
Financial Statements

Farmland Reserve UK Limited

For the year ended: 31 December 2018

Company registration number: 1332670

Charity number: 274605

FARMLAND RESERVE UK LIMITED

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FARMLAND RESERVE UK LIMITED

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Trustees

D M Sleight, Trustee

T N Jones, Trustee (ceased to serve on 14 October 2018)

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 2018

The Trustees, who are also directors for the purposes of the Companies Act of the company (The Charity - Farmland Reserve UK Limited), present their annual report together with the audited financial statements of The Charity and its subsidiary (The Charity and The Group) for the year ended 31 December 2018. 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.

The Charity holds tangible investments in farming and their associated assets to generate funds for its objectives as previously stated. Details of their performance can be found in the "Financial Review" section and "Subsidiary Undertakings" subsection under the "Structure, Governance and Management" section.

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) to 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.

Achievements and Performance

During 2018 the Trustees finalised plans to make another donation to CPB. On 24th October 2018, a donation of £264,746 (\$341,520) was transferred from The Charity, to sister charity, CPB.

CPB identified a number of specific projects for implementation internationally in pursuit of its purposes to the success of which The Charity has now had the opportunity to contribute \$342,520 to these causes.

FARMLAND RESERVE UK LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

The projects identified by CPB to utilise the donation are Humanitarian projects are as listed;

1. "Physicians for Human Rights, Italy" - \$148,100

- To provide essential medications and psychosocial support to refugees in 20 reception centres in Sicily and in a mental health facility in Rome
- To provide medical services to refugees in Rome and surrounding areas via a staffed and equipped mobile clinic

2. "Terre des Hommes" - \$25,000

- To provide psychosocial support to 500 refugee women and children disembarking from rescue ships in Sicily

3. "The German Red Cross" - \$168,420

- To provide food, educational supplies, and access to educational programmes for 290 refugees living in homes for unaccompanied minors in Frankfurt and Bremen.

Total: \$341,520

Each of these projects have alleviated some of the circumstantial and significant distress the Refugees in both Italy and Germany have experienced in their upheaval from their homes. It has aided the efforts of local communities towards these refugee groups and helped these individuals and their families experience a degree of normalcy and genuine care having experienced significant distress.

A Donation for 2019 is currently under review, £1M has been set aside with projects currently being identified and reviewed by the trustees.

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.

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 £5,533k in 2017 to £7,382k in 2018. Income from the trading subsidiary increased to £7,111k (2017: £5,402k) and investment income increased to £52k (2017: £7k).

Costs, excluding tax, increased during the year from £4,269k in 2017 to £5,938k in 2018. A donation was made during the year totalling £265k.

Incoming resources exceeded resources expended for the year by £1,249k (2017: £1,120k).

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 acquisitions as listed in the future plans section of this Trustee Report.

FARMLAND RESERVE UK LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

To achieve this objective, The Charity by the year end had invested £27.0 million (2017: £28.4 million) of excess funds in an Instant Access Interest Bearing account with high security rating and achieved an average interest rate of 0.25% (2017: 0.10% gross) during 2018.

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 actual net assets reported at 31 December 2018 were £102,765k (2017: £101,516k) which is significantly above the Trustees' target due to retaining a portion for possible future agricultural acquisitions as part of its ongoing consolidation efforts.

It should be noted that of the £102,765k only £28,687k is freely available due to the rest of the reserves figure held in farming related assets to generate investment income to make current and future donations.

In addition, the Trustees wish to observe that during 2019 plans have been made to make a charitable donation of £1M to causes that meet The Charity's objectives.

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.

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 governing 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.

FARMLAND RESERVE UK LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

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 and the operation of the Charity on a day to day basis is delegated to the Senior Management Team. The pay of the Senior Management Team is reviewed annually by Trustees and is benchmarked against the pay of others in similar charitable roles.

Related parties

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

Subsidiary undertaking

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 2018.

