

Registered number: 07968310

TERRAFERTIL UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

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TERRAFERTIL UK LIMITED

DIRECTORS' REPORT
For the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors

The directors who served during the year were:

Daniel Bermeo (resigned 19 March 2018)

David Bermeo

Tom Benton (appointed 19 March 2018)

Disclosure of information to auditor

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

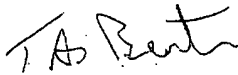
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor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

29th May 2019

and signed on its behalf.



Tom Benton
Director

TERRAFERTIL UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT For the Year Ended 31 December 2018

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

Opinion

We have audited the financial statements of Terrafertil UK Limited (the 'company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

TERRAFERTIL UK LIMITED

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

TERRAFERTIL UK LIMITED

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

Use of our report

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



Leo Malkin (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

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

Date: 30 June 2019

TERRAFERTIL UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	5,127,892	6,236,418
Cost of sales		(3,859,685)	(5,036,801)
Gross profit		1,268,207	1,199,617
Administrative expenses		(1,917,467)	(1,742,764)
Operating loss	5	(649,260)	(543,147)
Interest receivable and similar income	8	26,978	82,791
Interest payable and expenses	9	(95,096)	(91,785)
Loss before tax		(717,378)	(552,141)
Tax on loss	10	-	-
Loss for the financial year		(717,378)	(552,141)

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

The notes on pages 9 to 18 form part of these financial statements.

TERRAFERTIL UK LIMITED
Registered number: 07968310

STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

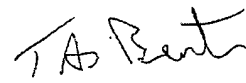
	Note	2018 £	2017 £
Fixed assets			
Tangible assets	11	1,393	12,627
Current assets			
Stocks	12	1,705,121	1,209,814
Debtors: amounts falling due within one year	13	773,620	1,415,301
Cash at bank and in hand	14	188,962	-
		<u>2,667,703</u>	<u>2,625,115</u>
Creditors: amounts falling due within one year	15	(1,679,710)	(3,144,794)
Net current assets/(liabilities)		<u>987,993</u>	<u>(519,679)</u>
Total assets less current liabilities		<u>989,386</u>	<u>(507,052)</u>
Creditors: amounts falling due after more than one year	16	(1,175,864)	(188,196)
Net liabilities		<u>(186,478)</u>	<u>(695,248)</u>
Capital and reserves			
Called up share capital	17	100	100
Share premium account		91,964	91,964
Funds received in advance of equity issue	19	1,226,148	-
Profit and loss account		(1,504,690)	(787,312)
		<u>(186,478)</u>	<u>(695,248)</u>

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

David Bermeo
Director



Tom Benton
Director



29 May 2019.

The notes on pages 9 to 18 form part of these financial statements.

TERRAFERTIL UK LIMITED

STATEMENT OF CHANGES IN EQUITY For the Year Ended 31 December 2018

	Called up share capital £	Share premium account £	Other £	Profit and loss account £	Total equity £
At 1 January 2017	100	91,964	131,492	(366,663)	(143,107)
Loss for the year	-	-	-	(552,141)	(552,141)
Tfr from cap contribution	-	-	-	131,492	131,492
Transfer to P/L	-	-	(131,492)	-	(131,492)
At 1 January 2017	100	91,964	-	(787,312)	(695,248)
Loss for the year	-	-	-	(717,378)	(717,378)
Funds received in advance of equity share issue	-	-	1,226,148	-	1,226,148
At 31 December 2018	100	91,964	1,226,148	(1,504,690)	(186,478)

The notes on pages 9 to 18 form part of these financial statements.

The other reserve balance at 1 January 2017 represented a capital contribution that was transferred to the profit and loss account reserve during the year ended 31 December 2017.

The other reserve balance at 31 December 2018 represents funds received in advance of an equity share issue (see note 19).

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

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 2 Eastbourne Terrace, London W2 6LG, England, United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Nestle S.A. as at 31 December 2018 and these financial statements may be obtained from Nestle.com.

2.3 Going concern

During the year ended 31 December 2018 the company incurred a loss of £717,378 (2017: £552,141) and had net current assets at that date of £987,993 (2017 net current liabilities: £519,679).

The directors consider the going concern basis to be appropriate having paid due regard to the company's projected results during the twelve months from the date the financial statements are approved and the anticipated cash flows, availability of ongoing financing facilities, ongoing commitment from its ultimate parent undertaking, Nestle S.A., and other mitigating actions that can be taken during that period.

Additional equity and loan funding has been received from the company's group in the post 31 December 2018 period to date (see note 19 for further details).

The financial statements do not reflect any adjustments that would be necessary should the going concern basis not be appropriate.

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.4 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.

2.5 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.

2.6 Debtors

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

2.7 Cash and cash equivalents

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

2.8 Creditors

Short term creditors are measured at the transaction price. Non short term creditors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements include estimation, where applicable, for items relating to the valuation of stock and the carrying value of trade debtors.

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

4. Turnover

The company's turnover, loss before taxation and net liabilities are attributable to the company's principal activity.

The company has not disclosed a geographical analysis of turnover as the directors consider that this would be detrimental to its operations.

5. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Auditor's remuneration: audit fees	15,000	20,000
Auditor's remuneration: taxation and other fees	39,700	6,200
Operating lease rentals: land and buildings	49,625	41,616
Foreign exchange differences	(79,478)	(51,570)
	<u>489,965</u>	<u>259,858</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	443,098	235,160
Social security costs	46,867	24,698
	<u>489,965</u>	<u>259,858</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Employees	<u>8</u>	<u>6</u>

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	<u>149,466</u>	<u>46,800</u>

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

8. Interest receivable

	2018	2017
	£	£
Other interest receivable	26,978	82,791

9. Interest payable and similar expenses

	2018	2017
	£	£
Other loan interest payable	95,096	91,785

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

10. Taxation

	2018 £	2017 £
Total current tax	-	-

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 £	2017 £
Loss before tax	(717,378)	(552,141)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	(136,302)	(104,907)
Effects of:		
Increase in tax losses carried forward	128,971	115,426
Other differences	7,331	(10,519)
Total tax charge for the year	-	-

Factors that may affect future tax charges

At 31 December 2018 the company had trading tax losses carried forward of approximately £1,400,000 (2017: £750,000). No deferred tax asset has been recognised in respect of the losses carried forward as a result of the current uncertainty as to their utilisation.

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

11. Tangible fixed assets

	Fixtures & fittings £	Computer equipment £	Total £
Cost			
At 1 January 2018	5,532	12,767	18,299
Additions	31,387	-	31,387
Disposals	-	(2,521)	(2,521)
At 31 December 2018	<u>36,919</u>	<u>10,246</u>	<u>47,165</u>
Depreciation			
At 1 January 2018	1,497	4,175	5,672
Charge for the year on owned assets	34,992	5,108	40,100
At 31 December 2018	<u>36,489</u>	<u>9,283</u>	<u>45,772</u>
Net book value			
At 31 December 2018	<u>430</u>	<u>963</u>	<u>1,393</u>
At 31 December 2017	<u>4,035</u>	<u>8,592</u>	<u>12,627</u>

12. Stocks

	2018 £	2017 £
Finished goods and goods for resale	<u>1,705,121</u>	<u>1,209,814</u>

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

13. Debtors

	2018 £	2017 £
Trade debtors	664,417	1,079,586
Amounts owed by group undertakings	-	278,534
VAT	68,363	-
Corporation tax	14,012	14,012
Prepayments and accrued income	26,828	37,187
Director's loan account	-	5,982
	<u>773,620</u>	<u>1,415,301</u>

14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	188,962	-
Less: bank overdrafts	-	(515,661)
	<u>188,962</u>	<u>(515,661)</u>

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	-	515,661
Other loans	157,422	573,999
Trade creditors	828,626	1,298,169
Amounts owed to group undertakings	542,560	525,385
Other taxation and social security	14,580	20,997
Accruals and deferred income	136,522	210,583
	<u>1,679,710</u>	<u>3,144,794</u>

At 31 December 2018 the company's bank facilities were secured by a fixed and floating charge over the company's assets. The charge is scheduled to be released during June 2019.

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the Year Ended 31 December 2018**

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

	2018	2017
	£	£
Bank loans	-	188,196
Amounts owed to group undertakings	1,175,864	-
	<u>1,175,864</u>	<u>188,196</u>

17. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
100 (2017 - 100) Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

18. Related party transactions

Daniel Bermeo ("DB")

At 31 December 2017 DB, a director during the year, owed the company £5,982. The amount owed was repaid in full during the year ended 31 December 2018.

During the year the company was charged £44,300 (2017: £92,999) in respect of services provided by Andean Success Limited ("ASL"). DB is a director and shareholder of ASL.

Terrafertil S.A. ("TSA")

TSA is a fellow group undertaking incorporated in Ecuador.

At 31 December 2018 the company owed TSA £95,529 (2017: £226,481) and purchased stock from TSA in the year then ended of £658,993 (2017: £196,685).

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

TC is a fellow group undertaking incorporated in Colombia.

At 31 December 2018 TC owed the company £432,671 (2017: £35,432) and purchased stock from TC in the year then ended of £445,121 (2017: £1,003,343).

Terrafertil Chile ("TCH")

TCH is a fellow group undertaking incorporated in Chile.

At 31 December 2017 TCH owed the company £15,062. The amount owed was repaid in full in the year ended 31 December 2018.

Terrafertil Mexico S.A.P.I. de C.V ("TM")

TM is a fellow group undertaking incorporated in Mexico.

On 21 December 2018 the company received a loan of US\$1,494,633 from TM. The loan is repayable on 21 December 2021 and attracts interest at the 3 month LIBOR rate plus a 371 basis point margin.

At 31 December 2018 the loan outstanding was included in creditors at an amount of £1,175,864.

Nestlé S.A. ("NSA")

NSA is a fellow group undertaking incorporated in Switzerland.

At 31 December 2018 the company owed NSA £14,360 (2017: £Nil) and was charged £14,360 (2017: £Nil) in respect of licence fees in the year then ended.

Unless otherwise specified above, all amounts owed to fellow group undertakings at 31 December 2018 attract no interest and have no fixed repayment date.

TERRAFERTIL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2018

19. Post balance sheet events

Funds Received in Advance of Equity Share Issue

During the year the company received US\$1.6m from its immediate parent undertaking in advance of an issue of Ordinary £1 shares. On 29 March 2019 the US\$1.6m was converted into 1,228,359 Ordinary £1 shares.

Group Loan

On 13 March 2019 the company received a loan of US\$1,065,000 from Terrafertil Mexico S.A. de C.V. The loan is repayable on 13 March 2021 and attracts interest at the 3 month LIBOR rate plus a 371 basis point margin.

20. Ultimate parent undertaking

At 31 December 2018 the company's ultimate parent undertaking was Nestle S.A., a company incorporated in Switzerland whose registered office is avenue Nestlé 55, 1800 Vevey, Switzerland.

Nestle S.A. is the smallest and largest group undertaking for which consolidated financial statements are prepared and publicly available. Nestle S.A.'s consolidated financial statements are available from nestle.com.