Company Registration No. 3221116

Parent Undertaking
for Grosvenor Green
Energy Limited
04056262

Wheatsheaf Group Limited

Annual report and financial statements

For the year ended 31 December 2019

Wheatsheaf Group Limited

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Wheatsheaf Group Limited

Officers and professional advisers

Directors

F Alexander Scott — Chairman
William B Kendall
Graham P Ramsbottom
Dr Clive D Morris
Mark R Preston
Anthony WS James
J Stephan Dolezalek
Kevin M Lane
Peter J Kristensen
Katrin Burt
Montell Bayer
Fiona J Emmett

Secretary

Geoffrey M Chadwick

Registered office

The Quarry
Hill Road
Eccleston
Chester
CH4 9HQ

Bankers

HSBC Bank plc
47 Eastgate Street
Chester
CH1 1XW

Auditor

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
M3 3HF

Wheatsheaf Group Limited

Strategic report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006. This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Wheatsheaf Group Limited and its subsidiary undertakings when viewed as a whole.

Review of the business, future developments and key performance indicators

The Group invests in and helps to develop businesses in the food and agriculture sectors. We aim to contribute enduring solutions to improve efficiency in the production of healthy and nutritious food, and in pursuing our commercial objectives we aim to help meet the food supply needs borne out of the increasing demands of a changing global population. We apply our expertise with a far-sighted perspective to deliver lasting commercial and social benefit.

As expected, and in line with the business' long-term strategy, the Group reported an operating loss of £35,738,000 (2018 – £22,324,000), primarily driven by the results of WGUS FS LLC and a loss before taxation of £47,164,000 (2018 – £22,195,000).

Discontinued operations turnover in the year represents the controlled environmental sterilisation solutions turnover attributable to WGUS FS LLC, which entered receivership in the year as reported below. As some of the trade and assets were transferred to WGUS BCO LLC in October 2019, a proportion of turnover remains within the Group through continuing operations. Continuing operations turnover also includes a full year of controlled environmental sterilisation solutions turnover from e14 South LLC dba PurFresh and 11 months of farming and breeding turnover from Grow Safe Systems Ltd. Both companies became subsidiaries in the current year.

The total capital employed for the Group decreased by £37,769,000 to £230,030,000 as a result of the post-tax loss of £46,920,000, other comprehensive income of £339,000, a non-distributable investment gain of £9,413,000, a loss of £3,486,000 on the remeasurement of equity attributable to shareholders as a result of acquiring more shares in Grow Safe Systems Ltd and non-controlling interest acquisitions of £2,885,000. Given the high level of investment, the reported results are in line with our expectations.

The Directors are committed to developing the Group into a profitable business, growing its ability to create sustainable long-term value while optimising the social benefit that our activities deliver.

This year, the Group has completed a number of follow-on investments and welcomed an exciting new business into the portfolio in e14 South LLC dba PurFresh, a global provider of specialised controlled atmosphere systems which extend the shelf life of food transported in shipping containers, reducing waste without the use of harsh chemicals.

We have strengthened our Executive Team with the appointment of three experienced Directors who have joined from leading global agritech companies and investment businesses. These hires aim to accelerate our growth, as well as expand our North American operations through the opening of an office in San Francisco, California, to better support our US portfolio companies.

The Directors continue to recognise that the Group may record annual losses in the short term. This is very much in line with our expectations and doesn't affect our positive view of the business' growth prospects. The Directors believe that the Group remains well positioned for the future and that there is a clear and achievable strategy in place to deliver lasting commercial and social benefit.

Wheatsheaf Group Limited monitors the overall performance and the key performance indicators of each of its investments. The main turnover generating subsidiary companies during the year were Grosvenor Farms Limited, Grow Safe Systems Ltd and WGUS BCO LLC.

During the year ended 31 December 2019, the dairy unit at Grosvenor Farms Limited has continued to expand. The herd has increased by 16% to 2,416 cows at the year-end providing a milk yield of 12,324 litres per cow per annum. In addition, the arable operation's wheat yield has increased by 1.98 tonnes to 9.58 tonnes per hectare as a result of the improved weather conditions in 2019.

During the year ended 2019, Grow Safe Systems Ltd released a new design of their keystone product, the Feed Intake Node, which should result in improvements in data integrity and lower future warranty costs. The Company maintained an annual average of 10,000 residual feed intake calculations and an additional 6,776 of other customer reports. During the year, the Company generated approximately 9,475 expected progeny differences. Looking ahead the Company anticipates these metrics to increase in line with the growth in the sales pipeline; at the end of 2019 the Company had signed contracts with a total contract value of approximately C $2.8 million.

Investments and intercompany amounts are tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may exceed the recoverable amount. In assessing whether the carrying values are impaired the net assets of the investment and the business plans for each company are considered.

Strategic report (continued)

Review of the business, future developments and key performance indicators (continued)

As a result of ongoing losses in WGUS FS LLC, Wheatsheaf Group US Inc, the majority owner of the Company, reviewed its approach to the provision of ongoing funding to WGUS FS LLC. As a result of reduced certainty of its funding situation, the Board of WGUS FS LLC commenced the evaluation of available options to reduce the losses being incurred and to protect the value of its assets. The Board of WGUS FS LLC considered that the most appropriate way to protect the assets and hence the interests of the creditors was for the Company to be entered into receivership, which was initiated on 31 May 2019. The necessary impairment adjustments were made in the year ended 31 December 2018. In line with the terms of the receivership, the intangible assets, certain trade contracts and other assets, were transferred to a new group company WGUS BCO LLC on 4 October 2019 in exchange for intercompany amounts owed to the Group. Other assets and contracts were transferred to a related party of the subsidiary.

Following a review of the recoverable net assets in the underlying businesses of the Group, certain investments and intercompany amounts were considered to be impaired. For Wheatsheaf Group Limited (company only) impairment provisions have been made against the intercompany loans to OWS Agri Limited of £2,748,000 and Deva Developments Limited of £1,161,000, and the investments in Wheatsheaf Group Canada Limited of £10,171,000 and Ostara Nutrient Recovery Technologies Inc. of £11,204,000 for the year ended 31 December 2019.

Investment review

In line with its strategy, the Group continues to invest in and help to develop businesses within the food and agriculture sectors. Investments made by the Group during the year deployed over £40m of capital on 16 equity and loan transactions.

As part of the €10,000,000 that the Company has previously committed to the Zouk Capital LLP Renewable Energy and Environmental Infrastructure Fund II, the Company invested €1,800,000 into this fund during the year.

In line with the Group's food and agriculture businesses focused strategy, it agreed the sales of the final three hydro energy schemes and received a total of £1,642,000.

On 1 January 2019, the Group acquired for US $1,384,000 a 90% interest in all of the issued and outstanding membership interests in e14 South LLC dba PurFresh, a global provider of specialised controlled atmosphere systems.

On 18 January 2019, the Group invested C $10,000,000 in Grow Safe Systems Ltd in the form of 2,053,387 new and existing class A common shares. On the same date, C $504,932 of the outstanding principal and accrued interest on the on-demand promissory note was repaid. As such, the interest in shares became 67% and Grow Safe Systems Ltd became a subsidiary. On 20 December 2019, Wheatsheaf Group Canada Limited acquired all of the non-voting shares and 31% of the voting shares in Grow Safe Systems Ltd for C $6,000,000 (£3,486,000), taking its total interest in Grow Safe Systems Ltd to 98.2%.

On 17 April 2019 and 4 July 2019, the Company subscribed to convertible loan notes of £350,000 and £500,000 respectively in PrecisionLife Limited (formerly RowAnalytics Limited).

On 1 May 2019 the Group subscribed to convertible loan notes of US $1,000,000 in Dream Holdings, Inc. The total loan note plus interest accrued converted on 16 May 2019 to 189,031 new series 2 preferred shares. On the same date the Group acquired 652,456 new series 2 preferred shares for US $3,469,000. As a result of other investor participation into Dream Holdings, Inc., the Group's interest in Dream Holdings, Inc., at the year-end decreased to 14.6% and the Group made a non-distributable investment gain of £3,492,000.

On 20 June 2019, the Company subscribed to a convertible loan of US $3,000,000 in Global Fresh Foods Limited t/a BluWrap.

On 12 July 2019, the Company subscribed to a convertible loan of £5,000,000 in Ozo Innovations Limited. At the same time the rights attached to the C Ordinary shares that the Company holds in Ozo Innovations Limited were varied to mirror the rights attached to the A Ordinary shares. As a result of this variation, the Company's interest in the shares of Ozo Innovations Limited increased by 16.1% to 64.8% and Ozo Innovations Limited became a subsidiary.

On 31 July 2019, the Company invested £2,000,000 in Farmdrop Limited in the form of 2,083,333 Series B Shares.

Strategic report (continued)

Investment review (continued)

On 16 August 2019 and 17 October 2019, the Company subscribed to convertible loan notes totalling US $4,088,000 in Ostara Nutrient Recovery Technologies Inc. The total loan notes plus interest converted on 17 December 2019 to 5,846,618 new Series 1 Class D preferred shares.

On 17 December 2019, the Company acquired for £1,187,000 a 80% interest in the form of 800 A ordinary shares in Synomics Ltd, a company whose primary activity is the application of a mathematical framework and AI technique to complex datasets in order to improve animal health and agri-food production.

Events after the balance sheet date

During the period from the balance sheet date to the date that the financial statements were approved, the Coronavirus (COVID-19) outbreak has already caused extensive disruptions to businesses and economic activities globally. The uncertainties over the emergence and spread of COVID-19 have caused market volatility on a global scale. The quantum of the effect on the Group is difficult to determine due to the uncertainty of government responses across the world, both safety-related and economic, within the jurisdictions in which our investments reside. However, management is monitoring the situation closely and is considering the effect this may have on the fair value or carrying value of any impacted Group companies in the future. In accordance with the requirements of UK GAAP the fair values and carrying values at the date of the balance sheet reflect the economic conditions in existence at that date.

The virus outbreak has seen increased demand within several sectors including food retail, healthcare and commercial hygiene services. It is anticipated that this interest will continue beyond the initial lockdown period due to increased awareness of online food offerings and the continued level of vigilance required in hygiene and sanitation. The Directors continue to monitor the situation.

Examples of the current impact on the Group from COVID-19:

- Online ethical grocer Farmdrop Limited is responding to unprecedented demand by doubling the amount of orders it is able to deliver every day. Farmdrop Limited sources and delivers organic food from small producers direct to consumers, ensuring the majority of the price goes back to the farmer.
- Ozo Innovations, has the technology to produce electrolysed water used as a disinfectant to de-activate the COVID-19. Ozo Innovations has made this available to local health, transport, care home and prison services.