The profit for the year of the subsidiary AgReserves Limited included in the statement of financial activities was a profit of £791k (2017: £462k).

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, and 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 and 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

FARMLAND RESERVE UK LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

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 (ceased to serve 14 October 2018)
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 that 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.

FARMLAND RESERVE UK LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

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.

Key performance indicators (KPI)

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

	2018	2017	2016	2015	2014
Profitability of Farming Operations	£1.8M	£1.5M	£1.1M	£1.6M	£2.1M
Resources expended on charitable activities	£0.5M	£0.4M	£0.4M	£0.3M	£0.3M
Unrestricted Funds	£102.8M	£101.5M	£100.4M	£99.6M	£98.3M
Unrestricted Funds readily available	£28.7M	£29.1M	£33.5M	£34.4M	£44.3M

Plans for future periods

The goals for 2019 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.

Along with well-reasoned acquisitions a regular operational review of currently held farms occurs. New

FARMLAND RESERVE UK LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

technology and science are continually reviewed and vetted to see if it warrants integration with daily operations.

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, to 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 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 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.

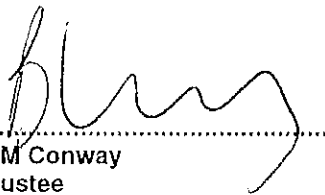
FARMLAND RESERVE UK LIMITED

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

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 strategic report, was approved by the Trustees, in their capacity as company directors, on 23/09/2019 and signed on their behalf by:



.....
B M Conway
Trustee

FARMLAND RESERVE UK LIMITED

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 2018 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 2018 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 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 the 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' remuneration specified by law are 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. 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 2018**

	Note	Unrestricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
INCOME FROM:				
Other trading activities: Income from trading subsidiaries	2	7,111	7,111	5,402
Investments	3	52	52	7
Other income	4	219	219	124
TOTAL INCOMING RESOURCES		7,382	7,382	5,533
EXPENDITURE ON:				
Raising funds				
Trading activities	5	5,195	5,195	3,801
Other		478	478	398
Charitable donation		265	265	70
TOTAL EXPENDITURE	8	5,938	5,938	4,269
Tax on trading activities		1,444	1,444	1,264
Taxation	12	(187)	(187)	(114)
NET INCOME BEFORE INVESTMENT LOSSES		1,257	1,257	1,150
Other recognised gains / (losses)	16	(8)	(8)	(30)
NET INCOME		1,249	1,249	1,120
NET MOVEMENT IN FUNDS		1,249	1,249	1,120
RECONCILIATION OF FUNDS:				
Total funds brought forward		101,516	101,516	100,396
TOTAL FUNDS CARRIED FORWARD		102,765	102,765	101,516

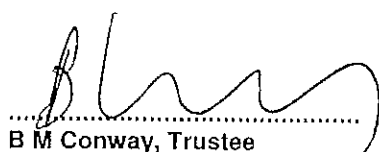
The notes on pages 17 to 43 form part of these financial statements.

FARMLAND RESERVE UK LIMITED
REGISTERED NUMBER: 1332670

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	£000	2018 £000	£000	2017 £000
FIXED ASSETS					
Intangible assets	13		61		81
Tangible assets	14		67,031		65,010
Investments	16		14		19
			<u>67,106</u>		<u>65,110</u>
CURRENT ASSETS					
Stocks	18	5,606		6,062	
Debtors	19	2,262		2,098	
Cash at bank and in hand	26	28,687		29,129	
		<u>36,555</u>		<u>37,289</u>	
CREDITORS: amounts falling due within one year	20	(633)		(620)	
NET CURRENT ASSETS			<u>35,922</u>		<u>36,669</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>103,028</u>		<u>101,779</u>
Deferred tax	21		(263)		(263)
NET ASSETS			<u>102,765</u>		<u>101,516</u>
CHARITY FUNDS					
Unrestricted funds:					
Share capital	27	10,000		10,000	
Unrestricted funds	23	92,765		91,516	
Total unrestricted funds			<u>102,765</u>		<u>101,516</u>
SHAREHOLDERS' AND CHARITY'S FUNDS			<u>102,765</u>		<u>101,516</u>

