

Company registration No. 09501001

P&P Spearhead UK Holdings, Ltd

Annual Report and Financial Statements

For the year ended

31 December 2016

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STRATEGIC REPORT (CONTINUED)

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

P&P Spearhead UK Holdings, Ltd was incorporated on 20 March 2015. This annual report is for the year ended 31 December 2016 with comparatives for the period from 20 March 2015 to 31 December 2015.

On 16 June 2015 the Company acquired 100% of the share capital of Spearhead International Limited. Therefore the results for the group for 2015 relate to the period 16 June 2015 to 31 December 2015.

The Company only financial statements are presented in Pounds Sterling as that is the currency of the primary economic environment of the Company. The Group financial statements are presented in Euros as that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

The Group ("Spearhead") seeks to be a leading integrated food and agriculture business in the EU. The Group's principal activities are the supply of seed and other agricultural inputs, the production of primary food products, processing and an integrated produce supply chain. Through its primary production subsidiaries, it farms approximately 5,800 hectares in the UK, 30,700 hectares in Poland, 26,200 hectares in the Czech Republic, 16,200 hectares in Romania, and 5,500 hectares in Slovakia. Spearhead's upstream activities include seed sourcing, supply and trading in Central Europe and the UK, as well as importing and selling livestock genetics in Poland. The Group's downstream activities include supply chain management as well as post-harvest processing, most notably vegetable freezing in Poland, and biogas plants in Czech Republic.

The results for the Group show an operating profit before exceptional items of €12.9m (2015 - €4.7m), on revenue from continuing operations of €266.0m (2015 - €141.6m). The exceptional costs of €12.5m (2015 - €3.3m) in the year mainly relate to dairy restructuring in Poland and Slovakia, an onerous contract in UK and professional fees for the group debt refinancing project. The exceptional costs in 2015 mainly relate to transaction costs associated with the acquisition of Spearhead International Limited. The Group incurred foreign exchange losses on financing activities of €6.6m (2015 - €0.1m) which relates to foreign exchange changes on foreign denominated loans and interest in the Company. The Group has net assets of €174.4m (2015 - €197.8m).

Information about the use of financial instruments by the Company and its subsidiaries is given in note 35 to the financial statements. Where appropriate, this includes the use of derivative financial instruments such as forward foreign exchange contracts, futures, puts and options, diesel swaps and interest rate swaps to hedge exposures to changes in wheat, maize, diesel prices, as well as currency exchange rates and interest rates.

BUSINESS ENVIRONMENT

Spearhead's business is reported in three segments; primary production, upstream and downstream.

The 2015/2016 winter was again quite mild across most of the Spearhead region although winterkill impacted on oilseed rape yields in Northern Poland. A very dry May followed by higher than long term average rainfall impacted on yield and quality of wheat in Poland. Better conditions were experienced elsewhere with excellent oilseed rape yields delivered in Czech and Romania. In the UK, a very wet spring and exceptionally poor sunlight in June had a profound negative impact on yields, especially beetroot and processing potatoes.

Milling wheat prices fell from around €190 per tonne in January 2016 to €165 per tonne in March 2016, recovering during June 2016 to €177 per tonne, before falling sharply to a low of €158 per tonne in July 2016. Prices increased briefly to €173 per tonne before falling back to €158 per tonne in late December 2016.

Spearhead's dairy businesses continued to be significantly impacted by low milk prices in the period. The Group reduced its Polish dairy business by 40% and the Slovakian dairy business by 100%. Although milk prices in Poland and Czech recovered at the end of the year, prices are not expected to improve significantly in the medium to long term.

Spearhead's upstream businesses continue to deliver good revenue growth of approximately 9% despite lower commodity prices, with good contributions from Rolimpex, the leading supplier of grass and specialist crop seed in Poland, and Top Farms Agro, the Group's cereal seed business.

STRATEGIC REPORT (CONTINUED)

The downstream vegetable freezing businesses revenues were approximately 4% lower than in 2015. Earnings were negatively impacted by lower sales volumes, lower production volumes (due to poor harvest) and higher storage costs. During the year a new 3,600m² cold store facility was completed at Masfrost. This will allow for continued growth and eliminate the use of external storage costs. The supply chain management business in the UK made a provision for a number of onerous supply contracts which the business had entered into and represents the exceptional costs associated with meeting contractual commitments.

Compared to 2015, there was a significant negative currency impact on Spearhead's results. The Polish Zloty weakened against the Euro by 6% and Sterling weakened by 21% following the Brexit referendum results in the UK.

STRATEGY

The Group's objective is to achieve attractive and sustainable rates of returns and growth from large scale low cost production of high quality agricultural commodities and related products.

The four principal elements to the Group's growth strategy are:

- Give priority to service and other customer requirements;
- Maintain the highest emphasis on food safety and good husbandry;
- Through better management, higher efficiency and technology, achieve lower unit cost of production; and
- Seek opportunities to increase scale in the UK, Central and Eastern Europe, both in core farming activities and in vertically integrated supply chain.

The Group's key competitive advantages continue to be:

- Scale, quality and location of its primary agricultural resources;
- Geographic spread and business mix, mitigating climatic, political and economic risk; and
- Exceptional management with extensive market knowledge and thorough understanding of the local environment.

STRATEGIC DEVELOPMENT

On 1 January 2016 the Group acquired TOP EKOS spol. s r.o. a grain trading business in the Czech Republic (see Note 36).

On 31 October 2016 the Group acquired AGRO-B spol. s r.o. a business with arable production, livestock and a biogas station in the Czech Republic (see Note 36).

The Group continued to invest in key infrastructure, most notably a new 3,600m² cold store at Masfrost, the Polish freezing business.

OUTLOOK

The 2016/17 winter was very cold across most of Central Europe. The potential impact this will have on yields is yet unknown. Prices for commodities have remained stable, slightly above year end values. Milk prices have also started the period slightly above year end values and chemical and fertiliser costs are expected to remain stable. Diesel costs are forecast to be higher than 2016.

During 2017 the Group will seek to continue developing its upstream and downstream business as well as seek further farming acquisitions across the region.

PRINCIPAL RISKS AND UNCERTAINTIES

The major risks inherent in the business are identified below.

Risks are formally reviewed by the Board of Directors and where possible appropriate procedures put in place to monitor and mitigate them.

Natural hazards

The Group's performance is vulnerable in the majority of its activities to natural hazards, such as the effects of climate, pest and disease damage. Climatic effects are mitigated to some extent by land selection, geographical diversity and to a limited extent by irrigation. Pests and diseases are managed through various protection regimes.

Markets

Agricultural commodity markets are notoriously subject to supply and demand variation which can have a major effect on producer margins. The Group has a structurally long position in most of its commodities and its general policy is to seek opportunities to progressively reduce the exposure as the season progresses. The priority is to sell physical product, however some use is made of derivative hedging mechanisms. Markets are closely monitored and trading policy adjusted accordingly.

STRATEGIC REPORT (CONTINUED)

Political

Food production is subject to political intervention, for example an element of income is currently contributed by subsidy. Risk of one country's political intervention is mitigated by operating in a range of countries.

On 29 March 2017, the United Kingdom triggered Article 50 of the Lisbon Treaty activating the process of the United Kingdom leaving the EU (Brexit). The implication of this is not yet known and will be considered in more detail when further information about the impact of Brexit is available.

Food safety

The maintenance of high food safety standards is both a regulatory requirement and a prerequisite for customers. Correct procedures and employee training to achieve this are part of the routine management process.

Reputation

In many areas the Group's commercial strength is founded on its reputation. Integrity, reliability, use of best practice and environmental awareness are each factors of critical importance. The Group's focus on training and development for all staff also helps to build and maintain its good reputation.

Currency

There is considerable currency risk inherent in the business. Trading risks are mitigated by transacting most of our business in the local currency, and by using financial instruments to secure multi-currency transactions and commitments. The Board of Directors does not consider it appropriate to use financial instruments to secure the earnings and balances of overseas entities within the Group for inclusion in the consolidated financial statements at the year end.

KEY PERFORMANCE INDICATORS

The Group's operations include several enterprises and the Board of Directors monitors the progress of these against internal targets and industry benchmarks. At the Group level the progress of the strategy is measured against a limited range of key performance indicators on continuing activities.

	Year ended 31 Dec 2016	Period ended 31 Dec 2015
EBITDA	€32.0m	€14.9m
PBT ¹	€0.2m	€1.3m
LBT	(€12.3m)	(€1.9m)
Return on Capital ¹	0.1%	0.6%
Debt: Equity ratio	72%	63%

¹ Before exceptional items

- EBITDA (earnings before interest, tax, depreciation, amortisation, group management fee, foreign exchange gains or losses, gains or losses on acquisition or disposal of subsidiaries, non-recurring costs and exceptional items), PBT¹ (profit before exceptional items and tax) and LBT (loss before tax) were all impacted principally by lower commodity and milk prices as well as currency.
- Return on Capital being PBT¹ (profit before tax and exceptional items) expressed as a percentage of average net assets decreased due to lower earnings.
- Debt: Equity ratio being net bank and other forms of debt including leasing expressed as a percentage of total equity, increased as a result of greater use of existing short term facilities, due to less cash driven, by lower revenues from commodities and milk.

STRATEGIC REPORT (CONTINUED)

GOING CONCERN

The directors have acknowledged the 2008 guidance on going concern. The Group operates in the agricultural industry, which can be significantly affected by environmental factors. This can cause uncertainty over the timing of the conversion of inventory into sales, and also the quantum of inventory which is available for conversion into sales.

The other principal risks and uncertainties facing the business, which are likely to affect its future development, performance and position, are described within the Strategic Report. In addition, note 35 to the financial statements sets out the Group's objectives, policies and processes for managing its capital and risk management along with details of exposures to credit risk and liquidity risk.

In order to ensure that the Group and Company can meet their liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements, the Board has considered cash flow forecasts for this period, ensuring that these have been appropriately prepared and that they are based on reasonable assumptions.

The Group has cash and cash equivalents of €8.3m as at 31 December 2016, and net current assets of €74.1m at the same date. Given the Group's performance and financial position, and the available headroom apparent in the cash flow forecast, the directors are satisfied with the continued adoption of the going concern basis of preparation for the financial statements.