After the balance sheet date, the fair value of the Group's listed investments declined significantly from £29,079,000 to £26,810,000, with reference to the quoted market price at 21 September 2020. The cost of the shares on acquisition was £17,026,000.

Details of significant investments since the balance sheet date are contained in note 28 to the financial statements.

Principal risks and uncertainties

The management of the businesses and the execution of the Group's strategy are subject to risks. The key business risks and uncertainties affecting the members of the Group are noted below.

Global economy

Adverse changes in the global economy or in individual countries can have a negative impact upon the performance of portfolio companies. This risk is mitigated by geographic diversification of the Group's investments, (currently operating in 34 countries), as well as investing across a range of sub-sectors aligned to the Group's strategy.

Legislation

Changes to government policy and legislation can affect the trading results of investments. This risk is particularly prominent in the agriculture industry which has high levels of regulation and changes in legislation can have a significant impact. This risk is managed by proactively monitoring legislation and evaluating the impact that changes in legislation might have prior to investment.

Commodity price volatility

Demand for the products and services provided by our portfolio companies is influenced by the availability of capital across the food system, which in turn can be negatively impacted by volatile food commodity prices. We mitigate this risk through portfolio diversification and encouraging our portfolio companies, where applicable, to employ hedging strategies.

Strategic report (continued)

Principal risks and uncertainties (continued)

Technology

A number of the businesses within the portfolio use new technologies and are facing the challenges associated with the development of the technology at a commercial level. The risk during the development period is proving that the technology works and is commercially viable while managing the expenditure of the company. The risk is mitigated by monitoring progress against business plans and keeping in close contact with the management team of each company.

Changing consumer preferences

Food demands are strongly influenced by changing global patterns and related consumer expectations as well as increasingly socio/environmental expectations. Applying our expertise with a far-sighted perspective and a longstanding approach of preparing for the short-term but planning with a longer-term view means we are well positioned to ensure our investment portfolio continues to be aligned with future changes and trends in food consumption. We recognise that performance could be negatively affected if our investment portfolio fails to align to changes in food consumption or our portfolio companies fail to react to negative perceptions concerning the health implications of certain food products. The risk is mitigated through diversification of exposure to food categories, close monitoring of consumer trends and by supporting portfolio companies to better communicate the benefits of their products.

Bio-security and agriculture

The agricultural businesses manage the risk of disease outbreak by the maintenance of bio-security policies and the adoption of procedures including quarantine, veterinary surveillance, vaccination and routine health checks. The use of market intelligence and forward selling reduces the risk presented by volatile world commodity markets.

The breeding business is also at risk from competitors gaining an advantage from new technological developments. This risk is mitigated by the continuing review of existing technologies, ongoing research and investment into new areas.

Competition

An increase in the allocation of global capital towards investment into the food and agribusiness sector could negatively affect the Group's ability to achieve strategic investments at reasonable valuations. The risk is mitigated by the Group's ongoing strategy to expand and strengthen relationships with both strategic co-investors and major multi-national food and agriculture organisations. Furthermore, through seed and venture investment activity the Group is proactively identifying new investment targets with the aim of engaging before such targets commence wider fundraising processes.

Exit from European Union

Uncertainty over the future cost of trade in food and agricultural goods and services, the free movement of EU labour, currency volatility and the potential for changes to agricultural subsidy schemes represent the main risk for the Group. The risk, and impact it may have upon the Group, continues to be monitored closely. The Company is confident that due to its diverse portfolio of investments which are based across the UK, Europe and North America, the immediate risk is adequately mitigated.

Approved and authorised for issue by the Board of Directors on 28 September 2020
and signed on its behalf by

A W S James
Director

The Quarry
Hill Road
Eccleston
Chester
CH4 9HQ

Wheatsheaf Group Limited

Directors' report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2019.

Details of future developments, principal risks and uncertainties and events that have occurred after the balance sheet date can be found in the strategic report on pages 2 to 5 and form part of this report by cross-reference.

Going concern

After making enquiries, including consideration of the Group budget and events after the balance sheet date, namely Covid-19, and in view of the positive cash balance the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the next 12 months from the date of this report. When assessing the impact of Covid-19 on going concern, the Directors note that only 10% of the available funds at 31 December 2019 of £88.9m is committed expenditure for investments and operating costs. All future non-committed investments are entirely discretionary and would only be undertaken if there are sufficient funds available. Thus it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial risk management

The Group's activities expose it to financial risks including credit risk, liquidity and cash flow risk and foreign exchange risk. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Credit risk

The risk that counterparties will be unable to pay amounts in full when they fall due is mitigated by proactive credit control in relation to trade receivables and by ensuring that investment holdings are kept with counterparties with appropriate credit ratings. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity and cash flow risk

The risk that cash may not be available to pay obligations when they fall due. The Group has put in place appropriate financial and cash flow management structures so that it is able to anticipate demand for cash and meet obligations as they arise.

Foreign exchange risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group monitors changes in foreign currency exchange rates and uses a Group treasury function to ensure the best exchange rate is secured for upcoming transactions. It is the Group's policy to not use foreign exchange forward contracts to hedge exposure.

Results and dividends

The results for the year are set out in the consolidated profit and loss account on page 12. The loss for the year after taxation was £46,920,000 (2018 – £22,104,000). The Directors do not recommend the payment of a dividend (2018 - £nil).

Directors' report (continued)

Directors

The membership of the Board, who served throughout the year and to the date of this report except as noted, were as follows:

F Alexander Scott	
Graham P Ramsbottom	
William B Kendall	
Dr Clive D Morris	
Mark R Preston	
Anthony W S James	
J Stephan Dolezalek	
Kevin M Lane	(appointed 1 May 2019)
Peter J Kristensen	(appointed 6 February 2020)
Katrin Burt	(appointed 6 February 2020)
Montell Bayer	(appointed 6 February 2020)
Fiona J Emmett	(appointed 14 July 2020)

Employees

The Directors recognise the importance of good communications and relations with the Group's employees and place considerable value on informing them on matters affecting them as employees. Each part of the Group maintains employee relations appropriate to its own particular needs and environment. The Group gives full and fair consideration to applications by disabled people for employment. Disabled employees and those who become disabled are afforded the same training, career development and promotion opportunities as other staff. At Wheatsheaf we aim to build a diverse workforce, reflecting the communities in which we operate in order to ensure our businesses' success. We will achieve this by attracting the best people from as wide a pool as possible and retaining them within an inclusive culture.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(b) the Director has taken all reasonable steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

Approved and authorised for issue by the Board of Directors
and signed on its behalf by

G M Chadwick

Company Secretary

The Quarry
Hill Road
Eccleston
Chester
CH4 9HQ
28 September 2020

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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 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 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 Group, and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on a 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 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.

Independent auditor's report to the members of Wheatsheaf Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Wheatsheaf Group Limited (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 31.

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).

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 Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC'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 are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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 Group's or the parent 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.

We have nothing to report in respect of these matters.

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.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Wheatsheaf Group Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 Group's and the parent 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 Group or the parent 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.

Report on other legal and regulatory requirements

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

In the light of the knowledge and understanding of the Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Wheatsheaf Group 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.

Heather Crosby

Heather Crosby BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

28 September 2020

Wheatsheaf Group Limited

Consolidated profit and loss account
Year ended 31 December 2019

	Note	Continuing operations 2019 £'000	Discontinued operations 2019 £'000	Total 2019 £'000	Continuing operations (as restated) 2018 £'000	Discontinued operations (as restated) 2018 £'000	Total (as restated) 2018 £'000
Turnover	3	22,208	2,272	24,480	17,004	3,392	20,396
Cost of sales		(12,367)	(651)	(13,018)	(9,137)	(4,729)	(13,866)
Gross profit/(loss)		9,841	1,621	11,462	7,867	(1,337)	6,530
Administrative expenses		(35,937)	(12,903)	(48,840)	(16,950)	(13,350)	(30,300)
Other operating income		1,640	-	1,640	1,431	15	1,446
Operating loss		(24,456)	(11,282)	(35,738)	(7,652)	(14,672)	(22,324)
Profit on disposal of operations		-	-	-	-	4,795	4,795
Share of results of jointly controlled entities	16	(235)	(406)	(641)	(1,208)	(3,693)	(4,901)
Share of results of associates	15	(25,261)	(1,680)	(26,941)	(9,481)	(2,847)	(12,328)
Profit on derecognition of associate	13	-	5,737	5,737	-	3,714	3,714
Profit on derecognition of jointly controlled entity	13	-	8,077	8,077	-	1,206	1,206
Fair value gain on investments	24	1,406	-	1,406	6,974	-	6,974
Finance income (net)	4	791	145	936	645	24	669
(Loss)/profit before taxation	5	(47,755)	591	(47,164)	(10,722)	(11,473)	(22,195)
Tax on (loss)/profit	8	244	-	244	58	33	91
(Loss)/profit for the year		(47,511)	591	(46,920)	(10,664)	(11,440)	(22,104)

Wheatsheaf Group Limited

Consolidated statement of comprehensive income
Year ended 31 December 2019

	2019 £'000	2018 £'000
Loss for the financial year	(46,920)	(22,104)
Currency translation difference on foreign currency net investments	189	178
Remeasurement of net defined benefit liability (note 23)	185	914
Movement in deferred tax relating to pension deficit (note 22)	(35)	(156)
Other comprehensive income	339	936
Total comprehensive expenditure	(46,581)	(21,168)

Loss for the year attributable to:		
Non-controlling interest	(3,695)	(1,220)
Equity shareholders of the Company	(43,225)	(20,884)
	(46,920)	(22,104)

Total comprehensive expenditure for the year attributable to:		
Non-controlling interest	(3,687)	(1,118)
Equity shareholders of the Company	(42,894)	(20,050)
	(46,581)	(21,168)

Wheatsheaf Group Limited

Balance sheets
As at 31 December 2019

	Note	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Fixed assets					
Goodwill	10	33,244	11,923	-	-
Other intangible assets	10	4,304	4,387	-	-
		37,548	16,310	-	-
Tangible assets	11	22,266	20,957	93	100
Investments					
Subsidiary undertakings	12	-	-	99,331	86,848
Other fixed asset investments	14	56,721	53,335	49,533	45,951
Associates	15	17,242	32,241	31,121	48,323
Jointly controlled entities	16	4,102	11,579	4,958	4,958
		137,879	134,422	185,036	186,180
Current assets					
Stocks	17	6,529	6,702	-	-
Debtors – due within one year	18	7,349	6,475	37,703	20,097
Debtors – due after more than one year	18	760	157	8	19
Current asset investments	19	56,278	90,210	56,278	86,270
Cash at bank and in hand		32,663	40,069	25,326	36,593
		103,579	143,613	119,315	142,979
Creditors: amounts falling due within one year	20	(6,635)	(5,906)	(27,444)	(26,363)
Net current assets		96,944	137,707	91,871	116,616
Total assets less current liabilities		234,823	272,129	276,907	302,796
Creditors: amounts falling due after more than one year	21	(4,487)	(4,330)	(2,936)	(1,937)
Provisions for liabilities	23	(306)	-	(41)	(4)
Net assets		230,030	267,799	273,930	300,855
Capital and reserves					
Called-up share capital	26	88,121	88,121	88,121	88,121
Share premium account	26	198,461	198,461	198,461	198,461
Investment revaluation reserve	26	1,230	1,049	-	-
Merger capital reserve	26	21,937	19,842	21,937	19,842
Profit and loss account	26	(80,366)	(41,612)	(34,589)	(5,569)
Shareholders' funds		229,383	265,861	273,930	300,855
Non-controlling interest		647	1,938	-	-
Total capital employed		230,030	267,799	273,930	300,855

The loss for the financial year dealt with in the financial statements of the parent Company was £27,058,000 (2018 – loss of £6,438,000).

