

Company Registration No. 06524543 (England and Wales)

EAST AFRICAN TIMBER AND FARMING LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
PAGES FOR FILING WITH REGISTRAR

EAST AFRICAN TIMBER AND FARMING LIMITED

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Balance sheet | 1 - 2 |
| Statement of changes in equity | 3 |
| Notes to the financial statements | 4 - 9 |

**EAST AFRICAN TIMBER AND FARMING LIMITED (REGISTERED NUMBER:
06524543)**

BALANCE SHEET

AS AT 31 DECEMBER 2017

| | Notes | 2017 £ | £ | 2016 £ | £ |
|---|-------|--------------------|-------------------------|--------------------|-------------------------|
| Fixed assets | | | | | |
| Tangible assets | 3 | | 62 | | 83 |
| Investments | 4 | | 6,079 | | 6,079 |
| | | | <u>6,141</u> | | <u>6,162</u> |
| Current assets | | | | | |
| Debtors | 6 | 11,149,107 | | 11,067,445 | |
| Cash at bank and in hand | | 923,993 | | 176,511 | |
| | | <u>12,073,100</u> | | <u>11,243,956</u> | |
| Creditors: amounts falling due within one year | 7 | <u>(3,041,083)</u> | | <u>(2,170,596)</u> | |
| Net current assets | | | <u>9,032,017</u> | | <u>9,073,360</u> |
| Total assets less current liabilities | | | <u><u>9,038,158</u></u> | | <u><u>9,079,522</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 8 | 2,496,069 | | 2,792,564 | |
| Share premium account | | 7,151,776 | | 5,476,237 | |
| Profit and loss reserves | | <u>(609,687)</u> | | <u>810,721</u> | |
| Total equity | | | <u><u>9,038,158</u></u> | | <u><u>9,079,522</u></u> |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

**EAST AFRICAN TIMBER AND FARMING LIMITED (REGISTERED NUMBER:
06524543)**

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2017

The financial statements were approved by the board of directors and authorised for issue on 27 September 2018 and are signed on its behalf by:

J Maclean
Director

EAST AFRICAN TIMBER AND FARMING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

| | | Share capital | Share premium account | Profit and loss reserves | Total |
|--|-------|---------------|-----------------------|--------------------------|-------------|
| | Notes | £ | £ | £ | £ |
| Balance at 1 January 2016 | | 2,792,564 | 5,476,237 | (542,737) | 7,726,064 |
| Year ended 31 December 2016: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 1,353,458 | 1,353,458 |
| Balance at 31 December 2016 | | 2,792,564 | 5,476,237 | 810,721 | 9,079,522 |
| Year ended 31 December 2017: | | | | | |
| Loss and total comprehensive income for the year | | - | - | (1,420,408) | (1,420,408) |
| Issue of share capital | 8 | 1,379,044 | - | - | 1,379,044 |
| Reduction of shares | 8 | (1,675,539) | - | - | (1,675,539) |
| Other movements | | - | 1,675,539 | - | 1,675,539 |
| Balance at 31 December 2017 | | 2,496,069 | 7,151,776 | (609,687) | 9,038,158 |

EAST AFRICAN TIMBER AND FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

East African Timber And Farming Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ivy House Farm, 42 Chapel Street, East Malling, Kent, ME19 6AP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------------------|----------------------|
| Fixtures, fittings & equipment | 25% reducing balance |
|--------------------------------|----------------------|

1.3 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.4 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

EAST AFRICAN TIMBER AND FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

EAST AFRICAN TIMBER AND FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

1.7 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 . [2016 - 3]

3 Tangible fixed assets

| | Fixtures, fittings & equipment £ |
|--|-------------------------------------|
| Cost | |
| At 1 January 2017 and 31 December 2017 | 1,103 |
| | <u> </u> |
| Depreciation and impairment | |
| At 1 January 2017 | 1,020 |
| Depreciation charged in the year | 21 |
| | <u> </u> |
| At 31 December 2017 | 1,041 |
| | <u> </u> |
| Carrying amount | |
| At 31 December 2017 | 62 |
| | <u> </u> |
| At 31 December 2016 | 83 |
| | <u> </u> |

4 Fixed asset investments

| | 2017 £ | 2016 £ |
|-------------|-------------------|-------------------|
| Investments | 6,079 | 6,079 |
| | <u> </u> | <u> </u> |

EAST AFRICAN TIMBER AND FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Fixed asset investments (Continued)

Movements in fixed asset investments

| | Shares in group undertakings £ |
|--------------------------------------|-----------------------------------|
| Cost or valuation | |
| At 1 January 2017 & 31 December 2017 | 6,079 |
| Carrying amount | |
| At 31 December 2017 | 6,079 |
| At 31 December 2016 | 6,079 |

5 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

| Name of undertaking | Registered office key | Nature of business | Class of shares held | % Held Direct Indirect |
|---|-----------------------|----------------------------|----------------------|---------------------------|
| East African Farming & Timber Company Ltd | Mauritius | Investment holding company | Ordinary | 100.00 |

Registered Office addresses:

1 IFS Court, Bank Street, Twenty eight, Cybercity, Ebene 72201, Mauritius

6 Debtors

| | 2017 £ | 2016 £ |
|---|------------|------------|
| Amounts falling due within one year: | | |
| Other debtors | 11,149,107 | 11,067,445 |

7 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|-----------------|-----------|-----------|
| Trade creditors | 100,728 | 82,775 |
| Other creditors | 2,940,355 | 2,087,821 |
| | 3,041,083 | 2,170,596 |

EAST AFRICAN TIMBER AND FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Called up share capital

| | 2017 £ | 2016 £ |
|--------------------------------------|------------------|------------------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 16,460,698 Ordinary A of 10p each | 1,646,069 | 2,792,564 |
| | <u>1,646,069</u> | <u>2,792,564</u> |
| Preference share capital | | |
| Issued and fully paid | | |
| 850,000 Preference shares of £1 each | 850,000 | - |
| | <u>850,000</u> | <u>-</u> |

During the year, the company reduced the nominal value of each ordinary A share from £0.25 per share to £0.10 per share.

Following the above reduction in nominal value of ordinary A shares, the company issued 5,290,441 ordinary A shares at a nominal value of £0.10 per share.

During the year, the company also issued 850,000 preference shares at a nominal value of £1 per share.

9 Events after the reporting date

After the balance sheet date, 28,205,320 ordinary A shares were issued with a nominal value of £0.10 per share.

10 Related party transactions

Included in other debtors is a balance due from East African Farming and Timber Limited (Mauritius), a subsidiary company, totalling £10,059,921. (\$13,571,300) (2016: £9,911,875) (2016: \$12,194,580)

Included in other debtors is a balance due from AFTC (Mozambique) Madeiras E Agricultura Limitada, a connected company, totalling £1,089,186. (£410,722 and \$915,316) (2016: £1,154,700) (2016: £410,722 and \$915,316)

Included in other creditors is a balance owed to Edwards Family Holdings Limited, a shareholder of the company, totalling £2,728,083 (2016: £1,995,189). The balance includes loan notes totalling £1,750,083 (2016: £Nil). During the year interest was charged on the loan totalling £19,217 (2016: £245,190).

Included in other creditors is a shareholder loan from Simto Resources Pty Ltd totalling £78,933 (2016: £75,061). During the year, interest was charged on the loan totalling £6,248 (2016: £5,581)

EAST AFRICAN TIMBER AND FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Directors' transactions

Included in other creditors is a directors loan account balance totalling £821(2016: £974).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.