On 17 March 2017 the Group closed a new Group-level bank refinancing. Further detail is contained in the Events after the balance sheet section of the Directors' Report. The new bank refinancing does not impact the Group's ability to continue as a going concern.

APPROVAL

This report was approved by the Board of Directors on
19 APRIL 2017 and signed on its behalf by:



O Zahn
Director

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 2016.

In accordance with s414C (11) of the Companies Act 2006 the directors have presented future developments and use of financial instruments in the business in the Strategic Report.

RESULTS FOR THE YEAR

The results for the Group show an operating profit before exceptional items of €12.9m (2015 - €4.7m), on revenue from continuing operations of €266.0m (2015 - €141.6m).

DIVIDENDS

No dividends were paid in the year. The directors do not recommend the payment of a final dividend.

GOING CONCERN

The Group adopts the going concern basis of preparation for the financial statements. Further detail is contained within the Strategic Report.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and to the date of this report, except as noted, were as follows:

J C Atkin (Chairman)
W D Paine, III
T J Zdziebkowski (appointed 3 October 2016)
T M C Green
D J Buckeridge
D Browne
O Zahn

None of the directors hold shares in the Company.

DIRECTORS' INDEMNITIES

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

DISABLED EMPLOYEES

It is the Group's policy to give fair consideration to the employment, training and career development of disabled persons and to comply with the current legislation regarding such persons.

EMPLOYEE CONSULTATION

The directors place considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group.

EVENTS AFTER THE BALANCE SHEET

On 17 March 2017 the Group closed a new Group-level bank refinancing. The new facilities totalling €167m comprise senior term loans as well as undrawn facilities to support the Group's existing operations and growth initiatives. The facilities were used to repay all existing senior debt on the completion date and puts in place a *simplified capital structure for the Group and provides enhanced financial and operational flexibility*. These new facilities do not impact the Group's ability to continue as a going concern.

AUDITOR

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

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

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Address of Registered Office:
20-22 Bedford Row
London
WC1R 4JS

By order of the Board



O Zahn
Director

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 such financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P&P SPEARHEAD UK HOLDINGS, LTD

We have audited the financial statements of P&P Spearhead UK Holdings, Ltd for the year ended 31 December 2016 which comprise the consolidated Income Statement, the consolidated and parent company Statements of Comprehensive Income, the consolidated and parent company Balance Sheets, the consolidated and parent company Statements of Changes in Equity, the consolidated and parent company Cash Flow Statements and the related notes 1 to 39. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P&P SPEARHEAD UK HOLDINGS, LTD (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.



Matthew Hughes BSc (Hons) ACA
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

19 April 2017

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2016

	Note	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015* €'000
Continuing operations			
Revenue	5	265,975	141,590
Cost of sales		(242,839)	(131,553)
Gross profit		23,136	10,037
Other operating income	6	723	1,469
Distribution costs		(1,686)	(1,004)
Administrative expenses		(9,278)	(5,780)
Operating profit before exceptional items		12,895	4,722
Exceptional items	7	(12,475)	(3,258)
Operating profit		420	1,464
Investment revenue	5, 12	291	149
Finance costs	13	(6,396)	(3,404)
Foreign exchange loss on financing	13	(6,565)	(120)
Loss before tax		(12,250)	(1,911)
Tax	14	(485)	101
Loss for the year/period	8	(12,735)	(1,810)
Attributable to:			
Owners of the company		(12,767)	(1,800)
Non-controlling interest	31	32	(10)
		(12,735)	(1,810)

* The Company was incorporated on 20 March 2015. This annual report is for the year ended 31 December 2016 with comparatives for the period from 20 March 2015 to 31 December 2015. On 16 June 2015 the Company acquired 100% of the share capital of Spearhead International Limited. Therefore the results for the group for 2015 relate to the period 16 June 2015 to 31 December 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Items that may be reclassified subsequently to profit or loss:		
(Losses)/gain on cash flow hedges	(156)	500
Exchange loss on translation of foreign operations	(1,952)	(915)
Other comprehensive expense for the year/period	(2,108)	(415)
Loss for the year/period	(12,735)	(1,810)
Total comprehensive expense for the year/period	(14,843)	(2,225)
Attributable to:		
Owners of the company	(14,873)	(2,215)
Non-controlling interest	30	(10)
	(14,843)	(2,225)

The components of other comprehensive expense for the year are net of tax.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	Note	Year ended 31 Dec 2016 £'000	Period ended 31 Dec 2015 £'000
Profit for the year/period	15	2,318	2,362
Total comprehensive income for the year/period		2,318	2,362

The components of other comprehensive income for the year are net of tax.

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Note	2016 €'000	2015 €'000
Non-current assets			
Goodwill	16	39,586	38,958
Other intangible assets	17	24,671	23,928
Property, plant and equipment	18	130,392	132,730
Investments	19	475	378
Deferred tax assets	25	735	1,343
Derivative financial instruments	24	13	47
		195,872	197,384
Current assets			
Inventories	20	79,408	75,035
Biological assets	21	28,596	34,593
Trade and other receivables	22	48,975	65,053
Cash and cash equivalents	22	8,265	19,367
Derivative financial instruments	24	881	356
		166,125	194,404
Total assets		361,997	391,788
Current liabilities			
Borrowings	23	42,163	52,018
Trade and other payables	27	41,207	38,222
Current tax liabilities		620	1,451
Obligations under finance leases	26	4,209	4,472
Provisions	28	3,414	-
Derivative financial instruments	24	454	148
		92,067	96,311
Net current assets		74,058	98,093
Non-current liabilities			
Borrowings	23	80,653	77,929
Deferred tax liabilities	25	3,683	5,864
Obligations under finance leases	26	7,453	9,131
Trade and other payables		3,519	4,517
Derivative financial instruments	24	203	197
		95,511	97,638
Total liabilities		187,578	193,949
Net assets		174,419	197,839
Equity			
Share capital		191,276	199,907
Hedging and translation reserves	30	(3,863)	(554)
Retained losses		(13,262)	(1,661)
Equity attributable to the owners of the company		174,151	197,692
Non-controlling interest	31	268	147
Total equity		174,419	197,839

The financial statements of P&P Spearhead UK Holdings, Ltd, registered number 09501001, were approved by the Board of Directors and authorised for issue on 19 APRIL 2017



O Zahn
Director

COMPANY BALANCE SHEET

As at 31 December 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Investments	19	178,100	178,100
		178,100	178,100
Current assets			
Trade and other receivables	22	737	10,731
Cash and cash equivalents	22	87	30
		824	10,761
Total assets		178,924	188,861
Current liabilities			
Trade and other payables	27	1,103	12,504
		1,103	12,504
Net current liabilities		(279)	(1,743)
Non-current liabilities			
Borrowings	23	37,098	31,814
		37,098	31,814
Total liabilities		38,201	44,318
Net assets		140,723	144,543
Equity			
Share capital	29	136,043	142,181
Retained earnings		4,680	2,362
Total equity		140,723	144,543

The profit for the financial year in the financial statements of the Company was £2,318,000 (2015 - £2,362,000).

The financial statements of P&P Spearhead UK Holdings, Ltd, registered number 09501001, were approved by the Board of Directors and authorised for issue on 19 APRIL 2017



O Zahn
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2016

	Share capital	Hedging reserve (note 30)	Translation reserve (note 30)	Retained loss	Total	Non- controlling interest (note 31)	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Recognised on acquisition of subsidiary	-	-	-	-	-	157	157
Loss for the period	-	-	-	(1,800)	(1,800)	(10)	(1,810)
Other comprehensive income/(expense) for the period	-	500	(1,054)	139	(415)	-	(415)
Total comprehensive income/(expense) for the period	-	500	(1,054)	(1,661)	(2,215)	(10)	(2,225)
Issue of share capital	199,907	-	-	-	199,907	-	199,907
Balance at 1 January 2016	199,907	500	(1,054)	(1,661)	197,692	147	197,839
Loss for the year	-	-	-	(12,767)	(12,767)	32	(12,735)
Other comprehensive income/(expense) for the year	-	(238)	(3,071)	1,203	(2,106)	(2)	(2,108)
Total comprehensive income/(expense) for the year	-	(238)	(3,071)	(11,564)	(14,873)	30	(14,843)
Reduction of share capital	(8,631)	-	-	-	(8,631)	-	(8,631)
Dividends	-	-	-	-	-	(16)	(16)
Adjustment arising from change in non-controlling interest	-	-	-	(37)	(37)	107	70
Balance at 31 December 2016	191,276	262	(4,125)	(13,262)	174,151	268	174,419

COMPANY STATEMENT OF CHANGES IN EQUITY

As at 31 December 2016

	Share capital (Note 29) £'000	Retained Earnings £'000	Total £'000
Profit for the period	-	2,362	2,362
Total comprehensive income for the period	-	2,362	2,362
Issue of share capital	142,181	-	142,181
Balance at 1 January 2016	142,181	2,362	144,543
Profit for the year	-	2,318	2,318
Total comprehensive income for the year	-	2,318	2,318
Reduction of share capital	(6,138)	-	(6,138)
Balance at 31 December 2016	136,043	4,680	140,723

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2016

	Note	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Loss for the year/period	32	(12,735)	(1,810)
Non-cash items	32	16,714	(5,270)
Operating cash flows before movements in working capital	32	3,979	(7,080)
Net movements in working capital	32	15,494	(1,479)
Cash generated from/(used in) operations	32	19,473	(8,559)
Income taxes repaid/(paid)	32	3,439	(1,027)
Interest paid	32	(6,396)	(3,404)
Net cash generated from/(used in) operating activities	32	16,516	(12,990)
Investing activities			
Interest received		291	149
Dividends received from investments		5	7
Proceeds from disposal of subsidiary		-	2,883
Proceeds on disposal of property, plant and equipment		11,983	1,177
Purchases of property, plant and equipment		(14,727)	(5,069)
Purchase of intangible assets		(700)	(12)
Acquisition of shares in subsidiaries net of cash acquired	36	(6,126)	(222,667)
Acquisition of additional shares in subsidiaries		(107)	-
Net cash used in investing activities		(9,381)	(223,532)
Financing activities			
Repayments of borrowings		(20,831)	(32,149)
Repayment of obligations under finance leases		(4,804)	(2,647)
Proceeds on issue of shares		-	199,907
New bank loans		21,936	73,788
(Decrease)/increase in bank overdrafts		(10,167)	15,232
Net cash (used in)/generated from financing activities		(13,866)	254,131
Net (decrease)/increase in cash and cash equivalents		(6,731)	17,609
Cash and cash equivalents at beginning of year/period		19,367	-
Effect of foreign exchange rate changes		(4,371)	1,758
Cash and cash equivalents at end of year/period		8,265	19,367