The financial statements were approved and authorised for issue by the Trustees on 23/01/2019 and signed on their behalf, by:


 B M Conway, Trustee

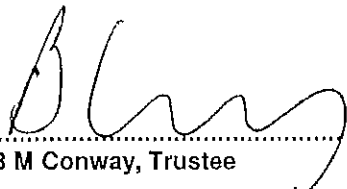
The notes on pages 17 to 43 form part of these financial statements.

FARMLAND RESERVE UK LIMITED
REGISTERED NUMBER: 1332670

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	£000	2018 £000	£000	2017 £000
FIXED ASSETS					
Tangible assets	14	1,053		1,739	
Investment property	15	124,828		117,628	
Total tangible assets			125,881		119,367
Investments	16		9,450		9,450
			135,331		128,817
CURRENT ASSETS					
Debtors	19	4,328		4,363	
Cash at bank		13,055		14,251	
		17,383		18,614	
CREDITORS: amounts falling due within one year	20	(325)		(190)	
NET CURRENT ASSETS			17,058		18,424
NET ASSETS			152,389		147,241
CHARITY FUNDS					
Unrestricted funds:					
Share capital	27	10,000		10,000	
Unrestricted income funds	23	81,522		81,064	
Revaluation reserve		60,867		56,177	
Total unrestricted funds			152,389		147,241
SHAREHOLDERS' AND CHARITY'S FUNDS			152,389		147,241

The financial statements were approved and authorised for issue by the Trustees on 23/07/2019 and signed on their behalf, by:


 B M Conway, Trustee

The notes on pages 17 to 43 form part of these financial statements.

FARMLAND RESERVE UK LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	25	<u>2,184</u>	<u>228</u>
Cash flows from investing activities:			
Interest received		52	7
Proceeds from the sale of tangible fixed assets		401	210
Purchase of tangible fixed assets		(3,079)	(4,822)
Purchase of intangible assets		-	(18)
Net cash used in investing activities		<u>(2,626)</u>	<u>(4,623)</u>
Change in cash and cash equivalents in the year		<u>(442)</u>	<u>(4,395)</u>
Cash and cash equivalents brought forward		29,129	33,524
Cash and cash equivalents carried forward	26	<u><u>28,687</u></u>	<u><u>29,129</u></u>

The notes on pages 17 to 43 form part of these financial statements.

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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) and the Companies Act 2006.

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.

FARMLAND RESERVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018

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.

FARMLAND RESERVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2021

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.

FARMLAND RESERVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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.

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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.

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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.

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.

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES (continued)

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.

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.

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES (continued)**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.

2. TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Charity trading income			
Trading subsidiary	7,111	7,111	5,402
Net income from trading activities	7,111	7,111	5,402

In 2017, income from the trading subsidiary was unrestricted income.

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Interest receivable from interest bearing accounts	52	52	7
	<u>52</u>	<u>52</u>	<u>7</u>
Total 2017	7	7	
	<u>7</u>	<u>7</u>	

4. OTHER INCOMING RESOURCES

	Unrestricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Profit on disposal of tangible fixed assets	214	214	124
Gain on foreign exchange	5	5	-
	<u>219</u>	<u>219</u>	<u>124</u>
Total 2017	124	124	
	<u>124</u>	<u>124</u>	

5. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £000	Support costs 2018 £000	Total 2018 £000	Total 2017 £000
Operating costs of parent company	700	43	743	467
Trading of subsidiary	5,183	12	5,195	3,801
	<u>5,883</u>	<u>55</u>	<u>5,938</u>	<u>4,268</u>
Total 2018	5,883	55	5,938	4,268
	<u>5,883</u>	<u>55</u>	<u>5,938</u>	<u>4,268</u>
Total 2017	4,236	32	4,268	
	<u>4,236</u>	<u>32</u>	<u>4,268</u>	

