

TERRAFERTIL UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

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TERRAFERTIL UK LIMITED

DIRECTORS' REPORT
For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors

The directors who served during the year were:

Daniel Bermeo
David Bermeo

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 14 July 2017 and signed on its behalf.



Daniel Bermeo
Director

TERRAFERTIL UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
For the Year Ended 31 December 2016

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make 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 company will continue in business.

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

TERRAFERTIL UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TERRAFERTIL UK LIMITED

We have audited the financial statements of Terrafertil UK Limited for the year ended 31 December 2016, set out on pages 5 to 16. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

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

TERRAFERTIL UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TERRAFERTIL UK LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' report and take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Martin Israel (Senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

14 July 2017

TERRAFERTIL UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover		4,827,105	2,789,658
Cost of sales		(3,739,167)	(2,100,677)
Gross profit		1,087,938	688,981
Administrative expenses		(1,053,837)	(852,675)
Fair value movement: forward contracts		18,430	-
Operating profit/(loss)	3	52,531	(163,694)
Interest receivable and similar income		23,774	20,559
Interest payable and expenses		(75,014)	(34,992)
Profit/(loss) before tax		1,291	(178,127)
Tax on profit/(loss)	4	-	(811)
Profit/(loss) for the year		1,291	(178,938)

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 8 to 16 form part of these financial statements.

TERRAFERTIL UK LIMITED
Registered number: 07968310

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	5	13,402	-
Tangible assets	6	9,540	10,135
Current assets			
Stocks		1,394,586	534,968
Debtors: amounts falling due after more than one year	7	84,069	35,819
Debtors: amounts falling due within one year	7	859,955	474,429
		<u>2,338,610</u>	<u>1,045,216</u>
Creditors: amounts falling due within one year	8	(2,167,352)	(765,724)
Net current assets		<u>171,258</u>	<u>279,492</u>
Total assets less current liabilities		<u>194,200</u>	<u>289,627</u>
Creditors: amounts falling due after more than one year	9	(138,599)	(235,317)
Net assets		<u><u>55,601</u></u>	<u><u>54,310</u></u>
Capital and reserves			
Called up share capital	10	100	100
Share premium account		91,964	91,964
Capital contribution		131,492	131,492
Profit and loss account		(167,955)	(169,246)
		<u><u>55,601</u></u>	<u><u>54,310</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 July 2017.


Daniel Bermeo
Director

The notes on pages 8 to 16 form part of these financial statements.

TERRAFERTIL UK LIMITED

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2015	100	91,964	-	9,692	101,756
Comprehensive income for the year					
Loss for the year	-	-	-	(178,938)	(178,938)
Capital contribution	-	-	131,492	-	131,492
At 1 January 2016	100	91,964	131,492	(169,246)	54,310
Comprehensive income for the year					
Profit for the year	-	-	-	1,291	1,291
At 31 December 2016	100	91,964	131,492	(167,955)	55,601

The notes on pages 8 to 16 form part of these financial statements.

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2016

1. General information

The company is a private company (limited by shares) and its principal activity during the year continued to be the sale of fruit and vegetable products. The company's principal place of business and its registered office are located at Flat 6, 13 Dorset Street, London W1U 6QT, England, United Kingdom.

The average number of employees during the year was 3 (2015: 2).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The policies applied under the previous accounting framework are not materially different to FRS 102 1A and no restatement to previously reported amounts is considered necessary following the adoption of FRS 102 1A.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have reviewed the company's cash-flow forecasts for the twelve months from the date the financial statements have been approved and consider the company to be a going concern in light of this review. The review has paid due regard to the company's current and anticipated bank and loan facilities, the availability of support, if required, from the ultimate parent undertaking and mitigating actions that can be taken during that period.

2.3 Revenue

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. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016**

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website development costs	-	3	years
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2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 25% straight line
Computer equipment	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.9 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.12 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	3,447	961
Amortisation of intangible assets	1,218	-
Auditor's remuneration	14,500	11,500
Exchange differences	281,346	15,998
Operating lease rentals: land and buildings	41,616	41,616

Directors' emoluments in respect of the year were £49,655 (2015: £33,061).

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

4. Taxation

	2016 £	2015 £
Corporation tax		
Adjustments in respect of previous periods	-	811
Total current tax	<u>-</u>	<u>811</u>

Factors affecting tax charge for the year

No corporation tax charge arises in respect of the year as a result of losses brought forward.