These financial statements of Wheatsheaf Group Limited, with company registration number 3221116, were approved and authorised for issue by the Board of Directors on 28 September 2020.

Signed on behalf of the Board of Directors

Anthony James

Anthony W S James
Director

Consolidated statement of changes in equity
As at 31 December 2019

	Equity attributable to equity shareholders of the Company							
	Called-up share capital £'000	Share premium account £'000	Investment revaluation reserve £'000	Merger capital reserve £'000	Profit and loss account £'000	Total £'000	Non-controlling interest £'000	Total £'000
At 1 January 2018	55,937	162,747	2,930	14,114	(22,353)	213,375	1,231	214,606
Loss for the financial year	-	-	-	-	*(20,884)*	*(20,884)*	*(1,220)*	*(22,104)*
Currency translation difference on foreign currency net investments	-	-	76	-	-	76	102	178
Remeasurement of net defined benefit liability	-	-	-	-	914	914	-	914
Movement in deferred tax relating to pension	-	-	-	-	(156)	(156)	-	(156)
Total comprehensive expense	-	-	76	-	(20,126)	(20,050)	(1,118)	(21,168)
Issue of shares	32,184	35,714	-	-	-	67,898	-	67,898
Remeasurement of equity attributable to shareholders	-	-	-	-	(394)	(394)	18	(376)
Non-distributable investment gain	-	-	-	-	5,032	5,032	-	5,032
Acquisition of subsidiary	-	-	-	-	-	-	1,807	1,807
Transfer between reserves	-	-	(1,957)	5,728	(3,771)	-	-	-
At 31 December 2018	88,121	198,461	1,049	19,842	(41,612)	265,861	1,938	267,799
Loss for the financial year	-	-	-	-	(43,225)	(43,225)	(3,695)	(46,920)
Currency translation difference on foreign currency net investments	-	-	181	-	-	181	8	189
Remeasurement of net defined benefit liability (note 23)	-	-	-	-	185	185	-	185
Movement in deferred tax relating to pension (note 22)	-	-	-	-	(35)	(35)	-	(35)
Total comprehensive expense	-	-	181	-	(43,075)	(42,894)	(3,687)	(46,581)
Remeasurement of equity attributable to shareholders (note 13)	-	-	-	-	(2,997)	(2,997)	(489)	(3,486)
Non-distributable investment gain *(note 15 & 16)*	-	-	-	-	*9,413*	*9,413*	-	*9,413*
Acquisition of subsidiary (note 13)	-	-	-	-	-	-	2,885	2,885
Transfer between reserves (note 12)	-	-	-	2,095	(2,095)	-	-	-
At 31 December 2019	88,121	198,461	1,230	21,937	(80,366)	229,383	647	230,030

Wheatsheaf Group Limited

Company statement of changes in equity
As at 31 December 2019

	Called-up share capital £'000	Share premium account £'000	Merger capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2018	55,937	162,747	14,114	6,452	239,250
Loss for the financial year	-	-	-	(6,438)	(6,438)
Remeasurement of net defined benefit liability	-	-	-	175	175
Movement in deferred tax relating to pension	-	-	-	(30)	(30)
Total comprehensive expense	-	-	-	(6,293)	(6,293)
Issue of share capital	32,184	35,714	-	-	67,898
Transfer between reserves	-	-	5,728	(5,728)	-
At 31 December 2018	88,121	198,461	19,842	(5,569)	300,855
Loss for the financial year	-	-	-	(27,058)	(27,058)
Remeasurement of net defined benefit liability (note 23)	-	-	-	164	164
Movement in deferred tax relating to pension (note 23)	-	-	-	(31)	(31)
Total comprehensive expenditure	-	-	-	(26,925)	(26,925)
Transfer between reserves	-	-	2,095	(2,095)	-
At 31 December 2019	88,121	198,461	21,937	(34,589)	273,930

Wheatsheaf Group Limited

Consolidated cash flow statement
Year ended 31 December 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Net cash flows from operating activities	27		(21,468)		(13,145)
Cash flows from investing activities					
Proceeds from sale of tangible and intangible fixed assets		648		233	
Purchase of intangible fixed assets		(408)		(2,504)	
Purchase of tangible fixed assets		(4,955)		(6,001)	
Interest received		776		347	
Acquisition of investment in joint ventures		-		(2,392)	
Acquisition of investment in associates		(6,838)		(17,541)	
Disposal of subsidiary undertaking		-		3,064	
Receipts from sale of associates, jointly controlled entities and other fixed asset investments		2,436		13,619	
Cash disposed with subsidiary undertakings		-		(71)	
Purchases of fixed asset investments		(4,430)		(9,868)	
Acquisition of subsidiary undertaking		(11,707)		(4,001)	
Cash acquired with subsidiary undertakings		4,873		3,212	
Net cash flows from investing activities			(19,605)		(21,903)
Cash flows from financing activities					
Interest paid		(97)		(96)	
Repayments of borrowings		(98)		(56)	
Movement on obligations under finance leases		(104)		(65)	
Proceeds on issue of shares		-		67,898	
Net cash flows from financing activities			(299)		67,681
Taxation					
Taxation received/(paid)			34		(22)
Net (decrease)/increase in cash and cash equivalents			(41,338)		32,611
Cash and cash equivalents at beginning of year			130,279		97,668
Cash and cash equivalents at end of year			88,941		130,279
Reconciliation to cash at bank and in hand:					
Cash at bank and in hand			32,663		40,069
Cash equivalents			56,278		90,210
Cash and cash equivalents			88,941		130,279

Wheatsheaf Group Limited

Notes to the financial statements
Year ended 31 December 2019

1. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the previous year.

a. General information and basis of accounting

Wheatsheaf Group Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2016 and is registered in England and Wales. The address of the registered office is shown on page 1.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 2 to 5.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Wheatsheaf Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Wheatsheaf Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

For the year ended 31 December 2019 the following wholly-owned subsidiaries of the Company, which were consolidated at 31 December 2019, claimed exemption from audit under Section 479A of the Companies Act 2006.

Subsidiary Name	*Companies House Registration Number*
Deva Group Limited	3671671
Deva Developments Limited	10943743
Grosvenor Green Energy Limited	4056262

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c. Going concern

The financial statements have been prepared using the going concern basis of accounting as described in the Directors' report on pages 6 and 7.

d. Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which varies between 5 and 10 years depending on the type of business invested into. Provision is made for any impairment.

Notes to the financial statements (continued)
Year ended 31 December 2019

1. Significant accounting policies (continued)

e. Other intangible assets

Intangible fixed assets are stated at cost less aggregate amortisation, and provision for impairment, and are amortised on a straight-line basis so as to spread their cost over their expected useful economic lives, being three to five years for internally generated software, five to seven years for licences, three to seven years for other acquired intangibles and 10 years for intellectual property.

Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date.

f. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is provided at the following annual rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life or, if held under a finance lease, over the lease term, whichever is shorter.

Buildings	- 2%
Leasehold property and improvements	- 2-10%
Plant and equipment	- 4-50%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Depreciation is not provided on assets under the course of construction or freehold land.

Biological assets are measured using the cost model. The assets at year-end comprise a dairy herd, representing cows used for milk production, the components of which are depreciated on a straight-line basis to write off the asset over the expected useful life of 3.5 years, with a residual value of £500.

g. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transactions) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Notes to the financial statements (continued)
Year ended 31 December 2019

1. Significant accounting policies (continued)

g. Financial instruments (continued)

(i) Financial assets and liabilities (continued)

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Company balance sheet, investments (including investments in associates and jointly controlled entities) are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Convertible loan notes

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. On initial recognition the financial liability component is recorded at its fair value. At the date of issue, in the case of a convertible bond denominated in the functional currency of the issuer that may be converted into a fixed number of equity shares, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently remeasured.

Transaction costs are apportioned between the liability and equity components of the convertible instrument based on their relative fair values at the date of issue. The portion relating to the equity component is charged directly against equity. Where the financial liability component meets the criteria in (i) above, the finance costs of the financial liability are recognised over the term of the debt using the effective interest method. If those criteria are not met, the financial liability component is measured at fair value through profit or loss.

(v) Derivative financial instruments

The Group has financial derivatives that relate to its investment activities. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

(vi) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Notes to the financial statements (continued)
Year ended 31 December 2019

1. Significant accounting policies (continued)

h. Associates and jointly controlled entities

In the Group financial statements investments in associates and jointly controlled entities are accounted for using the equity method. Investments are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the investment. Goodwill arising on the acquisition is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment.

In the Company financial statements investments in associates and jointly controlled entities are accounted for at cost less impairment.

i. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of production overheads. Cost is calculated using a standard costing or FIFO (first-in, first-out) method. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

j. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGU') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the financial statements (continued)
Year ended 31 December 2019

1. Significant accounting policies (continued)

k. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, 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.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (not payable) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be recovered (not payable) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1. Significant accounting policies (continued)

l. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

m. Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

n. Research and development expenditure

Research expenditure is written off as incurred. Development expenditure is also written off, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. This period is between three and five years. Provision is made for any impairment.

o. Employee benefits

Defined benefit scheme

Wheatsheaf Group Limited participates in a defined benefit plan that shares risks between entities under common control. A stated policy is in place for charging the net defined benefit cost of the defined benefit plan, as a whole measured in accordance with FRS 102, to individual group entities. FRS 102 requires that the Group recognises the net defined benefit cost of the defined benefit plan so charged.

The amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Defined contribution schemes

The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

1. Significant accounting policies (continued)

p. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity in the investment revaluation reserve.

q. Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

r. Leases

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Notes to the financial statements (continued)
Year ended 31 December 2019

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Business combinations – critical judgement

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the profit and loss account.

Evaluation of levels of control and influence – critical judgement

The determination of the level of influence the Group has over a business is often a mix of contractually defined and subjective factors that can be critical to the appropriate accounting treatment of entities in the consolidated financial statements. Control or influence is achieved through Board representation and by obtaining rights of veto over significant actions.

Where the Group holds less than 20% of the equity of an entity, the investment is generally treated as an other fixed asset investment. These other fixed asset investments are carried at market value where market prices are available. Where quoted market prices in an active market are not available, and where fair value cannot be reliably measured, unquoted equity instruments are measured at cost less impairment.

Where the Group owns between 20% and 50% of the equity of an entity and is in a position to exercise significant influence over the entity's operating and financial policies, the entity is treated as either a joint venture or an associate. Equally, where the Group holds a substantial interest (but less than 20%) in an entity and has the power to exert significant influence over its operations, it is treated as a joint venture or an associate.

Where the Group has the power to control the operations of an entity, and it has less than 50% of the equity, the entity is treated as a subsidiary when required.

Impairment of goodwill and investments – key source of estimation uncertainty

Goodwill and investments are tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may exceed the recoverable amount, for example due to changes in technological, market, economic or legal environments or a deterioration in the economic performance of the asset.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £33,244,000 (2018 - £11,923,000).

In assessing whether the investment carrying values are impaired the net assets of the investment and the business plans for each company are considered. The Group performs impairment reviews when required using a projection of cash flows based upon industry growth expectations and a suitable discount rate. For the impairment review valuation performed for 2019, a revenue multiple of 3.6x has been used and discount rate applied was 20.8%. An impairment of £10,278,000 was made against an investment in an indirect subsidiary of the Group. On consolidation the investment impairment is reversed and an impairment of £259,000 is allocated to the carrying value of the goodwill.

Notes to the financial statements (continued)
Year ended 31 December 2019

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Derivative financial assets – key source of estimation uncertainty

Determining the fair value of derivative financial assets requires the use of the Black Scholes model for valuing options. This volatility rate used is subjective for private companies; in determining the appropriate rate comparable volatility rates for listed companies have been used. The fair value of the derivative relating to equity investments is valued by determining the financial impact for each of the differing outcomes, assigning a probability to each outcome and summing the products of the probability and the financial impact. The carrying amount of derivative financial assets at the balance sheet date was £799,000 (2018 - £976,000).

3. Turnover

An analysis of the Group's turnover by class of business is set out below:

Turnover:	2019 £'000	2018 £'000
Farming and breeding products	14,709	10,736
Controlled environmental sterilisation solutions	3,559	3,216
Construction material	6,212	6,269
Software development	-	175
	24,480	20,396

An analysis of the Group's turnover by geographical market is set out below:

	2019 £'000	2018 £'000
United Kingdom	16,257	14,859
Rest of Europe	80	34
North America	6,800	4,902
Australia	13	4
Rest of the world	1,330	597
	24,480	20,396

An analysis of the Group's turnover is as follows:

	2019 £'000	2018 £'000
Sale of goods	18,472	15,399
Rendering of services	3,918	2,860
Rental income	110	112
Government subsidies	651	656
Franchise fee	1,329	1,074
Other	-	295
	24,480	20,396

Government subsidies represent amounts received in respect of the Single Payment Scheme, which is the main agricultural subsidy scheme in the EU. The Group has not directly benefited from any other significant forms of government assistance.

Notes to the financial statements (continued)
Year ended 31 December 2019

4. Finance income (net)

	2019 £'000	2018 £'000
Interest payable and similar expenses	(97)	(96)
Investment income	1,033	676
Other finance income	-	89
	936	669

Investment income

	2019 £'000	2018 £'000
Income from fixed asset investments:		
Loans receivable from group undertakings	257	345
Other loans receivable	30	-
Other interest receivable and similar income	746	331
	1,033	676

Interest payable and similar expenses

	2019 £'000	2018 £'000
Loan interest	(97)	(96)

5. (Loss)/profit before taxation

	2019 £'000	2018 £'000
(Loss)/profit before taxation is stated after charging/(crediting):		
Amortisation of goodwill and other intangibles (note 10)	7,578	3,616
Write off of goodwill	-	703
Impairment of goodwill and other acquired intangibles (note 10)	259	4,359
Depreciation of tangible fixed assets (note 11)	2,475	1,757
Loss on disposal of fixed assets	1,207	123
Loss on disposal of intangible assets written off	105	-
Profit on derecognition of associate (note 13)	(5,737)	(3,714)
Profit on derecognition of jointly controlled entity (note 13)	(8,077)	(1,206)
Profit on disposal of operations	-	(4,795)
Operating lease rentals	1,615	1,074
Rents receivable	(532)	(533)
Dividends received	(515)	(534)
Foreign exchange losses/(gains)	1,019	(1,305)
Fair value losses on listed investments including foreign movements (note 14)	578	476
Fair value gains on other assets held at fair value	(1,984)	(7,450)
Cost of stock recognised as an expense	7,744	9,961
Research and development	1,706	1,558
Government grants	(307)	(58)

Amortisation and impairment of intangible assets, including goodwill, is included in administrative expenses.

	2019 £'000	2018 £'000
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	122	110
Fees payable to the Company's auditor and its associates for other services to the Group:		
The audit of the Company's subsidiaries	39	109
Total audit fees	161	219
Non-audit fees:		
Other assurance work	-	5

Fees payable to the Company's auditor and its associates for non-audit services to the Company are not required to be disclosed because the consolidated statements are required to disclose such fees on a consolidated basis.

No services were provided pursuant to contingent fee arrangements.

Notes to the financial statements (continued)
Year ended 31 December 2019

6. Staff numbers and costs

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Employee costs during the year, including Executive Directors:				
Wages and salaries	17,593	13,785	3,029	2,604
Social security costs	1,615	1,118	359	250
Pension costs included within operating costs:				
Defined benefit schemes	820	639	334	42
Defined contribution schemes (note 29)	362	588	85	110
	20,390	16,130	3,807	3,006

	Group 2019 Number	Group 2018 Number	Company 2019 Number	Company 2018 Number
Average monthly number of employees by business, including Directors:				
Farming and breeding products	99	42	-	-
Controlled environmental sterilisation solutions	102	85	-	-
Construction material	70	60	-	-
Software development	-	8	-	-
Holding companies	23	22	21	21
	294	217	21	21

7. Directors' remuneration

	2019 Total £'000	2019 Highest paid Director £'000	2018 Total £'000	2018 Highest paid Director £'000
Emoluments	1,980	864	966	549
Company contributions to money purchase pension schemes	40	10	20	10
Sums paid to third parties in respect of Directors' services	116	-	125	-
	2,136	874	1,111	559

	2019 Number	2018 Number
Number of Directors who are members of the defined benefit and defined contribution pension schemes	3	3

The accrued pension entitlement of the highest paid Director under the defined benefit scheme was £10,840 (2018 - £9,741). There is no accrued lump sum.

Certain Directors are remunerated for their services across the Grosvenor Estate by The Fourth Duke of Westminster's 1964 Trust or receive a Trustee Fee. For Directors remunerated by a Grosvenor Trust it is not practical to allocate the remuneration of the Directors between their services as Directors of Wheatsheaf Group Limited and their services as Directors of other entities (2018 – same).

Notes to the financial statements (continued)
Year ended 31 December 2019

8. Tax on loss

The tax credit comprises:

	2019 £'000	2018 £'000
Current tax on loss		
UK corporation tax	(132)	32
Overseas tax	7	11
Adjustments in respect of prior periods	(6)	-
Total current tax	(131)	43
Deferred tax		
Origination and reversal of timing differences	(145)	(97)
Effect of decrease in tax rate on opening liability	(3)	17
Release on disposal of joint venture	-	(35)
Adjustments in respect of prior years	35	(19)
Total deferred tax (see note 22)	(113)	(134)
Total tax on loss	(244)	(91)

The difference between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2019 £'000	2018 £'000
Group loss before tax	(47,164)	(22,195)
Tax on Group loss at standard UK corporation tax rate of 19% (2018 – 19%):	(8,961)	(4,217)
Unprovided deferred tax movements	6,720	1,203
Expenditure not qualifying for tax purposes	1,353	1,339
Non-taxable income	(97)	(102)
Share of results of associates and jointly controlled entities	2,616	2,316
Profit on disposal of Substantial Shareholding Exemption (SSE) qualifying shares	(339)	(829)
Transfer pricing interest adjustment	113	177
Tax rate changes	(90)	117
Adjustments in respect of prior years	29	(19)
Effect of foreign tax rates	(1,528)	11
Overseas tax	7	-
Enhanced research & development deduction	(67)	(52)
Release on disposal of joint venture	-	(35)
Group total tax credit for year	(244)	(91)

Notes to the financial statements (continued)
Year ended 31 December 2019

8. Tax on loss (continued)

Factors that may affect the future tax charge

A total net deferred tax asset of £15,585,000 (2018 - £5,437,000) has not been recognised in respect of timing differences relating to fixed assets of £21,000 (asset) (2018 - £16,000 (asset)), losses carried forward of £16,115,000 (asset) (2018 - £6,325,000 (asset)) and short term timing differences of £551,000 (liability) (2018 - £904,000 (liability)) as there is insufficient evidence that the asset will be recovered.

A current tax rate of 19% has been applied to the year ended 31 December 2019 (2018 – 19%).

A deferred tax rate of 19% has been applied to opening balances and movements in deferred tax in the year ended 31 December 2019 (2018 – 17%) as the substantially enacted reduction in the UK corporation tax rate has been retracted in Finance Bill 2020.

9. Loss attributable to the Company

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The loss attributable to the Company is disclosed in the footnote to the balance sheets.