COMPANY CASH FLOW STATEMENT

Year ended 31 December 2016

	Note	Year ended 31 Dec 2016 £'000	Period ended 31 Dec 2015 £'000
Profit for the year/period	32	2,318	2,362
Non-cash items	32	(4,252)	(5,044)
Operating cash flows before movements in working capital	32	(1,934)	(2,682)
Net movements in working capital	32	(7,546)	1,773
Cash used in operations	32	(9,480)	(909)
Income taxes repaid	32	528	-
Interest paid	32	(2,851)	(1,384)
Net cash used in operating activities	32	(11,803)	(2,293)
Investing activities			
Interest received		1	1
Dividends received from subsidiaries		11,859	6,426
Acquisition of shares in subsidiaries		-	(178,100)
Net cash generated from/(used in) investing activities		11,860	(171,673)
Financing activities			
Repayment of borrowings		-	(15,000)
Proceeds on issue of shares		-	142,181
(Used in)/new bank loans raised		-	46,815
Net cash generated from financing activities		-	173,996
Net increase in cash and cash equivalents		57	30
Cash and cash equivalents at beginning of year/period		30	-
Cash and cash equivalents at end of year/period		87	30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2016

1. GENERAL INFORMATION

P&P Spearhead UK Holdings, Ltd was incorporated on 20 March 2015. This annual report is for the year ended 31 December 2016 with comparatives for the period from 20 March 2015 to 31 December 2015. P&P Spearhead UK Holdings, Ltd is a company incorporated in the United Kingdom under the Companies Act. The company is a private company limited by shares and is registered in England and Wales. The address of the registered office is 20-22 Bedford Row, London, WC1R 4JS. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

The Company financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment of the Company. The Group financial statements are presented in Euros because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

2. ADOPTION OF NEW AND REVISED STANDARDS

Amendments to IFRSs that are mandatorily effective for the current year
In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the amounts or disclosures reported in these financial statements except for Amendments to IAS 16 and IAS 41 (Jun 2014) where bearer plants are now treated prospectively as property, plant & equipment and depreciated accordingly instead of being accounted for at their fair value less cost to sell in biological assets.

Amendments to IFRS 10, IFRS
and IAS 28 (Dec 2014)

Investment Entities: Applying the Consolidation Exception

Amendments to IAS 1 (Dec 2014)

Disclosure Initiative

Annual Improvements to IFRSs:
2012-2014 Cycle (Sept 2014)

Annual Improvements to IFRSs: 2012-2014 Cycle

Amendments to IAS 27 (Aug 2014)

Equity Method in Separate Financial Statements

Amendments to IAS 16 and IAS 41

Agriculture: Bearer Plants

Amendments to IAS 16 and IAS 38

Clarification of Acceptable Methods of Depreciation and Amortisation

(May 2014)

Amendments to IFRS 11 (May 2014)

Accounting for Acquisitions of Interests in Joint Operations

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
Annual Improvements to IFRSs: 2014-16 Cycle (Dec 2016)	Annual Improvements to IFRSs: 2014-16 Cycle
Amendments to IAS 40 (Dec 2016)	Transfers of Investment Property
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 4 (Sept 2016)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 2 (Jun 2016)	Classification and Measurement of Share-based Payment Transactions
Clarifications to IFRS 15 (Apr 2016)	Clarifications to IFRS 15 Revenue from Contracts with Customers
Amendments to IAS 7 (Jan 2016)	Disclosure Initiative
Amendments to IAS 12 (Jan 2016)	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 10 and IAS 28 (Sep 2014)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 14	Regulatory Deferral Accounts

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments; IFRS 15 may have an impact on revenue recognition and related disclosures; and IFRS 16 will have an impact on the presentation and disclosure of operating leases in the financial statements. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and share-based payments. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. 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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the non-controlling party's share of changes in equity since the date of the combination. Losses applicable to the non-controlling shareholders in excess of the non-controlling shareholders' interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Strategic Report.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) *Business Combinations*, are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

The interest of non-controlling shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Once control has been obtained, gains or losses arising on any further interests acquired in the business, being the sum of the consideration transferred, less the fair value of the non-controlling interest acquired, are recognised directly within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired business, and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. Goodwill is not amortised but is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is assigned to the relevant cash-generating units. Cash-generating units to which goodwill has been assigned are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sale of goods

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

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

Sale of services

Revenue from a contract to provide services is recognised in line with the completion of the work.

Government grants

Unconditional government grants related to biological assets are recognised in the income statement when the grant becomes receivable. Conditional government grants related to biological assets are recognised when the conditions attached to the grant are met and there is reasonable assurance that the grant will be received.

Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

Rental income from property, plant and equipment

Rentals are charged to revenue on a straight-line basis over the term of the relevant lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest income

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.

Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Operating profit

Operating profit is stated before investment income and finance costs.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

Functional and presentation currency

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Euro, which is the presentation currency for the consolidated financial statements.

Transactions and balances

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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 below under financial instruments / hedge accounting); and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Exceptional items

Exceptional items consists of unusual one-off items.

Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. In accordance with adoption of Amendments to IAS 16 and IAS 41 (Jun 2014), bearer plants are now treated prospectively as property, plant & equipment. Depreciation is provided on property, plant and equipment other than freehold land to write off their cost less estimated residual value, over their estimated useful lives, on the following basis:

Freehold properties	: 20 to 50 years straight-line
Short leasehold properties	: minimum lease periods
Plant and equipment	: 3 to 15 years straight-line/reducing balance.
Bearer plants	: Bearer plants are depreciated over the economic life of the plant but not longer than the land lease period.

Freehold land is not depreciated.

Residual values are the estimated amount that the Group would obtain from disposal of the asset, after deducting estimated costs of the disposal, if the asset were already of the age and in the condition expected at the end of its useful life, based on prices prevailing at the balance sheet date.

Assets in the course of construction for production, rental or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Intangible assets excluding goodwill

Other intangible assets are measured initially at purchase cost and are amortised as follows:

Beneficial leases	: over the term of the leases
Brand	: 5 years straight-line
Acquired customer lists	: 5 years straight-line

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Biological assets

Crops before the point of harvest such as wheat, barley and potatoes and livestock (primarily cattle) are classified as biological assets. Bearer plants such as orchards and miscanthus plants are treated as property, plant & equipment and the produce from the bearer plants are treated as biological assets. In accordance with the requirements of IAS 41 *Agriculture*, all biological assets are held at net fair value. The net fair value of livestock is based on the estimated market value less estimated selling costs. The estimate of net fair value of crops is based on the historical cost until sufficient biological transformation has taken place to indicate that cost is no longer equal to net fair value. Thereafter the fair value is based on a discounted cash flow model applied to expected crop yield using the estimated market values less estimated selling costs. The point at which sufficient biological transformation has taken place requires the use of estimates. Different assumptions around the growth patterns could cause the recorded net fair value of biological assets to differ. The Group is of the opinion that where little biological transformation has occurred then cost equates to net fair value.

A gain or loss arising on initial recognition of a biological asset at net fair value is included in profit or loss for the period in which it arises.

Inventories

Readily marketable inventories of harvested crops, which consist of merchandisable agricultural commodities, such as wheat, oilseed rape and corn maize, after the point of harvest are stated at net realisable value. These merchandisable agricultural commodities are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. A change in the market value of merchandisable agricultural commodities is recognised in profit or loss in the period which it arises.

Other inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The deemed cost of agricultural produce harvested from biological assets is measured at its fair value less estimated point-of-sale costs at the point of harvest. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a) Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets and liabilities at FVTPL

Financial assets/liabilities are classified as at FVTPL where the financial asset/liability is either held for trading or it is designated as at FVTPL.

A financial asset or liability is classified as held for trading if:

- it has been acquired/incurred principally for the purpose of selling/repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset/liability other than a financial asset/liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset/liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets/liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned/paid on the financial asset/liability. Fair value is determined in the manner described in note 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period (as disclosed in note 22), as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

b) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

c) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to changes in commodity prices, interest rate and foreign exchange rate risk, including wheat futures, foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 35 to the financial statements.

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 balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments (derivatives) as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 35 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity and note 30.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'revenue' line of the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, 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.

Fair value of biological assets

The Group produces various crops in numerous countries. In accordance with the requirements of IAS 41 *Agriculture* all biological assets are held at net fair value. The estimate of net fair value of these crops is based on the historical cost until sufficient biological transformation has taken place to indicate that cost is no longer equal to net fair value. Thereafter the fair value is based on a discounted cash flow model applied to expected crop yield using the estimated market values less estimated selling costs. The point at which sufficient biological transformation has taken place requires the use of estimates. Different assumptions around the growth patterns could cause the recorded net fair value of biological assets to differ.

If the Group used different methods or factors to estimate market values and costs to sell, amounts reported as biological assets could differ. Additionally, if market conditions change subsequent to the year end, amounts recognised as biological assets and cost of goods sold could differ.