Factors that may affect future tax charges

At 31 December 2016 the company had trading tax losses carried forward of approximately £170,000 (2015: £180,000). No deferred tax asset has been recognised in respect of those losses as a result of the current uncertainty as to their utilisation.

5. Intangible assets

	Website Development Costs £
Cost	
Additions	14,620
At 31 December 2016	<u>14,620</u>
Amortisation	
Charge for the year	1,218
At 31 December 2016	<u>1,218</u>
Net book value	
At 31 December 2016	<u>13,402</u>
At 31 December 2015	<u>-</u>

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

6. Tangible fixed assets

	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2016	2,445	9,915	12,360
Additions	-	2,852	2,852
At 31 December 2016	<u>2,445</u>	<u>12,767</u>	<u>15,212</u>
Depreciation			
At 1 January 2016	886	1,339	2,225
Charge for the year on owned assets	611	2,836	3,447
At 31 December 2016	<u>1,497</u>	<u>4,175</u>	<u>5,672</u>
Net book value			
At 31 December 2016	<u>948</u>	<u>8,592</u>	<u>9,540</u>
At 31 December 2015	<u>1,559</u>	<u>8,576</u>	<u>10,135</u>

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

7. Debtors

	2016 £	2015 £
Due after more than one year		
Other debtors	84,069	35,819
	<u>84,069</u>	<u>35,819</u>
	2016 £	2015 £
Due within one year		
Trade debtors	727,456	282,598
Amounts owed by group undertakings	16,611	102,202
Other debtors	22,381	32,798
Called up share capital not paid	10,561	10,811
Prepayments and accrued income	45,334	26,838
Amounts recoverable on long term contracts	19,182	19,182
Financial instruments	18,430	-
	<u>859,955</u>	<u>474,429</u>

8. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank loans, overdrafts and other facilities	574,019	347,385
Other loans	203,267	101,584
Trade creditors	857,416	231,198
Related party loans	304,883	-
Amounts owed to group undertakings	176,954	1,546
Corporation tax	-	250
Other taxation and social security	21,195	4,199
Accruals and deferred income	29,618	79,562
	<u>2,167,352</u>	<u>765,724</u>

The company's bank facilities are secured by a fixed and floating charge over the company's assets.

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

9. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Other loans	121,936	168,650
Bank loans	16,663	66,667
	<u>138,599</u>	<u>235,317</u>

10. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016**

11. Related party transactions

Daniel Bermeo ("DB")

At 31 December 2016 DB, a director, owed the company £19,182 (2015: £19,182).

The amount owed attracts no interest and has no fixed repayment date.

At 31 December 2016 DB was owed US\$225,000 by the company in respect of a loan repayable on or before 31 July 2017. The loan attracts interest at 10% per annum (however all interest accruing in the current year has been waived) and is included within related party loans.

Terrafertil S.A. ("TSA")

At 31 December 2016 TSA, a fellow group undertaking incorporated in Ecuador, had guaranteed all of the company's other loans.

At 31 December 2016 the company owed TSA £176,954 (2015: £1,546) and purchased stock from TSA in the year then ended of £561,400 (2014: £251,413).

The amount owed attracts no interest and has no fixed repayment date.

Terrafertil Colombia S.A.S. ("TC")

TC is a fellow group undertaking incorporated in Colombia.

At 31 December 2016 TC owed the company £16,611 (2015: £102,202) and purchased stock from TSA in the year then ended of £1,297,552 (2015: £892,987).

At 31 December 2016 US\$350,000 (2015: US\$350,000) owed by TC to the company (included in the net balance in the preceding paragraph) attracts interest at 9% per annum, otherwise the amounts owed attract no interest and have no fixed repayment date.

Empaqplast S.A. ("EM")

At 31 December 2016 EM was owed US\$150,000 by the company in respect of a loan repayable on or before 28 February 2017. The loan attracts no interest at and is included within related party loans.

EM is owned by J Berg Bibliowicz, a shareholder of the company's ultimate parent undertaking.

12. Ultimate Parent Undertaking

Terra Holdings Group LLC ("THG"), a company incorporated in the USA, is the company's immediate and ultimate parent undertaking.

THG has no controlling party and does not prepare consolidated financial statements.

THG's registered office is located at 202 North Carson Street, Carson City, Nevada 89701-4201.

During the previous year THG made a capital contribution of £131,492 to the company.