>229</b>	272	-	-

**22. FINANCIAL INSTRUMENTS**

	<b>2017</b>	2016
	<b>£000</b>	£000
Financial assets measured at fair value through income and expenditure	<b>19</b>	21
Financial assets measured at amortised cost	<b>2,079</b>	887
	<b>2,098</b>	908
Financial liabilities measured at fair value through income and expenditure	<b>27</b>	63
Financial liabilities measured at amortised cost	<b>359</b>	222
	<b>386</b>	285

---

**FARMLAND RESERVE UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

Derivative financial liabilities measured at fair value through income and expenditure comprise the fair value at the year end of forward contracts for foreign currency. Four contracts were entered into in 2017 to sell €965,000 in July 2018 and €500,000 in July 2019. The fair value at the year end has been determined with reference to the year end bank valuation. A loss of £27k has been recognised in the Statement of Financial Activities during the year in respect of this transaction.

Financial assets measured at fair value through income and expenditure comprise shares held in a listed investment. The fair value at the year end has been determined by reference to the year end market value. A loss of £2k (2016: £2k) has been recognised in the Statement of Financial Activities.

Financial assets measured at amortised cost comprise trade and group debtors and other debtors.

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

**23. GROUP STATEMENT OF FUNDS****STATEMENT OF FUNDS - CURRENT YEAR**

	Balance at 1 January 2017 £000	Income £000	Expenditure £000	Taxation £000	Gains/ (Losses) £000	Balance at 31 December 2017 £000
<b>Unrestricted funds</b>						
Share capital	10,000	-	-	-	-	10,000
Reserves	90,396	5,533	(4,269)	(113)	(30)	91,517
	<u>100,396</u>	<u>5,533</u>	<u>(4,269)</u>	<u>(113)</u>	<u>(30)</u>	<u>101,517</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 January 2016 £000	Income £000	Expenditure £000	Taxation £000	Gains/ (Losses) £000	Balance at 31 December 2016 £000
<b>Unrestricted funds</b>						
Share capital	10,000	-	-	-	-	10,000
Reserves	89,626	5,324	(4,493)	5	(66)	90,396
	<u>99,626</u>	<u>5,324</u>	<u>(4,493)</u>	<u>5</u>	<u>(66)</u>	<u>100,396</u>
Total of funds	<u>99,626</u>	<u>5,324</u>	<u>(4,493)</u>	<u>5</u>	<u>(66)</u>	<u>100,396</u>

The funds are held for the purpose of furthering the aims of the charitable Company.

There are no trust law restrictions imposed on the unrestricted funds.

---

**FARMLAND RESERVE UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**23. GROUP STATEMENT OF FUNDS (continued)**

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

The net income for the year dealt with in the accounts of the parent charitable company was £2.8m (2016: £0.3m).

**GROUP SUMMARY OF FUNDS**

	Balance at 1 January 2017 £000	Income £000	Expenditure £000	Taxation £000	Gains/ (Losses) £000	Balance at 31 December 2017 £000
General funds	<u>100,396</u>	<u>5,533</u>	<u>(4,269)</u>	<u>(113)</u>	<u>(30)</u>	<u>101,517</u>

**SUMMARY OF FUNDS - PRIOR YEAR**

	Balance at 1 January 2016 £000	Income £000	Expenditure £000	Taxation £000	Gains/ (Losses) £000	Balance at 31 December 2016 £000
General funds	<u>99,626</u>	<u>5,324</u>	<u>(4,493)</u>	<u>5</u>	<u>(66)</u>	<u>100,396</u>

**24. ANALYSIS OF NET ASSETS BETWEEN FUNDS****ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Unrestricted funds 2017 £000	Total funds 2017 £000
Intangible fixed assets	81	81
Tangible fixed assets	65,009	65,009
Fixed asset investments	19	19
Current assets	37,289	37,289
Creditors due within one year	(652)	(652)
Provisions for liabilities and charges	(229)	(229)
	<u>101,517</u>	<u>101,517</u>