The estimated crop yield at the balance sheet date could differ from actual yields due to the effect of natural hazards, such as climate, pest and disease damage. The yield is particularly sensitive to climate effects in the weeks immediately before the point of harvest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Identification and valuation of intangibles on acquisition

On acquisition of a subsidiary in a business combination the Group assess if the assets acquired include intangible assets such as customer lists, brand name and beneficial lease arrangements. The accounting for intangible assets acquired in a business combination is particularly challenging for a number of reasons; intangible assets are by nature less detectable than tangible ones, many are not recognised in the acquiree's pre-combination financial statements and determining their fair value usually involves estimation techniques as quoted prices are rarely available.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated impairment of goodwill, property, plant and equipment and intangible assets

The Group tests on an annual basis whether goodwill has suffered any impairment, in accordance with the accounting policy in note 3. The recoverable amounts of cash-generating units have been determined based on value in use calculations. The recoverable value of property, plant and equipment and intangible assets are also assessed according to the same rules, where indication of impairment has been identified. These calculations require the use of estimates, in particular in relation to the expected sales, discount rates and raw material and lease costs.

Impairment of trade accounts receivable

The Group evaluates the collectability of accounts receivable and records an impairment if it is determined that the collection is doubtful. Factors taken into consideration when assessing individual accounts include the ageing profile of the amounts receivable in comparison to the credit terms provided to the customer, the financial position and collection history with the customer, market conditions, current trends and any specific customer collection issues. Different assumptions, changes in the economic circumstances or the deterioration of the financial condition of the customers could result in additional provisions and an increase in bad debt expense.

Impairment of investments

The Company evaluates the recoverability of its investments and records an impairment if it is determined that the carrying value of any investment exceeds its recoverable amount. The recoverable amounts of investment have been determined based on value in use calculations based on forecast future cash flows. These calculations require the use of estimates, in particular in relation to the expected sales, discount rates and raw material and lease costs.

Onerous contracts provision

The Group has evaluated and estimated the full cost of completing commitments to a number of onerous supply contracts which the company had entered into, which represents the exceptional costs associated with meeting contractual commitments. The Company has provided the full loss on completing these as per IAS 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

5. REVENUE

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

	Note	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Continuing operations			
Sales of goods		246,972	138,877
Grant income	8	16,638	1,268
Insurance compensation		1,593	986
Rental income from property, plant and equipment		772	459
		265,975	141,590
Investment revenue	12	291	149
		266,266	141,739

6. OTHER OPERATING INCOME

	Note	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Profit on disposal of land		-	1,310
Other		723	159
		723	1,469

7. EXCEPTIONAL ITEMS

	Note	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Dairy restructuring		(6,541)	-
Debt refinancing		(1,067)	-
Losses on onerous trading contracts	28	(4,090)	-
Employee related claim	28	(256)	-
Reorganisation and redundancies		(429)	-
Merger transactions		(92)	-
Transaction costs		-	(3,781)
Loss on fair value of livestock		-	(510)
Gain on disposal of a subsidiary	8	-	1,033
		(12,475)	(3,258)

Dairy restructuring

The closure of the dairy units in Poland and Slovakia resulted in the sale of animals, impairment and sale of assets and redundancy of some employees.

Debt refinancing

The Group is undertaking a refinancing of its debt facilities and has provided for professional fees incurred in relation to this.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

7. EXCEPTIONAL ITEMS (CONTINUED)

Losses on onerous trading contracts

There have been onerous contracts identified which comprise sales contracts with customers with no matched supplier. This has been exacerbated due to low volumes of potatoes in the market place following poor yields on the 2016 crop. In addition to this further costs have been incurred delivering the contractual commitments. Some of these costs include provisions for the final delivery of these sales contracts through to July 2017 (see note 28).

Employee related claim

This relates to a potential employee related claim from previous years in a subsidiary company, with the final outcome unknown. A provision has been made for this (see note 28).

Business reorganisation

Restructuring of the business in the UK led to the redundancy of some employees.

Merger transactions

This relates to costs in merging subsidiaries in our Romanian operations (see note 19).

8. LOSS FOR THE YEAR/PERIOD

Loss for the year/period has been arrived at after charging/(crediting):

		Year ended 31 Dec 2016	Period ended 31 Dec 2015
	Note	€'000	€'000
Net foreign exchange loss		6,565	120
Depreciation of property, plant and equipment	18	13,939	7,661
Impairment on property, plant and equipment	18	4,260	-
Reversal of Impairment of assets	18	(180)	-
Amortisation of intangible assets	17	2,665	1,388
Gain on disposal of subsidiary	7	-	(1,033)
Gain on disposal of property, plant and equipment		(1,176)	(1,574)
Cost of inventories recognised as expense		145,377	99,216
Write down of inventories recognised as an expense		210	-
Reversal of write down of inventories recognised in the year/period		(152)	-
Staff costs	10	33,266	19,389
Impairment loss recognised on trade receivables		444	424
Reversal of impairment losses recognised on trade receivables		(82)	-
Grant income	5	(16,638)	(1,268)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

9. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Statutory audit fees: Consolidated group financial statements		
- Deloitte LLP	105	265
Statutory audit fees: Other entity financial statements		
- Deloitte LLP and other member firms of Deloitte Touche Tohmatsu	228	273
- VGD-AVOS AUDIT s.r.o.	19	17
Total statutory audit fees	352	555
Non-statutory audit fees: Deloitte LLP and other member firms of Deloitte Touche Tohmatsu		
- Tax services	37	56
- Tax advisory	83	-
- Other services	33	48
Non-statutory audit fees: VGD-AVOS AUDIT s.r.o.		
- Other	3	-
Total non-statutory audit fees	156	104

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

10. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	Year ended 31 Dec 2016 Number	Period ended 31 Dec 2015 Number
Production	1,554	1,656
Management and administration	315	296
	1,869	1,952

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Their aggregate remuneration comprised:		
Wages and salaries	27,104	15,629
Social security costs	5,202	3,596
Other pension costs (note 34)	203	164
Compensation for loss of office	757	-
	33,266	19,389

11. DIRECTORS' REMUNERATION AND TRANSACTIONS

Aggregate directors' remuneration

The total amounts for directors' remuneration were as follows:

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Emoluments	1,123	475
Money purchase pension contributions	18	41
	1,141	516

As at 31 December 2016 3 directors (2015 – 2) have B shares in P&P Spearhead Jersey Holdings Ltd including the highest paid director.

Highest paid director

The total remuneration for the highest paid director was as follows:

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Emoluments	373	218
Money purchase pension contributions	10	22
	383	240

Directors' pension entitlements

	Year ended 31 Dec 2016 Number	Period ended 31 Dec 2015 Number
Directors who are members of money purchase schemes	2	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

12. INVESTMENT REVENUE

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Bank deposits	291	149

Investment revenue earned on financial assets analysed by category of asset, is as follows:

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Loans and receivables (including cash and bank balances)	291	149

13. FINANCING COSTS

Finance costs

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Interest on bank overdrafts and loans	5,673	3,075
Interest on obligations under finance leases	599	231
Other	124	98
	6,396	3,404

Foreign exchange loss on financing

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Foreign exchange loss on financing	6,565	120

The foreign exchange loss on financing mainly relates to foreign exchange changes on the foreign denominated loan and interest in the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

14. TAX

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Current tax		
UK corporation tax	20	33
Foreign tax	1,813	1,534
	1,833	1,567
Deferred tax (note 25)		
Origination and reversal of timing differences	(1,348)	(1,668)
	485	(101)

Corporation tax is calculated at 20.00% (2015 - 20.04%) of the estimated assessable loss for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year/period can be reconciled to the loss per the consolidated income statement as follows:

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Loss before tax	(12,250)	(1,911)
Tax at the blended UK corporation tax rate of 20.00% (2015: 20.04%)	(2,450)	(383)
Tax effect of:		
Expenses not deductible for tax purposes	2,288	6,946
Income not taxable (principally agricultural income not taxable in Poland)	(834)	(4,889)
Utilisation/recognition of tax losses	1,557	(1,064)
Effect of overseas tax rates	(96)	(711)
Adjustment in respect of prior years	20	-
Tax expense for the year/period	485	(101)

The standard rate of tax applied to the reported loss on ordinary activities is 20%. The applicable UK tax rate has changed following the substantive enactment of the Finance Act 2013. Finance (No. 2) Act 2015 enacted a further reduction in the UK corporation tax rate to 19% with effect from 1 April 2017 and Finance Act 2016 enacted another reduction in the UK corporation tax rate to 17% with effect from 1 April 2020. These changes to UK corporation tax rates impact the closing deferred tax position for 2016.

15. PROFIT ATTRIBUTABLE TO THE COMPANY

As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented in respect of the parent company. The profit attributable to the Company is disclosed below the Company's balance sheet. The auditor's remuneration for audit and other services is disclosed in note 9 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

16. GOODWILL

Group	2016 €'000	2015 €'000
Cost		
At 1 January	38,958	-
Recognised on acquisition of subsidiaries	3,364	39,539
Exchange differences	(2,736)	(581)
At 31 December	39,586	38,958
Accumulated impairment losses	-	-
Carrying amount		
At 31 December	39,586	38,958

No goodwill was held by the Company at 31 December 2016 (2015 - £nil).

Goodwill acquired in a business combination is allocated, at acquisition, to the relevant cash-generating unit (CGU) expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2016 €'000	2015 €'000
Upstream	2,874	3,106
Primary production	31,578	33,942
Downstream	5,134	1,910
	39,586	38,958

The Group tests goodwill annually at each financial year end for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the growth rates and expected changes to selling prices and direct costs during the forecast period. The growth rates are based on management experience and expectations of future changes in the market. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group has conducted a sensitivity analysis on the impairment tests of each CGU's carrying value. A cut in the forecast profits by the following rates would result in the recoverable amount of goodwill being reduced to its carrying value.

	2016 %	2015 %
Upstream	16	16
Primary production	33	35
Downstream	1	14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

16. GOODWILL (CONTINUED)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the board for the next year and extrapolates cash flows for the following nine years based on estimated growth in earnings of 2-3% in line with expected inflation. This rate does not exceed the average long-term growth rate for the relevant markets. Cash flows are then assumed in perpetuity.

The post-tax rate used to discount the forecast cash flows from the CGUs is 10% (2015: 10%).

The recoverable amount of the downstream unit exceeds the carrying value by €349,000 (refer to table for sensitivity analysis of carrying values). The downstream unit's carrying amount would exceed its recoverable amount if a change in a key assumption on which the downstream unit's recoverable amount is based on occurs. The key assumptions are for the downstream unit to meet profitability targets set out in the Group strategy and the inputs used in the calculation of the weighted average cost of capital used in these calculations. A 1% change to the weighted average cost of capital would trigger an impairment.