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. DIRECT COSTS

	Operating costs of parent £000	Trading of subsidiary £000	Total 2018 £000	Total 2017 £000
Trading activities	-	3,802	3,802	2,487
Donations and other	287	-	287	92
Wages and salaries	-	636	636	600
National insurance	-	64	64	57
Pension cost	-	222	222	133
Depreciation	413	459	872	868
	<u>700</u>	<u>5,183</u>	<u>5,883</u>	<u>4,237</u>
Total 2017	<u>445</u>	<u>3,792</u>	<u>4,237</u>	

7. SUPPORT COSTS

	Operating costs of parent £000	Trading of subsidiary £000	Total 2018 £000	Total 2017 £000
Audit of Subsidiary	-	12	12	10
Legal	23	-	23	10
Audit of Parent	6	-	6	6
Outside services - other	14	-	14	6
	<u>43</u>	<u>12</u>	<u>55</u>	<u>32</u>
Total 2017	<u>22</u>	<u>10</u>	<u>32</u>	

During the year ended 31 December 2018, the company incurred the following Governance costs:

The Charity only auditor remuneration - £6k (2017: £6k)
Subsidiary company auditor remuneration - £12k (2017: £10k)

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2018 £000	Depreciation 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Operating costs of the parent	-	413	330	743	467
Trading subsidiary	922	459	3,814	5,195	3,802
	<u>922</u>	<u>872</u>	<u>4,144</u>	<u>5,938</u>	<u>4,269</u>
Total 2017	<u>790</u>	<u>868</u>	<u>2,611</u>	<u>4,269</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging/(crediting):

	2018 £000	2017 £000
Depreciation of tangible fixed assets: - owned by the charitable group	873	869
Amortisation of intangible fixed assets	20	16
Auditors' remuneration - audit	18	15
Auditors' remuneration - other financial services	1	1
Operating lease rentals	4	4
Profit on disposal of fixed assets	(214)	(123)
Changes in the fair value of investments	5	2
Changes in the fair value of derivatives	3	27
Pension costs	<u>222</u>	<u>133</u>

FARMLAND RESERVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. STAFF COSTS

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	636	600
Social security costs	64	57
Other pension costs	222	133
	<u>922</u>	<u>790</u>

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

	2018 No.	2017 No.
Production and administration	17	15

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Production and administration	17	15

The number of higher paid employees was:

	2018 No.	2017 No.
In the band £70,001 - £80,000	2	1

The Charity does not have any employees. During both 2018 and 2017, 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 £214k (2017: £250k).

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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:

	2018 £000	2017 £000
Remuneration	79	77
Company pension contributions to defined contribution pension schemes	19	18

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

There were no trustee expenses incurred in the year (2017: £nil)

12. TAXATION

	2018 £000	2017 £000
Current tax		
UK corporation tax (credit)/charge on surplus for the year	187	123
Adjustments in respect of prior years	-	-
Total current tax	187	123
Deferred tax		
Origination and reversal of timing differences	-	7
Effect of tax rate change on opening balance	-	(16)
Tax on surplus on ordinary activities	187	114

Factors affecting tax charge for the year

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

	2018 £000	2017 £000
Surplus on ordinary activities before tax - Agreserves Limited	978	576
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19%)	186	109
Other timing differences and disallowed expenditure	1	1
Difference in tax rates	-	4
Total	187	114

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. INTANGIBLE FIXED ASSETS

	Single farm payment entitlements
Group	
Cost	
At 1 January 2018 and 31 December 2018	423
Amortisation	
At 1 January 2018	342
Charge for the year	20
At 31 December 2018	362
Carrying amount	
At 31 December 2018	61
At 31 December 2017	81