---

FARMLAND RESERVE UK LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

---

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £000	Total funds 2016 £000
Intangible fixed assets	79	79
Tangible fixed assets	61,144	61,144
Fixed asset investments	21	21
Current assets	39,853	39,853
Creditors due within one year	(430)	(430)
Provisions for liabilities and charges	(271)	(271)
	<u>100,396</u>	<u>100,396</u>

25. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING  
ACTIVITIES

	<u>2017</u> <u>£000</u>	<u>Group</u> 2016 £000
Net income for the year (as per Statement of Financial Activities)	1,121	770
<b>Adjustment for:</b>		
Depreciation charges	868	855
Gains on investments	30	66
Interest received	(7)	(52)
(Increase)/decrease in stocks	(639)	186
(Increase)/decrease in debtors	(1,190)	913
Increase in creditors	98	68
Profit on disposal of fixed assets	(124)	(52)
Amortisation of intangible assets	16	10
Taxation	113	(5)
Income taxes paid	(58)	-
<b>Net cash provided by operating activities</b>	<u>228</u>	<u>2,759</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

26. ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>2017</b>	<b>Group</b>
	<b>£000</b>	2016
		£000
Cash in hand	<b>29,129</b>	33,524
Total	<b>29,129</b>	33,524

27. SHARE CAPITAL

	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Allotted, called up and fully paid</b>		
10,000,000 Ordinary shares of £1 each	<b>10,000</b>	10,000

28. PENSION COMMITMENTS

The Group participates in a pension scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). This scheme is of the defined benefit type and is funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances. Full disclosure of the valuation is shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain). The Group has accounted for the scheme as if it was a defined contribution scheme because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members.

The Group also operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

Contributions to the schemes for the year totalled £133k (2016: £136k).

29. OPERATING LEASE COMMITMENTS

At 31 December 2017 the total of the group's future minimum lease payments under non-cancellable operating leases was:

<b>Group</b>	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Amounts payable:</b>		
Within 1 year	<b>4</b>	8

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**30. FINANCIAL RISK MANAGEMENT**

The Group holds shares in a listed investment. The change in value during the year is due to changes in market conditions that give rise to market risk only.

The risks arising from financial instruments to which the entity is exposed at the year end are as follows:

**Credit risk**

In view of the recent economic downturn the company is making every effort to minimise exposure to customer credit risks and all appropriate steps are taken to reduce this risk.

**Price risk**

As part of the nature of agriculture the company is subject to price variations, but active efforts are made to manage this risk by taking advantage of regular market information, forward contracts, and owning sufficient storage. These storage facilities allow the company to price and deliver products away from the harvest window which is well known to be a period of depressed prices.

**Market risk**

The year end valuation, and resulting gain or loss in the Statement of Financial Activities, of financial instruments measured at fair value through income and expenditure, is subject to changes in the market value of the listed investments in which shares are held.

**31. UNRESTRICTED INCOME FUNDS**

This reserve represents cumulative net income on unrestricted income streams. Every year a transfer is made to the revaluation reserve, representing the value of gains and losses of the investment property. Net income in the current year totalled £2.8m (2016: £0.3m) and the reserve transfer to the revaluation reserve totalled £2.2m (2016: £0.4m increase to the unrestricted income funds reserve) representing the fair value gains on the investment property.

**32. REVALUATION RESERVE**

The revaluation reserve represents cumulative gains and losses on the fair value movement of the investment properties since transition to FRS 102. In the current year fair value gains totalled £2.2m (2016: £0.4m loss) and this represents the movement on the reserve in the year.

**33. TURNOVER**

All turnover arose within the United Kingdom.

**34. RELATED PARTY TRANSACTIONS AND PARENT ENTITY**

The immediate and ultimate parent company of the Group is Farmland Reserve Inc, a not for profit company incorporated in the United States of America. This is the largest and smallest group of undertakings for which group accounts are drawn up. The Charity is directed by Farmland Reserve Inc, through budgets and plans reviewed by the Charity trustees.

The Company has taken advantage of disclosure exemptions available within FRS 102 section 33 and not included details of transactions with wholly owned group companies that are included in these consolidated accounts.