17. OTHER INTANGIBLE ASSETS

Group	Beneficial leases €'000	Other €'000	Total €'000
Cost			
Recognised on acquisition of subsidiary	23,881	1,659	25,540
Additions	12	-	12
Exchange differences	(208)	(32)	(240)
At 1 January 2016	23,685	1,627	25,312
Recognised on acquisition of subsidiary	-	3,614	3,614
Additions	-	700	700
Exchange differences	(863)	(135)	(998)
At 31 December 2016	22,822	5,806	28,628
Amortisation			
Charge for the period	1,332	56	1,388
Exchange differences	6	(10)	(4)
At 1 January 2016	1,338	46	1,384
Charge for the year	2,549	116	2,665
Exchange differences	(98)	6	(92)
At 31 December 2016	3,789	168	3,957
Carrying amount			
At 31 December 2015	22,347	1,581	23,928
At 31 December 2016	19,033	5,638	24,671

Other intangible assets relate to brands, customer lists and long term contracts.

The amortisation charge for the year is recognised within cost of sales in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

18. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties €'000	Short leasehold properties €'000	Assets under construction €'000	Plant and equipment €'000	Total €'000
Cost					
Recognised on acquisition of subsidiaries	90,824	261	2,784	50,958	144,827
Additions	1,512	26	2,358	3,610	7,506
Disposals	(10,506)	-	-	(751)	(11,257)
Exchange differences	(301)	(4)	(16)	(534)	(855)
At 1 January 2016	81,529	283	5,126	53,283	140,221
Recognised on acquisition of subsidiaries	2,638	-	55	944	3,637
Additions	1,975	28	8,989	6,597	17,589
Disposals	(956)	-	(11)	(1,413)	(2,380)
Transfers between categories	5,595	-	(11,006)	5,411	-
Bearer plants reclassified from biological assets	-	-	-	460	460
Reversal of impairment	-	-	-	180	180
Exchange differences	(1,995)	(24)	(76)	(2,539)	(4,634)
At 31 December 2016	88,786	287	3,077	62,923	155,073
Accumulated depreciation					
Charge for the period	1,831	39	-	5,791	7,661
Release on disposals	(1)	-	-	(95)	(96)
Exchange differences	(11)	(1)	-	(62)	(74)
At 1 January 2016	1,819	38	-	5,634	7,491
Charge for the year	3,482	54	-	10,403	13,939
Release on disposals	(39)	-	-	(399)	(438)
Impairment	3,983	-	-	277	4,260
Transfers between categories	4	-	-	(4)	-
Exchange differences	(155)	(7)	-	(409)	(571)
At 31 December 2016	9,094	85	-	15,502	24,681
Carrying amount					
At 31 December 2015	79,710	245	5,126	47,649	132,730
At 31 December 2016	79,692	202	3,077	47,421	130,392

Included within freehold properties is freehold land not depreciated with a carrying value of €18,862,000 (2015 - €18,080,000). Included within plant and equipment is bearer plants with cost of €460,000 (2015 - £nil) and a carrying value of €294,000 (2015 - £nil).

Freehold land and buildings and plant and machinery with a carrying amount of €56,417,000 (2015 - €59,976,000) has been pledged to secure borrowings of the Group (see note 23). Freehold land and buildings have been pledged as security for bank loans under a mortgage. The Group is not permitted to pledge these assets as security for other borrowings or to sell them to another entity.

In addition, the Group's obligations under finance leases (note 26) are secured by the lessors' title to the leased assets, which have a carrying amount of €15,793,000 (2015 - €17,426,000).

At 31 December 2016 the Group was committed to capital expenditure of €543,000 (2015 - €288,000) which was contracted for but not provided for.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

19. INVESTMENTS

Group	Other investments €'000
Cost and net book value	
Recognised on acquisition of subsidiary	378
Additions	3
Exchange differences	(3)
At 1 January 2016	378
Additions	301
Disposals	(192)
Exchange differences	(12)
At 31 December 2016	475

Company	Unlisted shares £'000
Cost and net book value	
Acquisition of a subsidiary	178,100
At 1 January 2016 and at 31 December 2016	178,100

Unlisted shares at 31 December 2016 represent:

	Principal activity	Country of incorporation	Registered Office address	Description of holding	% held
Spearhead International Limited	Holding	England and Wales	#1	Ordinary shares	100

Spearhead International Limited is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered office address	Description of holding	% held
Greens of Soham Limited	Holding	England and Wales	#1	Ordinary shares	100
Farmwealth Limited	Holding	England and Wales	#1	Ordinary shares	100
Spearhead Czech s.r.o.	Holding	Czech Republic	#2	Ordinary shares	100
S.C. Agrinatura S.R.L. (formerly known as S.C. Dunarea Farms S.R.L.)	Holding	Romania	#3	Ordinary shares	100
Spearhead Academy Limited	Inactive	England and Wales	#1	Ordinary shares	100
SPEARHEAD SLOVAKIA, s.r.o.	Holding	Slovakia	#4	Ordinary shares	89
GREEN POINT, spol. s r.o.	Primary production	Slovakia	#4	Ordinary shares	89
Radar s.r.o.	Primary production	Slovakia	#5	Ordinary shares	11
Spearhead d.o.o	Inactive	Serbia	#6	Ordinary shares	100

Spearhead International Limited owns 89% of SPEARHEAD SLOVAKIA, s.r.o. and Farmwealth Limited owns the remaining 11%. Spearhead International Limited owns 89% of GREEN POINT, spol. s r.o. and SPEARHEAD SLOVAKIA, s.r.o. owns the remaining 11%. Spearhead International Limited owns 11% of Radar s.r.o. and GREEN POINT, spol. s r.o. owns the remaining 89%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

19. INVESTMENTS (CONTINUED)

The following shareholdings are in the ordinary shares of investments:

Greens of Soham Limited is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
Greenseed International Limited	Primary production	England and Wales	#1	100
ProSeed International Limited	Dormant	England and Wales	#1	100
Spearhead Marketing Limited	Supply chain management	England and Wales	#1	100
Greens Farming Limited	Primary production	England and Wales	#1	100
D C Produce Limited	Marketing	England and Wales	#1	100
Javelin Potatoes Limited	Inactive	England and Wales	#1	100
Lords Ground Potato Services Limited	Dormant	England and Wales	#1	100
Pangpride Limited	Dormant	England and Wales	#1	100
Hay-Tek Limited	Dormant	England and Wales	#1	100

Farmwealth Limited is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
Top Farms Sp. z o.o.	Primary production	Poland	#7	100
Top Farms Głubczyce Sp. z o.o.	Primary production	Poland	#8	100
Top Gen Sp. z o.o.	Trading	Poland	#8	88
Top Farms Agro Sp. z o.o.	Trading	Poland	#7	99
Agrosales s.r.o.	Trading	Czech Republic	#9	100
Nasiennictwo Inwestycje Sp. z o.o.	Trading	Poland	#10	100
Jagrol Sp. z o.o.	Primary production	Poland	#11	100
Agro-Fundusz Mazury Sp. z o.o.	Primary production	Poland	#12	100
Top Farms Mechanizacja Sp. z o.o.	Inactive	Poland	#12	99
Top Farms Mazury Sp. z o.o.	Holding	Poland	#12	100
Rolimpex S.A.	Trading	Poland	#13	100
Top Farms Mazury II Sp. z o.o.	Primary production	Poland	#12	100
Top Farms Mazury III Sp. z o.o.	Inactive	Poland	#12	100
Top Farms Mazury IV Sp. z o.o.	Inactive	Poland	#12	100
Top Farms Food I Sp. z o.o.	Holding	Poland	#7	100
Masfrost Ziębice Sp. z o.o.	Processing	Poland	#14	100
Top Farms Food II Sp. z o.o.	Holding	Poland	#7	100
Masfrost Sp. z o.o.	Processing	Poland	#15	100
Top Farms CUW Sp. z o.o.	Marketing	Poland	#7	100
Top Farms Wielkopolska Sp. z o.o.	Primary production	Poland	#16	100
Wielkopolska Grupa Buraka Cukrowego Sp. z o.o.	Marketing	Poland	#7	100
Wielkopolska Grupa Ziemniaczana Sp. z o.o.	Marketing	Poland	#7	99
Wielkopolska Grupa Mleczna Sp. z o.o.	Marketing	Poland	#7	99
SPEARHEAD SLOVAKIA, s.r.o.	Holding	Slovakia	#4	11

During the year ended 31 December 2016, the operations of Wielkopolska Grupa Zbożowa Sp. z o.o., Wielkopolska Grupa Nasienna Sp. z o.o. and Wielkopolska Grupa Roślin Oleistych Sp. z o.o. were merged into the newly incorporated entity Top Farms CUW Sp. z o.o. Spearhead International Limited owns 89% of SPEARHEAD SLOVAKIA, s.r.o. and Farmwealth Limited owns the remaining 11%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

19. INVESTMENTS (CONTINUED)

Spearhead Czech s.r.o. is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
EUROFARMS, s.r.o.	Primary production	Czech Republic	#9	100
SALIX MORAVA a.s.	Primary production	Czech Republic	#2	100
AGROSUMAK a.s.	Primary production	Czech Republic	#17	100
Agro – družstvo MORAVA	Primary production and biogas	Czech Republic	#18	100
AGRO-B spol. s r.o.	Primary production and biogas	Czech Republic	#19	100
TOP EKOS spol. s r.o.	Trading	Czech Republic	#20	75
ODRG s.r.o.	Inactive	Czech Republic	#2	100
POTATO, s.r.o.	Inactive	Czech Republic	#9	100

During the year ended 31 December 2016, the Group acquired TOP EKOS spol. s r.o. and AGRO-B spol. s r.o. (see note 36).