10. Intangible fixed assets - Group

	Goodwill £'000	Other acquired intangibles £'000	Milk quota £'000	Intellectual property /Licences £'000	Software £'000	Total £'000
Cost						
At 1 January 2019	14,772	6,990	2,005	3,319	41	27,127
Additions	27,943	107	-	300	1	28,351
Acquisition of undertakings	-	-	-	695	164	859
Written off	-	(5,210)	-	(195)	(40)	(5,445)
Exchange rate	712	(272)	-	(36)	(3)	401
At 31 December 2019	43,427	1,615	2,005	4,083	163	51,293
Amortisation						
At 1 January 2019	2,849	5,421	2,005	501	41	10,817
Charge for the year	7,046	143	-	366	23	7,578
Impairment	259	-	-	-	-	259
Acquisition of undertakings	-	-	-	512	117	629
Written off	-	(5,210)	-	(90)	(40)	(5,340)
Exchange rate	29	(215)	-	(8)	(4)	(198)
At 31 December 2019	10,183	139	2,005	1,281	137	13,745
Net book value						
At 31 December 2019	33,244	1,476	-	2,802	26	37,548
At 31 December 2018	11,923	1,569	-	2,818	-	16,310

Impairment of goodwill is recognised in administrative expenses.

The Company does not hold any intangible fixed assets.

Notes to the financial statements (continued)
Year ended 31 December 2019

11. Tangible fixed assets - Group

Group	Land and buildings £'000	Leasehold property and improvements £'000	Plant and equipment £'000	Dairy herd* £'000	Asset under construction £'000	Total £'000
Cost or valuation						
At 1 January 2019	2,240	9,399	13,685	2,852	522	28,698
Additions	-	37	2,809	1,495	704	5,045
Acquisition of undertakings	-	108	2,013	-	-	2,121
Re-categorisation	-	1,190	36	-	(1,226)	-
Exchange adjustments	-	(3)	(208)	-	-	(211)
Disposals	-	(69)	(2,363)	(832)	-	(3,264)
At 31 December 2019	2,240	10,662	15,972	3,515	-	32,389
Depreciation						
At 1 January 2019	291	1,479	5,639	332	-	7,741
Charge for the year	44	217	1,605	609	-	2,475
Acquisition of undertakings	-	26	1,395	-	-	1,421
Exchange adjustments	-	-	(105)	-	-	(105)
Disposals	-	(16)	(878)	(515)	-	(1,409)
At 31 December 2019	335	1,706	7,656	426	-	10,123
Net book value						
At 31 December 2019	1,905	8,956	8,316	3,089	-	22,266
At 31 December 2018	1,949	7,920	8,046	2,520	522	20,957

Included in plant and equipment are assets held under hire purchase contracts having a net book value of £272,000 (2018 – £293,000).

Included within land and buildings is land which has a cost of £300,000 and is not depreciated.

* Biological assets

Notes to the financial statements (continued)
Year ended 31 December 2019

11. Tangible fixed assets (continued)

Company	Plant and equipment £'000
Cost	
At 1 January 2019	413
Additions	62
Disposals	(1)
At 31 December 2019	474
Depreciation	
At 1 January 2019	313
Charge for the year	68
31 December 2019	381
Net book value	
At 31 December 2019	93
At 31 December 2018	100

12. Subsidiary undertakings

Company

	£'000
Shares at cost	
At 1 January 2019	102,736
Additions	20,559
At 31 December 2019	123,295
Provisions for impairment	
At 1 January 2019	15,888
Release of provision	(2,095)
Increase in provision	10,171
At 31 December 2019	23,964
Net book value	
At 31 December 2019	99,331
At 31 December 2018	86,848

Consistent with previous years, the Directors have reviewed the carrying value of the investments held by Wheatsheaf Group Limited and considered whether any investments in subsidiaries are impaired by reference to the recoverable amounts.

A release of the provision of £2,095,000 against the investment in Deva Group Limited has been made (2018 – £5,728,000) in line with the consolidated net assets of the Deva Group Limited sub-group. An increase in the provision of £10,171,000 against the investment in Wheatsheaf Group Canada Inc. has been made in line with the recoverable net assets of the Wheatsheaf Group Canada Inc. sub-group.

Notes to the financial statements (continued)
Year ended 31 December 2019

12. Subsidiary undertakings (continued)

The parent Company and the Group have investments in the following subsidiary undertakings, all of which are consolidated.

	Principal activity	Registered Office	% Owned
DB Group (Holdings) Limited *	Innovation led construction materials manufacturer & supplier	Wellington Way, Bourn Airfield, Cambridge, CB23 2TQ, England	54.8
David Ball Asia Pte Limited	Sales agent for DB Group (Holdings) Limited	200 Soo Chow Rise, 575462, Singapore	54.8
Deva Developments Limited *+	Software development	The Quarry, Hill Road, Eccleston, Chester, CH4 9HQ, England	100
Deva Group Limited *+	Holding company	The Quarry, Hill Road, Eccleston, Chester, CH4 9HQ, England	100
Deva US Inc. **	Holding company	Registered Agent Solutions Inc., 9 E. Loockerman Street, Suite 311, Dover, Delaware19901 United States	100
e14 South LLC dba PurFresh	Global provider of specialised controlled atmosphere systems	3858 Bay Center Place, Hayward, California 94545 United States	90
Global Fresh Foods Limited *	Holding company	Suite 1, 3rd Floor 11-12 St James' Square, London, SW1Y 4LB, England	57.5
Global Fresh Foods Inc. dba BluWrap	Provider of controlled environment logistics solutions for the transport of fresh proteins	33 W. Ontario Street, Ste 56AB Chicago, Illinois 60654 United States	57.5
GFF BluWrap Norway AS	Food service technology	Azets Insight AS, Avd Bjørvika, Dronning Eufemias gate 16, 0191 Oslo, Norway	57.5
Global Fresh Foods Chile Limitada	Food service technology	RELY SpA, Avenida Libertador Bernardo O'Higgins 1302 Oficina 70, Santiago, Chile	57.5
GFF Germany Gmbh	Food service technology	RSM AWT AG Wirschafts-Treuhand, Liebigstr 3 84030 Landshut, Germany	57.5
Grosvenor Farms Limited	Farming	Aldford Hall Farm, Chester Road, Aldford, CH3 6HJ, England	100
Grosvenor Green Energy Limited *+	Holding company	The Quarry, Hill Road, Eccleston, Chester, CH4 9HQ, England	100
Grow Safe Systems Ltd **	Development of optimum bovine feeding systems	4000, 421 – 7th Ave SW, Calgary, Alberta, T2P 4K9, Canada	98.2
Grow Safe US Inc.	Development of optimum bovine feeding systems	1209 Orange Street, Wilmington, Delaware 19801, United States	98.2
M.P.S. Concrete Solutions Limited	Concrete remedial work	Wellington Way, Bourn Airfield, Cambridge, CB23 2TQ, England	54.8
OWS Agri Limited *	Technology development company	The Quarry, Hill Road, Eccleston, Chester, CH4 9HQ, England	100

Notes to the financial statements (continued)
Year ended 31 December 2019

12. Subsidiary undertakings (continued)

	Principal activity	Registered Office	% Owned
Ozo Innovations Limited *	Development of sterilisation techniques	Unit 29, Chancerygate Business Centre, Langford Lane, Kidlington, Oxford, OX5 1FQ, England	62.1
Pudlo Middle East Building Materials LLC ***	Sale of building materials	Unit 111, Arenco Office Building, Dubai Investment Park 2, Dubai, UAE	54.8
Synomics Ltd * (plus 2.6% held indirectly)	Application of a mathematical framework and AI technique to complex datasets in order to improve animal health and agri-food production	Unit 8b Bankside Hanborough Business Park, Long Hanborough, Witney, Oxfordshire, OX29 8LJ, England	80
Vytelle Holdings Inc. * **	Bovine genetics	National Registered Agents, Inc., 780 Commercial Street SE STE 100, Salem, Oregon 97301, United States	100
Vytelle Franchise LLC ***	Bovine genetics	National Registered Agents, Inc., 780 Commercial Street SE STE 100, Salem, Oregon 97301, United States	100
Vytelle LLC ***	Bovine genetics	National Registered Agents, Inc., 780 Commercial Street SE STE 100, Salem, Oregon 97301, United States	100
WAVE Ag Tech Pty Ltd	Bovine genetics	Suite 2, Ground Level, 179A Anson Street, Orange, NSW, 2800, Australia	33.3
WGUS BCO LLC dba OzArk Technologies Inc. ***	Development of sterilisation techniques	Registered Agent Solutions Inc., 9 E. Loockerman Street, Suite 311, Dover, Delaware 19901, United States	100
WGUS FS LLC ***	Development of sterilisation techniques	Registered Agent Solutions Inc., 9 E. Loockerman Street, Suite 311, Dover, Delaware 19901, United States	88.3
Wheatsheaf Group Canada Limited *	Holding company	c/o Blake, Cassels & Graydon LLP, 855 2nd Street S.W, Suite 3500, Bankers Hall East Tower, Calgary, Alberta, T2P 4J8, Canada	100
Wheatsheaf Group US Inc.* **	Holding company	Registered Agent Solutions Inc., 9 E. Loockerman Street, Suite 311, Dover, Delaware 19901, United States	100
David Ball Group Limited	Dormant company	Wellington Way, Bourn Airfield, Cambridge, CB23 2TQ, England	54.8
Greencem Limited	Dormant company	Wellington Way, Bourn Airfield, Cambridge, CB23 2TQ, England	54.8
Cemfree Limited	Dormant company	Wellington Way, Bourn Airfield, Cambridge, CB23 2TQ, England	54.8

Notes to the financial statements (continued)
Year ended 31 December 2019

12. Subsidiary undertakings (continued)

	Principal activity	Registered Office	% Owned
Ozo Innovations EBT Trustee Limited	Dormant company	Unit 29, Chancerygate Business Centre, Langford Lane, Kidlington, Oxford, OX5 1FQ, England	62.1
Ozone Purification Limited	Dormant company	Unit 29, Chancerygate Business Centre, Langford Lane, Kidlington, Oxford, OX5 1FQ, England	62.1
Pudlo Limited	Dormant company	Wellington Way, Bourn Airfield, Cambridge, CB23 2TQ, England	54.8
Wheatsheaf Investments Limited	Dormant company	The Quarry, Hill Road, Eccleston, Chester, CH4 9HQ, England	100
Grosvenor Garden Centre Limited	Dormant company	The Quarry, Hill Road, Eccleston, Chester, CH4 9HQ, England	100

Each of the above companies is indirectly owned unless marked with an asterisk (*) to signify that it is directly held. All interests are in the form of ordinary shares, with the exception of ** where the interest is in the form of common shares and *** where the interest is in the form of a membership interest.