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

FARMLAND RESERVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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	Total £000
Cost						
At 1 January 2018	51,601	12,298	4,546	703	1,677	70,825
Additions	-	-	843	-	2,236	3,079
Disposals	-	-	(868)	-	-	(868)
Transfers on completion	-	2,916	-	-	(2,916)	-
At 31 December 2018	51,601	15,214	4,521	703	997	73,036
Depreciation						
At 1 January 2018	-	2,908	2,751	156	-	5,815
Charge for the year	-	400	448	24	-	872
On disposals	-	-	(682)	-	-	(682)
At 31 December 2018	-	3,308	2,517	180	-	6,005
Net book value						
At 31 December 2018	51,601	11,906	2,004	523	997	67,031
At 31 December 2017	51,601	9,390	1,795	547	1,677	65,010

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 2018**

Company	Farm houses & Farm buildings £000	Equipment fixtures and fittings £000	Assets in the course of construction £000	Total £000
Cost				
At 1 January 2018	111	47	1,677	1,835
Additions	-	-	2,236	2,236
Transfer between classes	-	-	(2,916)	(2,916)
At 31 December 2018	111	47	997	1,155
Depreciation				
At 1 January 2018	60	36	-	96
Charge for the year	4	2	407	413
On disposals	-	-	(407)	(407)
At 31 December 2018	64	38	-	102
Net book value				
At 31 December 2018	47	9	997	1,053
At 31 December 2017	51	11	1,677	1,739

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

15. INVESTMENT PROPERTY

Company	Investment property £000
Valuation	
At 1 January 2018	117,628
Additions at cost	2,510
Fair value movement	4,690
At 31 December 2018	124,828

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 £63,960k (2017: £61,451k).

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. FIXED ASSET INVESTMENTS

Group	Listed securities £000
Market value	
At 1 January 2018	19
Fair value movement	(5)
At 31 December 2018	<u>14</u>

Group Investments at market value comprise:

	2018 £000	2017 £000
Listed investments	<u>14</u>	<u>19</u>

All the fixed asset investments are held in the UK.

Company	Shares in group undertakings £000
Cost and net book value	
At 1 January 2018 and 31 December 2018	<u>9,450</u>

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 2018	£ 25,747,612
Total liabilities as at 31 December 2018	£ 5,054,454
Total equity as at 31 December 2018	£ 20,693,158
Turnover for the year ended 31 December 2018	£ 7,251,335
Expenditure for the year ended 31 December 2018	£ 6,460,183
Profit for the year ended 31 December 2018	£ 791,152

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. STOCKS

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	£000	£000	£000	£000
Cultivations	2,684	2,628	-	-
Crops	2,922	3,434	-	-
	<u>5,606</u>	<u>6,062</u>	<u>-</u>	<u>-</u>

The amount of stock recognised as an expense during the year is £5.2m (2017: £3.5m).

An impairment loss of £1m (2017: £1.2m) 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

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	£000	£000	£000	£000
Trade debtors	2,137	1,075	-	-
Amounts owed by group undertakings	-	-	4,310	4,313
Other debtors	19	1,023	18	50
Prepayments and accrued income	106	-	-	-
	<u>2,262</u>	<u>2,098</u>	<u>4,328</u>	<u>4,363</u>

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

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. CREDITORS: Amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Trade creditors	273	196	144	15
Amounts owed to group undertakings	-	-	173	167
Corporation tax	111	84	-	-
Other taxation and social security	22	150	-	-
Other creditors	49	39	-	-
Derivative financial liabilities	3	27	-	-
Accruals and deferred income	175	124	8	8
	633	620	325	190

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

21. DEFERRED TAXATION

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
At beginning of year	263	272	-	-
Charge for/(released during) the year (P&L)	-	(9)	-	-
At end of year	263	263	-	-

The provision for deferred taxation is made up as follows:

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Accelerated capital allowances	227	220	-	-
Other short term differences	36	43	-	-
	263	263	-	-