S.C. Agrinatura S.R.L. (formerly known as S.C. Dunarea Farms S.R.L) is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
S.C. Silosud S.A.	Trading	Romania	#3	100
S.C. Agrinatura Serv S.R.L.	Primary production	Romania	#3	70
S.C. Agroservice Piatra S.A.	Primary production	Romania	#21	55
S.C. Agrifarm Aliprod S.R.L.	Primary production	Romania	#3	100
S.C. Independenta G&T Prest S.R.L.	Primary production	Romania	#22	100
S.C. Agronica S.R.L.	Primary production	Romania	#3	100
S.C. Agritac S.R.L.	Primary production	Romania	#3	100

During the year ended 31 December 2016, S.C. Independenta G&T Prest S.R.L. was incorporated in Romania and the Romanian group structure was simplified which included merging the operations of S.C. Agrinatura S.A., S.C. Bit Bad Agricultura S.R.L. and S.C. Agromec Draganesti S.A. into S.C. Agrinatura S.R.L. (formerly known as S.C. Dunarea Farms S.R.L).

GREEN POINT, spol. s r.o. is the holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
Radar s.r.o.	Primary production	Slovakia	#5	89

Spearhead International Limited owns 11% of Radar s.r.o. and GREEN POINT, spol. s r.o. owns the remaining 89%.

SPEARHEAD SLOVAKIA, s.r.o. is the holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
Poľnohospodárske družstvo Podhorany	Primary production	Slovakia	#23	98
GREEN POINT, spol. s r.o.	Primary production	Slovakia	#4	11

Spearhead International Limited owns 89% of GREEN POINT, spol. s r.o. and SPEARHEAD SLOVAKIA, s.r.o. owns the remaining 11%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

19. INVESTMENTS (CONTINUED)

The registered office address of the subsidiary undertakings above are as follows:

- #1: Beaufort House, 136 High Street, Newmarket, Suffolk, CB8 8JP, UK
- #2: Revoluční 130/30, 751 17 Horní Moštěnice, Czech Republic
- #3: 2, Viilor street, Alexandria, Teleorman, 140110, Romania
- #4: 1545, Farná, 93566, Slovakia
- #5: 479, Poľnofarma, Zbehy, 95142, Slovakia
- #6: Brace Jerkovic 185a, Office II-4, Belgrade-Vozdovac, 11000 Belgrade, Serbia
- #7: ul. Przelot 24, 60-408 Poznań, Poland
- #8: ul. Bolesława Chrobrego 23, 48-100 Głubczyce, Poland
- #9: Heroltice 65, 586 01 Jihlava, Czech Republic
- #10: ul. Mickiewicza 14; 60-834 Poznań, Poland
- #11: Pierzchno 14, 62-035 Kórnik, Poland
- #12: Drogosze 49/1, 11-410 Barciany, Poland
- #13: Lubawska 7 14-200 Iława, Poland
- #14: Nadrzeczna 1A 57-220 Ziębice, Poland
- #15: ul. Port 1 82-340 Tolkmicko, Poland
- #16: Piotrowo Pierwsze 6, 64-020 Czempień, Poland
- #17: Komenského 211, 742 01 Suchdol nad Odrou, Czech Republic
- #18: Kojetín - Kojetín I-Město, Komenského náměstí 1052, 75201, Czech Republic
- #19: Jablonského tř. 409, 378 21 Kardašova Řečice, Czech Republic
- #20: Žatec, U Oharky 3093, 43801, Czech Republic
- #21: Comuna Piatra, Teleorman, Romania
- #22: Sat Smardioasa, comuna Smardioasa, Teleorman, Romania
- #23: 220, Podhorany, 95146, Slovakia

20. INVENTORIES

Group	2016 €'000	2015 €'000
Raw materials	28,479	25,990
Finished goods	50,929	49,045
	79,408	75,035

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

21. BIOLOGICAL ASSETS

The balances of biological assets held by the Group as at 31 December 2016 and 2015 comprise the following:

Group	2016		2015	
	Hectares	Amount €'000	Hectares	Amount €'000
Combinable crops	58,817	19,091	57,256	20,940
Other crops	14,095	3,378	13,891	3,737
	72,912	22,469	71,147	24,677

	2016		2015	
	Number of heads	Amount €'000	Number of heads	Amount €'000
Livestock	13,324	6,127	15,676	9,916
Total		28,596		34,593

No biological assets were held by the Company at 31 December 2016 (2015 - £nil).

Crops are initially recorded at cost and subsequently valued at net fair value. It is the directors' opinion that as at year end, little biological transformation has occurred to the crops and that costs equate to the net fair value.

Livestock is valued at market value less estimated selling cost. Market value is based on local market prices.

The following table represents the changes in the carrying amounts of biological assets:

	Crops €'000	Livestock €'000	Total €'000
Recognised on acquisition of subsidiary	70,723	10,004	80,727
Decrease due to disposal of subsidiary	(1,365)	-	(1,365)
Purchases and subsequent expenditure capitalised into biological assets	54,883	1,952	56,835
Gains/(losses) arising from changes in net fair value attributable to physical changes and to changes in market prices	15,168	(349)	14,819
Decrease due to harvest	(111,827)	-	(111,827)
Sales	(2,231)	(1,631)	(3,862)
Exchange differences	(674)	(60)	(734)
At 1 January 2016	24,677	9,916	34,593
Transfer of bearer plants to property, plant & equipment	(460)	-	(460)
Recognised on acquisition of subsidiary	380	306	686
Purchases and subsequent expenditure capitalised into biological assets	90,893	3,817	94,710
Gains/(losses) arising from changes in net fair value attributable to physical changes and to changes in market prices	13,215	(296)	12,919
Decrease due to harvest	(105,031)	-	(105,031)
Sales	-	(7,322)	(7,322)
Exchange differences	(1,205)	(294)	(1,499)
At 31 December 2016	22,469	6,127	28,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

22. OTHER FINANCIAL ASSETS

Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	€'000	€'000	£'000	£'000
Amount receivable for the sale of goods	28,789	22,525	-	-
Allowance for doubtful debts	(2,223)	(1,737)	-	-
Net trade receivables	26,566	20,788	-	-
Other debtors	17,045	31,329	201	2,208
Amounts owed by immediate parent company	-	8,364	-	6,139
Amounts owed by group undertakings	-	-	533	2,384
Prepayments and accrued income	5,364	4,572	3	-
	48,975	65,053	737	10,731

Trade receivables

The average credit period taken on sales of goods is 39 (2015 - 34 days). No interest is charged on overdue receivables.

The Group has a large number of customers spread across geographical areas and hence the concentration of credit risk from trade receivables is limited due to the large and broad customer base. There are no customers which represent more than 10% of the total balance of trade receivables or more than 10% of revenue in 2016.

Included in the Group's trade receivables are debtors with a carrying amount of €3,086,000 (2015 - €2,011,000) which are past due at the reporting date for which the Group has not provided against as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Aged but not impaired receivables

	2016	2015
	€'000	€'000
60-90 days	1,261	693
Over 90 days	1,825	1,318
	3,086	2,011

Movement in the allowance for doubtful debts

	2016	2015
	€'000	€'000
Balance at the beginning of the year/period	1,737	-
Recognised on acquisition of subsidiaries	562	1,986
On disposal of subsidiary	-	(16)
Impairment losses recognised	444	424
Amounts written off as uncollectible	(183)	(548)
Amounts recovered during the year/period	(218)	(98)
Impairment losses reversed	(82)	-
Exchange differences	(37)	(11)
Balance at the end of the year/period	2,223	1,737

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

22. OTHER FINANCIAL ASSETS (CONTINUED)

Ageing of impaired trade receivables within the allowance for doubtful debts

	2016 €'000	2015 €'000
60-90 days	8	-
Over 90 days	2,215	1,737
	2,223	1,737

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Cash and cash equivalents

	Group		Company	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Cash and cash equivalents	8,265	19,367	87	30

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

23. BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Secured borrowings at amortised cost				
Bank overdrafts	27,462	36,593	-	-
Bank loans	95,354	93,354	37,098	31,814
	122,816	129,947	37,098	31,814
Total borrowings				
Amount due for settlement within 12 months	42,163	52,018	-	-
Amount due for settlement after 12 months	80,653	77,929	37,098	31,814

Group

Analysis of borrowings by currency:

	Pounds Sterling €'000	Euro €'000	Polish Zloty €'000	Czech Koruna €'000	Romanian New Leu €'000	Total €'000
Bank overdrafts	5,500	1,501	16,024	4,437	-	27,462
Bank loans	1,518	45,918	20,508	20,368	7,042	95,354
At 31 December 2016	7,018	47,419	36,532	24,805	7,042	122,816
Bank overdrafts	2,190	1,178	22,222	11,003	-	36,593
Bank loans	2,316	46,701	20,341	15,376	8,620	93,354
At 31 December 2015	4,506	47,879	42,563	26,379	8,620	129,947

Company

Analysis of borrowings by currency:

	Euro €'000
Bank loans	37,098
At 31 December 2016	37,098
Bank loans	31,814
At 31 December 2015	31,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

23. BORROWINGS (CONTINUED)

The other features of the Group's principal borrowings are as follows:

- (i) Bank overdrafts are repayable on demand. The Group's principal overdraft balances as at 31 December 2016 are as follows:
 - (a) overdrafts with a value of €5,500,000 (2015 - €2,190,000) are secured by fixed assets, shares in the UK subsidiaries and guarantees from Spearhead International Limited and its UK subsidiaries.
 - (b) overdrafts with a value of €2,532,000 (2015 - €7,213,000) in the Czech Republic are secured by a guarantee from Spearhead International Limited.
 - (c) overdrafts with a value of €15,144,000 (2015 - €12,874,000) in Poland are secured over certain assets of Polish subsidiaries and guarantees from Polish subsidiaries and/or Spearhead International Limited.
 - (d) overdrafts with a value of €1,135,000 (2015 - €3,262,000) are secured over certain assets in Poland.
- (ii) The Group's principal bank loans as at 31 December 2016 are as follows:
 - (a) bank loan with a value of €43,330,000 (£37,098,000) (2015 - €43,330,000 (£31,814,000)) held in the Company. The loan is secured over the shares of a UK subsidiary and additional subordination agreement with guarantees from certain UK subsidiaries.
 - (b) bank loan with a value of €1,518,000 (2015 - €2,315,000) held with a UK subsidiary. The loan is secured by fixed assets, shares in the UK subsidiaries and guarantees from Spearhead International Limited and its UK subsidiaries.
 - (c) bank loan with a value of €1,051,000 (2015 - €1,234,000) held within a Czech Republic subsidiary. The loan is secured by a guarantee from Spearhead International Limited and over certain assets in the Czech Republic.
 - (d) bank loan with a value of €1,597,000 (2015 - €1,766,000) held within a Czech Republic subsidiary. The loan is secured by pledges over certain assets in the Czech Republic.
 - (e) bank loans with a value of €7,713,000 (2015 - €3,170,000) held within a Czech Republic subsidiary. The loans are secured by a guarantee from Spearhead International Limited.
 - (f) bank loans with a value of €8,802,000 (2015 - €8,323,000) held within Polish subsidiaries. The loans are secured by guarantees from Polish subsidiaries and/or Spearhead International Limited and over certain assets in Poland.
 - (g) bank loans with a value of €4,360,000 (2015 - €2,555,000) held within a Romanian subsidiary. The loans are secured by a guarantee from Spearhead International Limited and over certain assets in Romania.
 - (h) bank loan with a value of €1,370,000 (2015 - €775,000) held within a Romanian subsidiary. The loan is secured over certain assets in Romania.