+ These subsidiaries have taken advantage of an exemption from audit under Section 479A of the Companies Act 2006 as the ultimate parent, Wheatsheaf Group Limited has provided a statutory guarantee for any outstanding liabilities of this business. All subsidiary undertakings have been included in the consolidation.

Notes to the financial statements (continued)
Year ended 31 December 2019

13. Acquisitions

Acquisition of subsidiary undertakings

On 1 January 2019 e14 South LLC dba PurFresh, a global provider of specialised controlled atmosphere systems, became a 90% owned subsidiary of Wheatsheaf Group US Inc. for consideration comprising the cost of the original interest and cash consideration. The fair value of the assets acquired was £188,000. The useful life of goodwill on acquisition is 5 years.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value and fair value to Group £'000
Fixed assets	
Tangible	29
Current assets	
Trade & other debtors	275
Cash	45
Total assets	349
Creditors	
Trade & other creditors	(157)
Taxation	(4)
Total liabilities	(161)
Net assets	188
Non-controlling interest	(19)
Goodwill	947
	1,116
Satisfied by	
Cash consideration	1,116

In the period ended 31 December 2019, turnover of £1,057,000 and loss of £957,000 was included in the consolidated profit and loss account in respect of e14 South LLC dba PurFresh since the acquisition date.

13. Acquisitions (continued)

Acquisition of subsidiary undertakings (continued)

On 18 January 2019, Grow Safe Systems Ltd, a company whose primary activity is the development of optimum bovine feeding systems became a subsidiary of Wheatsheaf Group Canada Limited. On that date Wheatsheaf Group Canada Limited invested C $10,000,000 in Grow Safe Systems Ltd in the form of 2,053,387 new and existing class A common shares. On the same date, C $504,932 of the outstanding principal and accrued interest on the demand promissory note was repaid. As such, the interest in voting shares became 67%. The fair value of the total consideration for the shares held is considered to be the cost of the original interest plus the shares purchased in the current year. The fair value of the assets acquired was £5,555,000. The useful life of goodwill on acquisition is 5 years.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value and fair value to Group £'000
Fixed assets	
Intangible	58
Tangible	210
Current assets	
Stock	595
Trade & other debtors	1,883
Cash	3,987
Total assets	6,733
Creditors	
Trade & other creditors	(1,178)
Net assets	5,555
Non-controlling interest	(2,299)
Goodwill	17,583
	20,839
Satisfied by	
Shares purchased in prior years *	14,926
Cash consideration	5,913
	20,839

* Previously treated as a jointly controlled entity

In the period ended 31 December 2019, turnover of £1,609,000 and loss of £4,216,000 was included in the consolidated profit and loss account in respect of Grow Safe Systems Ltd since the acquisition date and a gain of £8,077,000 has been recognised in respect to the remeasurement of the existing interest held.

On 20 December 2019, Wheatsheaf Group Canada Limited acquired all of the non-voting shares and 31% of the voting shares in Grow Safe Systems Ltd for C $6,000,000 (£3,486,000), taking its total interest to 98.2%.

Notes to the financial statements (continued)
Year ended 31 December 2019

13. Acquisitions (continued)

Acquisition of subsidiary undertakings (continued)

On 12 July 2019, the Company subscribed to a convertible loan of £5,000,000 in Ozo Innovations Limited. At the same time the rights attached to the C Ordinary shares that the Company holds in Ozo Innovations Limited were varied to mirror the rights attached to the A Ordinary shares. As a result of this variation, the Company's interest in the shares of Ozo Innovations Limited increased by 16.1% to 64.8% and Ozo Innovations Limited became a subsidiary for consideration comprising the cost of the original interest. The fair value of the assets acquired was £1,597,000. The useful life of goodwill on acquisition is 5 years.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value and fair value to Group £'000
Fixed assets	
Intangible	172
Tangible	438
Current assets	
Stock	367
Trade & other debtors	187
Cash	840
Total assets	2,004
Creditors	
Mortgage	(41)
Trade & other creditors (inc. obligations under hire purchase of £5,000)	(366)
Total liabilities	(407)
Net assets	1,597
Non-controlling interest	(562)
Goodwill	8,239
	9,274
Satisfied by	
Shares purchased in prior years *	9,269
Cash consideration (legal fees)	5
	9,274

* Previously treated as an associate

In the period ended 31 December 2019, turnover of £3,000 and loss of £2,310,000 was included in the consolidated profit and loss account in respect of Ozo Innovations Limited since the acquisition date and a gain of £5,737,000 has been recognised in respect to the remeasurement of the existing interest held.

13. Acquisitions (continued)

Acquisition of subsidiary undertakings (continued)

On 17 December 2019, the Company acquired 80% of the issued share capital of Synomics Ltd, a company whose primary activity is the application of a mathematical framework and AI technique to complex datasets in order to improve animal health and agri-food production, for £1,187,000. The fair value of the assets acquired was £24,000. The useful life of goodwill on acquisition is 5 years.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value and fair value to Group £'000
Fixed assets	
Tangible	23
Current assets	
Cash	1
Net assets	24
Non-controlling interest	(5)
Goodwill	1,168
	1,187
Satisfied by	
Cash consideration	1,187

In the period ended 31 December 2019, turnover of £nil and loss of £12,000 was included in the consolidated profit and loss account in respect of Synomics Ltd since the acquisition date.

Notes to the financial statements (continued)
Year ended 31 December 2019

14. Other fixed asset investments

	Group				Company			
	Listed investments £000	Other investments £000	Loans £000	Total £000	Listed Investments £000	Other investments £000	Loans £000	Total £000
Carrying amount before impairment								
At 1 January 2019	29,657	23,351	327	53,335	29,657	15,967	327	45,951
Additions	-	3,555	875	4,430	-	3,550	875	4,425
Interest	-	-	109	109	-	-	109	109
Disposals	-	(2,436)	-	(2,436)	-	(794)	-	(794)
Adjustment for the fair value of listed and other investments	819	2,279	49	3,147	819	553	49	1,421
Exchange movements	(1,397)	(467)	-	(1,864)	(1,397)	(182)	-	(1,579)
At 31 December 2019	29,079	26,282	1,360	56,721	29,079	19,094	1,360	49,533

14. Other fixed asset investment (continued)

The other investments are detailed below:

Name	Country of Incorporation	Principal activity	Holding	% Owned
AKVA*	Norway	Capital equipment and services provider to the aquaculture industry	Ordinary	11.7
Benchmark Holdings Plc*	UK	Producer of animal health products and vaccines, veterinary and diagnostic services	Ordinary	1.8
Farmdrop Limited*	UK	Online grocery shopping service	Series B preferred	13.6
Origin, Inc.*	USA	Life sciences business	Ordinary	2.3
PrecisionLife Limited (formerly RowAnalytics Limited)*	UK	Engineering related scientific and technical consulting activities	A1 ordinary	13.0
Shared-X LLC	USA	Business that implements advanced farming practices in developing countries	Series C preferred units	9.0
Zouk REEIF II Fund	UK	Renewable energy and environmental infrastructure fund	Fund	n/a

Each of the above companies is indirectly owned unless marked with an asterisk (*) to signify that it is directly held.

During the year the Company invested €1,000,000 into Zouk. The Company has signed an agreement to invest a total of €10,000,000 into the REEIF II fund. At 31 December 2019, the Company had invested €8,500,000 into the REEIF II fund (2018 - €6,700,000).

Listed investments represent investments in non-puttable ordinary shares. The fair value of listed investments was determined with reference to the quoted market price at the reporting date. The cost of the shares on acquisition was £17,026,000.

Other investments are held at either fair value or at cost less impairment because their fair value cannot be measured reliably. Fair value is determined by the price of a recent transaction. If this is not available fair value is determined by calculating the net present value of the future cash flows anticipated using an appropriate discount rate.

Loans receivable constitute convertible loan notes receivable and are measured with the Black Scholes model. Inputs to the Black Scholes model include the yield curve, equity prices and implied volatilities of comparable listed companies.

During the year the Group sold 100% of its interests in the following hydro-electric companies: Mulard Renewables Limited on 22 January 2019 for £470,000; Nightjar Sustainable Power Limited on 3 September 2019 for £992,000; and Guillemot Green Energy Limited on 11 September 2019 for £180,000.

Notes to the financial statements (continued)
Year ended 31 December 2019

15. Associates

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Share of net assets / cost	10,632	13,302	31,121	48,323
Goodwill	6,610	18,939	-	-
Net book value	17,242	32,241	31,121	48,323

The associates are detailed below:

Name	Country of Incorporation	Principal Activity	Registered Office	Share Class	Share-holding
AgriWebb Pty Limited	Australia	Software development	2/85 Commonwealth Street, Surrey Hills, NSW 2010, Australia	Ordinary	34.7%
AgriWebb UK Limited	Northern Ireland	Software development	The Innovation Centre Queens Road, Belfast BT3 9DT, Northern Ireland	Ordinary	34.7%
Dream Holdings, Inc	USA	Indoor vertical farming	251 Little Falls Drive, New Castle County, Wilmington, Delaware, 19808, United States	Common, Series 1-C preferred, Series 1-D preferred and Series 2 preferred	14.6%
Enterra Feed Corporation	Canada	Producer of insect larvae protein and organic fertilisers through the recycling of pre consumer food waste	10th Floor, 595 Howe Street, Vancouver, V6C 2T5, British Columbia, Canada	Common	32.1%
Ostara Nutrient Recovery Technologies Inc	Canada	Development and provision of nutrient recovery solutions to the waste water industry	690 – 1199 West Pender Street, Vancouver, British Columbia, V6E 2R1, Canada	Series 3 class B preferred, Series 4 class B preferred, Series 8 Class B preferred, Series 9 Class B preferred, Series 1 Class D preferred	31.6%

Notes to the financial statements (continued)
Year ended 31 December 2019

15. Associates (continued)

The following information is given in respect of the share of associate investments.

	Group £'000	Company £'000
Share of net assets / cost		
At 1 January 2019	13,302	48,323
Additions	5,837	3,870
Share of funding from new investors	9,255	-
Share of retained loss for the year	(10,415)	-
Impairment	(5,922)	(11,203)
Transfer to subsidiary undertakings	(1,034)	(9,869)
Exchange movements	(391)	-
At 31 December 2019	10,632	31,121
Loan		
At 1 January 2019	-	-
Addition	3,335	3,335
Interest	147	147
Repayments/conversion into equity	(3,260)	(3,260)
Exchange movements	(222)	(222)
At 31 December 2019	-	-
Goodwill		
At 1 January 2019	18,939	
Addition	926	
Amortisation	(5,323)	
Transfer to subsidiary undertakings	(2,497)	
Impairment	(5,281)	
Exchange movements	(154)	
At 31 December 2019	6,610	
Net book value		
At 31 December 2019	17,242	31,121
At 31 December 2018	32,241	48,323

The share of results of associates reported in the profit and loss account includes the share of retained loss for the year, impairment of net assets and the amortisation and impairment of goodwill.