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

22. FINANCIAL INSTRUMENTS

	2018 £000	2017 £000
Financial assets measured at fair value through income and expenditure	14	19
Financial assets measured at amortised cost	2,156	2,098
	<u>2,170</u>	<u>2,117</u>
Financial liabilities measured at fair value through income and expenditure	3	27
Financial liabilities measured at amortised cost	497	359
	<u>500</u>	<u>386</u>

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 £3k (2017: £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 £5k (2017: £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 2018 £000	Income £000	Expenditure £000	Taxation £000	Gains/ (Losses) £000	Balance at 31 December 2018 £000
Unrestricted funds						
Share capital	10,000	-	-	-	-	10,000
Reserves	91,516	7,382	(5,938)	(187)	(8)	92,765
	<u>101,516</u>	<u>7,382</u>	<u>(5,938)</u>	<u>(187)</u>	<u>(8)</u>	<u>102,765</u>

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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23. GROUP STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2017 £000	Income £000	Expenditure £000	Taxation £000	Gains/ (Losses) £000	Balance at 31 December 2017 £000
General funds						
Share capital	10,000	-	-	-	-	10,000
Reserves	90,396	5,533	(4,269)	(114)	(30)	91,516
	<u>100,396</u>	<u>5,533</u>	<u>(4,269)</u>	<u>(114)</u>	<u>(30)</u>	<u>101,516</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.

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 £5.1m (2017: £2.8m).

GROUP SUMMARY OF FUNDS

	Balance at 1 January 2018 £000	Income £000	Expenditure £000	Taxation £000	Gains/ (Losses) £000	Balance at 31 December 2018 £000
General funds	<u>101,516</u>	<u>7,382</u>	<u>(5,938)</u>	<u>(187)</u>	<u>(8)</u>	<u>102,765</u>

SUMMARY OF FUNDS - PRIOR YEAR

	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>(114)</u>	<u>(30)</u>	<u>101,516</u>

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2018 £000	Total funds 2018 £000
Intangible fixed assets	61	61
Tangible fixed assets	67,032	67,032
Fixed asset investments	14	14
Current assets	36,555	36,555
Creditors due within one year	(634)	(634)
Deferred tax	(263)	(263)
	<u>102,765</u>	<u>102,765</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR 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	(619)	(619)
Deferred tax	(263)	(263)
	<u>101,516</u>	<u>101,516</u>

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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25. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group	
	2018	2017
	£000	£000
Net income for the year (as per Statement of Financial Activities)	1,249	1,120
Adjustment for:		
Depreciation charges	872	868
Gains on investments	8	30
Interest received	(52)	(7)
Decrease/(increase) in stocks	456	(639)
Increase in debtors	(164)	(1,190)
(Decrease)/increase in creditors	(18)	98
Profit on disposal of fixed assets	(214)	(124)
Amortisation of intangible assets	20	16
Taxation	187	114
Income taxes paid	(160)	(58)
Net cash provided by operating activities	2,184	228

26. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group	
	2018	2017
	£000	£000
Cash in hand	28,687	29,129
Total	28,687	29,129

27. SHARE CAPITAL

	2018	2017
	£000	£000
Allotted, called up and fully paid		
10,000,000 Ordinary shares of £1 each	10,000	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.

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. PENSION COMMITMENTS (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.

Contributions to the schemes for the year totalled £222k (2017: £133k).

29. OPERATING LEASE COMMITMENTS

At 31 December 2018 the total of the group's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
Group		
Amounts payable:		
Within 1 year	<u>4</u>	<u>4</u>

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.

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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31. UNRESTRICTED INCOME FUNDS - COMPANY

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 £5.1m (2017: £2.8m) and the reserve transfer to the revaluation reserve totalled £4.7m (2017: £2.2m) representing the fair value gains on the investment property.

32. REVALUATION RESERVE - COMPANY

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 £4.7m (2017: £2.2m) and this represents the movement on the reserve in the year.

33. TURNOVER

All turnover arose within the United Kingdom.

FARMLAND RESERVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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.