See note 35 for details on the weighted average interest rates on borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

24. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Current		Non-current	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Derivatives that are designated and effective as hedging instruments carried at fair value				
Foreign currency derivatives	107	61	12	4
Commodity derivatives	774	295	1	43
Assets	881	356	13	47
Foreign currency derivatives	236	64	10	14
Interest rate derivatives	45	43	122	151
Commodity derivatives	173	41	71	32
Liabilities	454	148	203	197

No derivative financial instruments were held by the Company at 31 December 2016 (2015 - £nil).
Further details of derivative financial instruments are provided in note 35.

25. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current reporting year and prior reporting period.

Group	Accelerated tax depreciation €'000	Short-term timing differences €'000	Tax losses €'000	Business combinations - fixed assets €'000	Business combinations - other €'000	Total €'000
(Credit)/charge to income	(1,192)	(626)	150	-	-	(1,668)
Reclassifications	53	(57)	4	-	-	-
Acquisition of subsidiary	-	-	-	5,968	233	6,201
Disposal of subsidiary	(20)	-	-	-	-	(20)
Foreign exchange	5	4	(1)	-	-	8
At 1 January 2016	(1,154)	(679)	153	5,968	233	4,521
Credit to income	(1,230)	(109)	(8)	(1)	-	(1,348)
Reclassifications	5,968	233	-	(5,968)	(233)	-
Acquisition of subsidiaries	-	-	-	92	1	93
Foreign exchange	(330)	10	2	-	-	(318)
At 31 December 2016	3,254	(545)	147	91	1	2,948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

25. DEFERRED TAX (CONTINUED)

The deferred tax (assets)/liabilities recognised by the Group at the balance sheet date consist of the following:

	2016 €'000	2015 €'000
Deferred tax assets	(735)	(1,343)
Deferred tax liabilities	3,683	5,864
	2,948	4,521

The Group has recognised a deferred tax asset of €nil (2015 - €150,000) in respect of unused tax losses on the basis that the directors consider it probable that sufficient taxable profits will arise in the foreseeable future against which these assets can be realised. In addition to the amounts recognised, at the balance sheet date, the Group has unrecognised deferred tax assets of €8,285,000 (2015 - €8,034,000) available for offset against future profits. The total unrecognised deferred tax asset at the balance sheet date consisted of €1,078,000 (2015 - €214,000) in respect of capital losses, €5,493,000 (2015 - €6,254,000) in respect of operating losses and €1,714,000 (2015 - €1,566,000) in respect of accelerated tax depreciation. No deferred tax asset has been recognised in respect of these assets due to the unpredictability of future taxable profit streams relevant for these specific losses.

Company

At the balance sheet date, the Company has an unrecognised deferred tax asset in respect of unused tax losses of £1,792,000 (2015 - £542,000) available for offset against future profits. These unused losses were in respect of operating losses. No deferred tax asset has been recognised in respect of these assets due to the unpredictability of future taxable profit streams relevant for these specific losses.

26. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of lease payments	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Group				
Amounts payable under finance leases:				
Within one year	4,677	5,114	4,209	4,472
In the second to fifth years inclusive	7,919	9,860	7,429	9,082
After five years	24	49	24	49
	12,620	15,023	11,662	13,603
Less: Future finance charges	(958)	(1,420)	n/a	n/a
Present value of lease obligations	11,662	13,603	11,662	13,603
Less: Amount due for settlement within 12 months (shown under current liabilities)			(4,209)	(4,472)
Amount due for settlement after 12 months			7,453	9,131

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. See note 35 for details of the average effective borrowing rates for the finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Lease obligations are denominated in Pounds Sterling, Polish Zloty, Czech Koruna and Euros.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Trade creditors	23,756	20,167	60	93
Accruals and deferred income	9,753	9,410	1,035	153
Amounts owed to group undertakings	-	-	4	10,050
Other creditors	7,698	8,645	4	2,208
	41,207	38,222	1,103	12,504

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 44 (2015 - 44 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The directors consider that the carrying amount of trade payables approximates to their fair value.

28. PROVISIONS

Group	Note	Onerous contracts €'000	Employee related claim €'000	Total €'000
At 1 January 2016		-	-	-
Charged in the year	7	4,090	256	4,346
Utilised in the year		(932)	-	(932)
At 31 December 2016		3,158	256	3,414

Onerous contracts

There have been onerous contracts identified which comprise sales contracts with customers with no matched supplier. This has been exacerbated due to low volumes of potatoes in the market place following poor yields on the 2016 crop. In addition to this further costs have been incurred delivering the contractual commitments. Some of these costs include provisions for the final delivery of these sales contracts through to July 2017.

Employee related claim

Provision has been made for a potential employee related claim from previous years in a subsidiary company, with the final outcome unknown.

29. SHARE CAPITAL

Company	2016		2015	
	Number '000	Value £'000	Number '000	Value £'000
Issued: Ordinary shares of £1 each				
Issued and fully paid	136,043	136,043	142,181	142,181
	136,043	136,043	142,181	142,181

The Company has one class of ordinary shares which carry no right to fixed income.

During the year ended 31 December 2016 the Company purchased 6,138,785 of its own shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

30. HEDGING AND TRANSLATION RESERVES

Group	Hedging reserve €'000	Translation reserve €'000	Total €'000
Exchange differences on translation of overseas operations	-	(1,054)	(1,054)
Gain/(loss) recognised on cash flow hedges:			
Foreign currency forward contracts and options	(79)	-	(79)
Interest rate swaps	(27)	-	(27)
Commodity derivatives	606	-	606
Balance at 1 January 2016	500	(1,054)	(554)
Exchange differences on translation of overseas operations	(82)	(3,071)	(3,153)
Gain/(loss) recognised on cash flow hedges:			
Foreign currency forward contracts and options	(99)	-	(89)
Interest rate swaps	(8)	-	(18)
Commodity derivatives	(49)	-	(49)
Balance at 31 December 2016	262	(4,125)	(3,863)

Hedging reserve

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in designated cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the Group's functional currency, being Euro, are recognised directly in the translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the translation reserve.

31. NON-CONTROLLING INTEREST

	€'000
On acquisition of subsidiary	157
Share of profit loss the period	(10)
Balance at 1 January 2016	147
Share of profit for the year	32
Dividends paid	(16)
Adjustment arising from change in non-controlling interest	107
Exchange difference	(2)
Balance at 31 December 2016	268

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

32. NOTES TO THE CASH FLOW STATEMENT

Group	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Loss for the year/period	(12,735)	(1,810)
Adjustments for:		
Investment revenue	(291)	(149)
Finance costs	6,396	3,404
Income tax expense	485	(101)
Depreciation of property, plant and equipment	13,939	7,661
Impairment of property, plant and equipment	4,080	-
Amortisation of intangible assets	2,665	1,388
Gain on disposal of a subsidiary	-	(1,033)
Gain on disposal of property, plant and equipment	(1,176)	(1,574)
Increase in provisions	3,440	-
Change in fair value of derivatives	96	(47)
Gains arising on physical changes of biological assets	(12,920)	(14,819)
Non-cash items	16,714	(5,270)
Operating cash flows before movements in working capital	3,979	(7,080)
Increase in inventories	(2,416)	(44,133)
Decrease in biological assets	19,602	59,531
Increase in receivables	(621)	(10,616)
Decrease in payables	(1,071)	(6,261)
Net movements in working capital	15,494	(1,479)
Net cash generated from/(used in) operations	19,473	(8,559)
Income taxes repaid/(paid)	3,439	(1,027)
Interest paid	(6,396)	(3,404)
Net cash generated from/(used in) operating activities	16,516	(12,990)

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with an original maturity of three months or less.

Company	Year ended 31 Dec 2016 £'000	Period ended 31 Dec 2015 £'000
Profit for the year/period	2,318	2,362
Adjustments for:		
Investment revenues	(11,860)	(6,428)
Finance cost	2,851	1,384
Unrealised foreign exchange loss on borrowings	5,285	-
Income tax expense	(528)	-
Non-cash items	(4,252)	(5,044)
Operating cash flows before movements in working capital	(1,934)	(2,682)
Decrease/(increase) in receivables	3,856	(10,731)
(Decrease)/increase in payables	(11,402)	12,504
Net movements in working capital	(7,546)	1,773
Cash used in operations	(9,480)	(909)
Income taxes repaid	528	-
Interest paid	(2,851)	(1,384)
Net cash used in operating activities	(11,803)	(2,293)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

33. OPERATING LEASE ARRANGEMENTS

	Group	
	Year ended	Period ended
	31 Dec 2016	31 Dec 2015
	€'000	€'000
Lease payments under operating leases recognised as an expense in the period	20,983	11,870

At the balance sheet date, the outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group	
	2016	2015
	€'000	€'000
Within one year	15,203	14,321
In the second to fifth years inclusive	50,549	46,573
After five years	49,243	59,365
	114,995	120,259

Operating lease payments represent rentals payable by the Group for certain of its land usage, rental on buildings and hire of machinery and equipment.