There is no goodwill in the Company.

Notes to the financial statements (continued)
Year ended 31 December 2019

16. Jointly controlled entities

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Share of net assets/cost	3,446	4,388	4,958	4,958
Loans to joint ventures	-	290	-	-
Goodwill	656	6,901	-	-
Net book value	4,102	11,579	4,958	4,958

The jointly controlled entities are detailed below:

Name	Country of Incorporation	Principal Activity	Registered Office	Share Class	Shareholding
Tatra Holdings Limited	British Virgin Islands	Holding company	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Series B preference	29.2%

Notes to the financial statements (continued)
Year ended 31 December 2019

16. Jointly controlled entities (continued)

The following information is given in respect of the share of joint venture investments.

	Group £'000	Company £'000
Share of net assets / cost		
At 1 January 2019	4,388	4,958
Share of funding from new investors	158	-
Share of retained loss for the year	(391)	-
Transfer to subsidiary undertakings	(512)	-
Exchange movements	(197)	-
At 31 December 2019	3,446	4,958
Loan		
At 1 January 2019	290	-
Interest	1	-
Repayment	(298)	-
Exchange movements	7	-
At 31 December 2019	-	-
Goodwill		
At 1 January 2019	6,901	
Amortisation	(250)	
Transfer to subsidiary undertakings	(6,040)	
Exchange movements	45	
At 31 December 2019	656	
Net book value		
At 31 December 2019	4,102	4,958
At 31 December 2018	11,579	4,958

The share of results of jointly controlled entities reported in the profit and loss account includes the share of retained loss for the year and the amortisation of goodwill.

There is no goodwill in the Company.

Notes to the financial statements (continued)
Year ended 31 December 2019

17. Stocks

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Consumables	3,617	3,925	-	-
Growing crops	407	458	-	-
Work in progress	204	-	-	-
Breeding products	85	176	-	-
Livestock	985	914	-	-
Goods for resale	1,231	1,229	-	-
	6,529	6,702	-	-

The replacement value is not materially different from the above.

18. Debtors

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Amounts falling due within one year				
Trade debtors	3,372	2,815	480	447
Amounts owed by group companies	-	-	36,311	18,684
Corporation tax	173	85	-	-
Other debtors	2,056	1,459	257	30
Other taxation and social security	-	-	60	29
Prepayments and accrued income	949	1,140	155	179
Derivative financial assets (note 25)	799	976	440	728
	7,349	6,475	37,703	20,097
Amounts falling due after more than one year				
Loan receivable	98	-	-	-
Other debtors	468	-	-	-
Pension asset (note 23)	-	41	-	19
Deferred tax (note 22)	194	116	8	-
	760	157	8	19

Amounts owed by group companies are repayable on demand and unsecured.

19. Current asset investments

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Short term deposits	56,278	90,210	56,278	86,270

Notes to the financial statements (continued)
Year ended 31 December 2019

20. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Mortgage	412	53	-	-
Obligations under finance leases and hire purchase contracts	174	88	-	-
Trade creditors	2,515	2,188	160	309
Other creditors	178	52	6	-
Amounts due to group companies	-	-	26,756	24,768
Corporation tax	30	36	-	-
Other taxation and social security	343	269	79	-
Accruals and deferred income	2,983	3,220	443	1,286
	6,635	5,906	27,444	26,363

Amounts due to group companies are repayable on demand.

21. Creditors: amounts falling due after one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Mortgage:				
Between two and five years	-	234	-	-
Falling due in more than five years	-	182	-	-
Unsecured loan notes payable:				
Between two and five years	700	700	-	-
Obligations under finance leases and hire purchase contracts payable:				
Between two and five years	118	213	-	-
Deferred income				
Between two and five years	52	52	-	-
Falling due in more than five years	368	381	-	-
Accruals	3,249	2,568	2,936	1,937
	4,487	4,330	2,936	1,937

The unsecured loan notes payable bear interest at a rate of 9% per annum and are repayable by 2021.

The mortgage is in place in DB Group Limited, a directly owned subsidiary. The mortgage rate is 2.5% above the HSBC base rate. The mortgage is repayable in blended monthly payments and is secured by a fixed legal charge over the subsidiary's freehold premises and a debenture dated 23 November 2004 over all present freehold and leasehold property, a first fixed charge over book and other debts both present and future and a first floating charge over all assets both present and future. In view of the loss for the year in DB Group Limited, that company was in breach of its loan covenants in respect of that mortgage at 31 December 2019. As a result of the breach the lender had the right to demand immediate repayment and therefore the whole balance has been reclassified as a current liability at the balance sheet date. Post year end the lender has confirmed that it does not intend to take any action with regard to those breaches and DB Group Limited continues to discharge the liability according to the original scheduled repayment dates.

Hire purchase liabilities are secured against the relevant assets.

Notes to the financial statements (continued)
Year ended 31 December 2019

22. Deferred tax

Group	2019 £'000	2018 £'000
Balance brought forward – asset	(116)	(138)
Credit to profit and loss account	(113)	(134)
Charge to other comprehensive income	35	156
Balance carried forward – asset (note 18)	(194)	(116)
The analysis of the deferred tax asset is as follows:		
Tax losses available	(238)	(441)
Other timing differences	(336)	(40)
	(574)	(481)
The analysis of the deferred tax liability is as follows		
Fair value adjustments payable after 12 months	-	95
Accelerated capital allowances	380	270
	380	365

The is no deferred tax in the Company.

23. Provisions for liabilities

Group	Defined benefit pension scheme liability £'000
At 1 January 2019 – (asset)	(41)
Charge to profit and loss account	532
Credit to other comprehensive income	(185)
At 31 December 2019	306

Company	Deferred taxation £'000	Defined benefit pension scheme liability £'000	Total £'000
At 1 January 2019 – liability	4	-	4
At 1 January 2019 – (asset)	-	(19)	(19)
(Credit)/charge to profit and loss account	(43)	224	181
Charge/(credit) to other comprehensive income	31	(164)	(133)
At 31 December 2019 – (asset)/liability	(8)	41	33

Deferred taxation

Refer to note 22

Defined benefit pension scheme

Refer to note 30

24. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	2019 £'000	2018 £'000
Financial assets		
Cash at bank and in hand	32,663	40,069
Measured at fair value through profit or loss		
- Investments in listed equity instruments (note 14)	29,079	29,657
- Loans receivable (convertible debt) (note 14)	1,360	327
- Derivative financial assets (note 25)	799	976
- Investments in unlisted equity investments (note 14)	26,282	23,351
Measured at undiscounted amount receivable		
- Trade and other debtors (note 18)	5,896	4,274
- Current asset investment (note 19)	56,278	90,210
Debt instruments measured at amortised cost		
- Long term loans receivable (note 18)	98	-
- Amounts due from joint ventures (note 16)	-	290
	152,455	189,154
Financial liabilities		
Measured at amortised cost or undiscounted amount payable		
- Unsecured loan notes payable (note 21)	(700)	(700)
- Trade and other creditors (notes 20)	(2,693)	(2,240)
- Mortgage (notes 20 and 21)	(412)	(469)
- Hire purchase (notes 20 and 21)	(292)	(301)
	(4,097)	(3,710)

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2019 £'000	2018 £'000
Interest income and (expense)		
Total interest income for financial assets at amortised cost	1,033	676
Total interest expense for financial liabilities at amortised cost	(97)	(96)
Fair value gains and (losses)		
On investments including listed investments measured at fair value through profit and loss	1,520	1,509
On financial assets measured at fair value through profit and loss	(114)	5,465
	1,406	6,974

Notes to the financial statements (continued)
Year ended 31 December 2019

25. Derivative financial instruments

	Current		Non-current	
	2019	**2018**	**2019**	**2018**
	£000	**£000**	**£000**	**£000**
Group				
Derivatives carried at fair value				
Assets				
Options and warrants	799	976	-	-

Options and warrants are valued by applying either the Black Scholes model or by determining the financial impact for each of the differing outcomes, assigning a probability to each outcome and summing the products of the probability and the financial impact. Inputs to the Black Scholes model include the yield curve, equity prices and implied volatilities of comparable listed companies.

26. Called-up share capital and reserves

Group and Company	**Number of shares 2019**	**£'000 2019**	**Number of shares 2018**	**£'000 2018**
Equity interests – called-up and issued				
Ordinary shares of 10p each	88,120,925	8,812	88,120,925	8,812
Non-voting shares of 10p each	704,967,400	70,497	704,967,400	70,497
12% Non-cumulative irredeemable preference shares of 10p each	88,120,925	8,812	88,120,925	8,812
	881,209,250	88,121	881,209,250	88,121

Rights of classes of shares

Profits determined by the Directors as available for distribution are to be applied first in paying a fixed non-cumulative dividend of 12% per annum on the amounts paid up on 12% non-cumulative irredeemable preference shares. The balance of profits for distribution is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

On a return of the Company's assets to shareholders, the assets are to be applied first in repaying to the holders of the 12% non-cumulative irredeemable preference shares other amounts paid up on their shares. The balance of the assets is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

Holders of the 12% non-cumulative irredeemable preference shares and non-voting shares are not entitled to vote at general meetings of the members of the Company except on resolutions varying or abrogating any of the special rights or privileges attaching to their shares.

The Group and Company's other reserves are as follows:

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

The investment revaluation reserve represents the cumulative effect of revaluations of fixed asset investments into sterling.

The merger capital reserve represents a reserve recognised on a previous restructure of the Group. As a result any reversal/provision for impairment in the financial period relating to the carrying value of the Company's investments in its subsidiary Deva Group Limited results in a transfer to/from this reserve from/to the profit and loss reserve.

Notes to the financial statements (continued)
Year ended 31 December 2019

27. Cash flow statement

Reconciliation of operating loss to net cash flows from operating activities:

	2019 £'000	(as restated) 2018 £'000
Operating loss	(35,738)	(22,324)
Adjustment for:		
Depreciation	2,475	1,757
Provision for impairment	259	4,359
Amortisation	7,578	3,616
Loss on disposal of tangible fixed assets	1,207	123
Loss on disposal of intangible fixed assets	105	703
Effect of foreign exchange rate changes	901	(739)
Operating cash flow before movement in working capital	(23,213)	(12,505)
Decrease/(increase) in stocks	1,135	(1,516)
Decrease/(increase) in debtors	816	(560)
(Decrease)/increase in creditors	(738)	1,078
Adjustment for pension funding	532	358
Net cash flows from operating activities	(21,468)	(13,145)

Non-cash transactions

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at inception of the leases of £90,000.

28. Financial commitments and post balance sheet events

Group

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019		2018	
	Land and buildings £'000	Other assets £'000	Land and buildings £'000	Other assets £'000
Within one year	1,005	89	876	216
Within 2 to 5 years	2,068	116	1,549	355
After 5 years	2,867	-	2,771	-
	5,940	205	5,196	571

Notes to the financial statements (continued)
Year ended 31 December 2019

28. Financial commitments and post balance sheet events (continued)

Company

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019		2018	
	Land and buildings	Other assets	Land and buildings	Other assets
	£'000	£'000	£'000	£'000
Within one year	61	1	61	1
Within 2 to 5 years	244	1	244	2
After 5 years	25	-	86	-
	330	2	391	3

On 29 March 2012 the Company signed a subscription agreement with Zouk to invest a total of €10,000,000 into Zouk's Renewable Energy and Environmental Infrastructure Fund II. As at 31 December 2019 the Company had invested €8,500,000 into the fund. On 7 February 2020 the Company invested a further €300,000 into the fund and has a commitment to invest the remaining €1,200,000.

The Group had contracted for but not provided financial commitments for tangible fixed assets of £nil (2018 - £162,000).

On 31 January 2020, the Group invested US $1,000,000 in Shared-X LLC in the form of 335,999 Series D preferred units.

On 3 February 2020, the Group subscribed to a convertible promissory note of US $4,000,000 in TemperPack Technologies Inc. On 23 July 2020, the promissory note of US $4,000,000 plus interest was converted into 371,224 Series C Preferred shares and at the same time the Group invested $12,000,000 in the form of 866,782 Series C Preferred shares.

On 4 February 2020, the Company invested £5,000,000 in the form of 16,666,667 new Series C preferred shares into Farmdrop Limited. On the same date, previously acquired warrants were exercised in exchange for 5,716,538 A Common Shares at a price of £60,000. As a result, the Company's interest in the shares of Farmdrop Limited increased by 24.5% to 38.1% and Farmdrop Limited became an associate. On 18 May 2020, the Company invested an additional £933,000 in the form of 3,108,333 new Series C preferred shares.

On 11 February 2020, the Company subscribed to a convertible note of AUS $5,000,000 in AgriWebb Pty Ltd.

On 4 March 2020 and 29 June 2020, the Company invested C $7,617,000 and C $298,000 respectively in Enterra Feed Corporation in the form of a total 14,850,062 Class B common shares.

On 20 March 2020, the Company invested $613,000 in Ostara Nutrient Recovery Technologies Inc. in the form of 839,988 Series 1 Class D preferred shares. Following further post year end investments totalling $25,064,000, the Company acquired full ownership of Ostara Nutrient Recovery Technologies Inc.

On 5 June 2020, the Company invested €3,000,000 in Buymie Technologies Limited, a Dublin-based online grocery business offering same-day service, in the form of 2,185,466 C ordinary shares.

On 6 July 2020, the Group invested $1,300,000 in Trace Genomics Inc., a soil diagnostics company pioneering the use of soil microbiology, genomics, and data science to improve agricultural outcomes in the form of *3,251,625 Series A-5 preferred shares.*

On 3 August 2020, the Group invested $15,000,000 in Benson Hill Inc. an integrated genetics-to-food-products company in the form of 3,621,788 Series D preferred shares.

Notes to the financial statements (continued)
Year ended 31 December 2019

29. Employee benefits

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2019 was £362,000 (2018 - £588,000).

Defined benefit schemes

Wheatsheaf Group Limited participates in a defined benefit plan that shares risks between entities under common control. The agreement for charging the net defined benefit cost of the group plan and the policy for determining the contribution by entity is based on the accrued benefit of the current and former employees of that entity.

The analysis in note 30 relates to the Grosvenor Pension Plan ("the plan") as a whole, measured in accordance with accounting standards on the basis of assumptions that apply to the plan as a whole, including that element that relates to non-company employees.

The plan is open to qualifying employees of the Group, the Grosvenor Estate and the UK subsidiaries of Grosvenor Group. Under the plan, the employees are entitled to retirement benefits based on service of final salary on attainment of a retirement age of 65. No other post-retirement benefits are provided. The plan is a funded plan. This includes the amount and timing of the future payments to be made by the entity under any agreement with the defined benefit plan to fund a deficit (such as a schedule of contributions).

The most recent full actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2017 and projected to the accounting date by Mr. C Tavener, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation was measured using the projected unit method.

30. Retirement benefit schemes

	Valuation at	
	2019	**2018**
Key assumptions used:		
Discount rate	2.1%	2.9%
Future pension increases	3.0%	3.2%
Inflation	3.0%	3.2%

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2019	**2018**
Retiring today:	**years**	**years**
Males	24.5	24.4
Females	26.2	26.1
Retiring in 20 years:		
Males	26.2	26.1
Females	27.7	27.6

Profit and loss account amounts for the Grosvenor Pension Plan as a whole are as follows:	**2019 £'m**	**2018 £'m**
Current service cost	11.0	13.4
Past service cost	0.4	0.3
Net interest cost	0.2	0.2
	11.6	13.9

Notes to the financial statements (continued)
Year ended 31 December 2019

30. Retirement benefit schemes (continued)

Recognised in other comprehensive income (for the scheme as a whole):	2019 £'m	2018 £'m
Actual return less expected return on assets	29.2	(24.9)
Changes in assumptions underlying liabilities	(34.0)	46.0
Total (charge)/credit relating to defined benefit scheme	(4.8)	21.1

The balance sheet amounts for the Grosvenor Pension Plan as a whole are as follows:

	2019 £'m	2018 £'m
Present value of defined benefit obligations	(327.2)	(280.4)
Fair value of scheme assets	316.9	281.3
Net (liability)/asset	(10.3)	0.9

Movements in the present value of defined benefit obligations for the entire scheme were as follows:

	2019 £'m	2018 £'m
At 1 January	280.4	311.2
Employer's part of current service cost	11.0	13.4
Interest on plan liabilities	8.3	7.3
Actuarial losses/(gains)	34.0	(46.0)
Benefit payments	(6.9)	(5.8)
Past service costs	0.4	0.3
At 31 December	327.2	280.4

Movements in the fair value of scheme assets were as follows:

	2019 £'m	2018 £'m
At 1 January	281.3	300.0
Interest on plan liabilities	8.1	7.1
Actual return on plan assets less interest on plan assets	29.2	(24.9)
Contributions by the employer	5.2	4.9
Benefit payments	(6.9)	(5.8)
At 31 December	316.9	281.3

30. *Retirement benefit schemes (continued)*

The analysis of the scheme assets at the balance sheet date was as follows:	Fair value of assets 2019 £'m	2018 £'m
Equity instruments	248.9	217.9
Gilts and corporate bonds	37.0	34.7
Multi asset credit funds	26.2	25.2
Other assets	4.8	3.5
	316.9	281.3

The scheme does not invest directly in property occupied by the Group or in financial securities issued by the Group. The scheme's assets are invested in a diversified range of asset classes as set out in this note.

31. Ultimate controlling parties and related party transactions

The Company is wholly-owned by Trustees of the Grosvenor Estate who hold the shares for the benefit of current and future generations of the Grosvenor family headed by the Duke of Westminster. These trusts are based in the United Kingdom and as such pay income tax, capital gains tax and inheritance tax. The individual beneficiaries of the trusts are all resident in the United Kingdom and as such are subject to United Kingdom income tax laws.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Rental and other administrative costs totalling £991,000 (2018 - £965,000), of which £343,000 related to the Company, were paid by Group companies to a Grosvenor Trust. At 31 December 2019 Group companies owed the Trust £76,000 (2018 - £26,000) of which £21,000 related to the Company. In addition, subsidiaries within the Group provided services to and made payments on behalf of this Trust and received funds for service jobs for the sum of £17,000 (2018 - £234,000). At 31 December 2019 the Trust owed Group subsidiary companies £3,000 (2018 – £29,000).

Rent and management charges totalling £377,000 (2018 - £496,000) of which £295,000 related to the Company, were paid to companies within Grosvenor Group Limited. Wheatsheaf Group Limited and Grosvenor Group Limited are under common control. At 31 December 2019 £192,000, of which £169,000 related to the Company, was included in creditors in respect to recharged amounts (2018 - £168,000).

Insurance premiums paid by the Group to a company owned by a Grosvenor Trust, were £1,000 (2018 - £68,000). At 31 December 2019 £nil was owed (2018 - £nil).

Subsidiaries within the Group purchased £236,000 (2018 - £248,000) from, invoiced £836,000 (2018 - £2,152,000) to and transferred assets on receivership worth £2,047,000 (2018 - £nil) to related parties of the subsidiary. At 31 December 2019 £700,000 was included in unsecured loan notes payable (2018 - £700,000), £3,000 was included in trade debtors (2018 - £8,000) and £4,000 was included in trade creditors (2018 - £nil).

During the year services and management charges totalling £209,000 (2018 - £447,000), of which £131,000 related to the Company, were invoiced to associate and jointly controlled companies and services totalling £nil (2018 - £123,000) were invoiced from associate companies to other Group companies. At 31 December 2019 the associate and jointly controlled companies owed £88,000 (£362,000), of which £10,000 related to the Company. Details of loans provided and interest charged to associate and jointly controlled entities can be found in notes 15 and 16 respectively.

During the year services and management charges totalling £17,000 (2018 - £32,000) were invoiced to other investment companies by the Company. At 31 December 2019 the other investment companies owed the Company £10,000 (2018 - £2,000).

Notes to the financial statements (continued)
Year ended 31 December 2019

31. Ultimate controlling parties and related party transactions (continued)

During the year service and management charges totalling £507,000 were invoiced to non-wholly owned subsidiaries of the Company by the Company. During the year loans of £7,361,000 were provided and interest of £354,000 charged to non-wholly owned subsidiaries of the Company by the Company. At 31 December 2019 £8,070,000 was included in amounts owed by group undertakings and £391,000 in trade debtors in the balance sheet of the Company.

Other related party transactions

The total remuneration for key management personnel for the year totalled £2,136,000 (2018 - £1,111,000), being Directors' remuneration disclosed in note 7.