Company

There were no operating lease commitments in the Company at 31 December 2016 and 2015.

34. RETIREMENT BENEFIT SCHEMES

The Group makes contributions in respect of some employees into a Group defined contribution personal pension arrangement sponsored by Greens of Soham Limited and Spearhead International Limited. The scheme funds are administered by Trustees and are insured by annuity and life policies with an insurance company.

The total cost charged to the income statement of €203,000 (2015 - €164,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

35. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Group		Company	
	2016	2015	2016	2015
	€'000	€'000	£'000	£'000
Financial assets				
Fair value through profit and loss (FVTPL)	100	-	-	-
Derivative instruments in designated hedge accounting relationships	794	403	-	-
Loans and receivables (including cash and cash equivalents)	45,654	66,909	287	2,227
Financial liabilities				
Fair value through profit and loss (FVTPL)	88	-	-	-
Derivative instruments in designated hedge accounting relationships	569	345	-	-
Amortised cost	181,927	180,083	38,197	34,260

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 23, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group is not subject to any externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Financial risk exposure and management objectives

The Group finance function monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments where appropriate to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is regularly reviewed by the Group finance function. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

During the year ended 31 December 2016, the Group incurred foreign exchange losses on financing activities of €6.6m (2015 - €0.1m) which relates to foreign exchange changes on a Euro denominated loan and interest in the Company which uses Pounds Sterling as its functional currency. This loan was not hedged.

The Group finance function reports regularly to the Audit Committee and the Board.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

35. FINANCIAL INSTRUMENTS (CONTINUED)

a) Market risk

The Group's activities expose it primarily to the financial risks of changes in wheat, maize and diesel prices, foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to these risks, including:

- forward foreign exchange contracts and options to hedge the exchange rate risk arising in Poland, the Czech Republic and Romania on the receipt of area aid subsidies which are denominated in Euro and exchange rate risk arising on third party revenues denominated in Euro;
- financial derivative instruments taken out on the MATIF futures market to mitigate the risk of fluctuating wheat, oilseed rape and maize prices;
- diesel swaps mitigate the risk of fluctuating diesel prices; and
- interest rate swaps to mitigate the risk of rising interest rates.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts and options.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Group	Assets		Liabilities	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Pounds Sterling	10,734	12,240	22,713	19,703
Polish Zloty	13,676	22,858	60,805	67,884
Czech Koruna	8,605	19,831	33,333	30,042
Romanian New Leu	6,055	6,026	8,763	9,938
Serbian Dinar	89	351	-	-
US Dollar	13	85	39	66

Company	Assets		Liabilities	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Euro	-	1	37,098	31,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

35. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies of Poland (Polish Zloty), the Czech Republic (Czech Koruna), Romania (Romanian New Leu), UK (Pounds Sterling) and Serbia (Serbian Dinar).

The following table details the Group's sensitivity to a 10% increase and decrease in Euro against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis is based on the profit before tax contributions from each country. A positive number below indicates an increase in profit and other equity where Euro weakens 10% against the relevant currency. For a 10% strengthening of Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Change in profit or loss before tax	
	Year ended	Period ended
	31 Dec 2016	31 Dec 2015
	€'000	€'000
UK companies (Pounds Sterling)	1,313	317
Polish companies (Polish Zloty)	237	530
Czech companies (Czech Koruna)	377	612
Romanian companies (Romanian New Leu)	269	177

Forward foreign exchange contracts and options

The Group enters into forward foreign exchange contracts and options to manage the risk associated with anticipated sales and purchase transactions which are denominated in foreign currencies.

In the current year, the Group has designated certain forward contracts and options as a hedge for its net anticipated Area Payment subsidies in Poland, the Czech Republic and Romania which are linked to the Euro functional currency, and as a hedge for Euro denominated revenue in Poland and the Czech Republic. The Group also enters forward foreign exchange contracts, strictly related to derivatives taken out on the MATIF (denominated in Euro), in order to secure local commodity prices in Poland, the Czech Republic and Romania.

The following tables detail the forward foreign currency contracts and options outstanding at the period end:

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2016 rate	2015 rate	2016 PLN'000	2015 PLN'000	2016 EUR'000	2015 EUR'000	2016 €'000	2015 €'000
Cash flow hedges								
Sell Euro								
Less than 3 months	4.39	4.24	19,420	9,077	4,429	2,140	(45)	(10)
3 to 6 months	4.44	4.29	12,345	6,012	2,781	1,400	(15)	(1)
6 to 9 months	4.47	4.32	4,866	2,161	1,088	500	(4)	(1)
9 to 12 months	4.42	4.22	23,008	7,386	5,210	1,750	(27)	(1)
Over 12 months	4.51	4.25	6,640	1,911	1,474	450	2	(2)
							(89)	(15)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

35. FINANCIAL INSTRUMENTS (CONTINUED)

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2016 rate	2015 rate	2016 PLN'000	2015 PLN'000	2016 EUR'000	2015 EUR'000	2016 €'000	2015 €'000
Cash flow hedges								
Buy Euro								
Less than 3 months	4.34	4.34	5,170	119	1,190	27	26	-
							26	-

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2016 rate	2015 rate	2016 PLN'000	2015 PLN'000	2016 SEK'000	2015 SEK'000	2016 €'000	2015 €'000
Cash flow hedges								
Buy SEK								
Less than 3 months	0.46	-	674	-	1,459	-	1	-
6 to 9 months	0.47	-	407	-	875	-	1	-
							2	-

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2016 rate	2015 rate	2016 PLN'000	2015 PLN'000	2016 GBP'000	2015 GBP'000	2016 €'000	2015 €'000
Cash flow hedges								
Buy GBP								
Less than 3 months	-	5.8	-	2,000	-	345	-	-
							-	-

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2016 rate	2015 rate	2016 CZK'000	2015 CZK'000	2016 EUR'000	2015 EUR'000	2016 €'000	2015 €'000
Cash flow hedges								
Sell Euro								
Less than 3 months	26.9	27.5	143,748	39,033	5,340	1,420	(22)	23
3 to 6 months	26.9	-	59,144	-	2,196	-	(8)	-
6 to 9 months	26.7	-	9,286	-	347	-	(2)	-
9 to 12 months	26.8	27.1	59,250	4,878	2,208	180	(14)	-
Over 12 months	-	26.7	-	7,209	-	270	-	(4)
							(46)	19

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2016 rate	2015 rate	2016 CZK'000	2015 CZK'000	2016 EUR'000	2015 EUR'000	2016 €'000	2015 €'000
Cash flow hedges								
Buy Euro								
Less than 3 months	27.0	-	9,386	-	348	-	1	-
							1	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

35. FINANCIAL INSTRUMENTS (CONTINUED)

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2016	2015	2016	2015	2016	2015	2016	2015
	rate	rate	RON'000	RON'000	EUR'000	EUR'000	€'000	€'000
Cash flow hedges								
Sell Euro								
Less than 3 months	4.52	4.51	4,396	7,268	973	1,613	(7)	(10)
3 to 6 months	4.53	-	1,556	-	344	-	(3)	-
6 to 9 months	-	-	-	-	-	-	-	-
9 to 12 months	4.54	4.53	6,367	1,949	1,402	430	(16)	(4)
Over 12 months	-	4.53	-	815	-	180	-	(3)
							(26)	(17)
Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2016	2015	2016	2015	2016	2015	2016	2015
	rate	rate	RON'000	RON'000	EUR'000	EUR'000	€'000	€'000
Cash flow hedges								
Buy Euro								
Less than 3 months	4.53	-	3,184	-	703	-	4	-
3 to 6 months	4.54	-	787	-	174	-	1	-
							5	-
						Total	(127)	(13)

The Group receives area aid subsidies which are denominated in EUR and then translated into local currency on the basis of local currency/EUR exchange rates published by the European Central Bank on 30 September each year. It is received up to Quarter 2 of the following year in local currency. The Group has entered into forward foreign exchange contracts to hedge the exchange rate risk arising from these anticipated future receipts, which are designated as cash flow hedges.

In addition, the Group has entered into forward foreign exchange contracts to hedge the exchange rate risk arising from the anticipated future transactions, which are designated as cash flow hedges.

As at 31 December 2016, the aggregate amount of unrealised losses under forward foreign exchange contracts and options deferred in the hedging reserve relating to the exposure on these anticipated future receipts is €177,000 (2015 - €79,000).

There were no forward exchange contracts held in the Company at 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

35. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to variable interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

If interest rates on borrowings had been 1.0% higher/lower and all other variables were held constant, the Group's loss before tax for the year ended 31 December 2016 would decrease/increase by €722,000 (2015 - €412,000).

Interest rate swaps

Under interest rate swap contracts, the Group agrees to exchange the floating rate interest amounts for fixed rate interest amounts, calculated on agreed notional principal amounts in CZK and EUR. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the interest rate curves at the reporting date.

The interest rate swaps settle on a monthly basis after the first year. The floating rate on the interest rate swaps received by the Group is:

- 1 month PRIBOR – the fixed rate paid by the Group is 1.8% and 2.6%.
- 1 month EURIBOR – the fixed rate paid by the Group is 1.19%.

The Group will settle the difference between the fixed and floating interest rate on a net basis.

As at 31 December 2016, the aggregate amount of unrealised losses under interest rate swaps deferred in the hedging reserve relating to the exposure on the future interests is €44,000 (2015 - €27,000). If interest rates had been 1.0% higher and all other variables were held constant, the fair value of interest rate swaps at the year ended 31 December 2016 would increase by €97,000 (2015 - €125,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

35. FINANCIAL INSTRUMENTS (CONTINUED)

Commodity risk management

In the current year the Group has designated its commodity derivatives as cash flow hedges for its anticipated future commodity sales in Poland, the Czech Republic, Slovakia and Romania. As at 31 December 2016, the Group held contracts to:

- sell 76,403 tonnes (2015 - 32,000) of wheat futures and futures options between February 2017 and July 2018,
- sell 4,900 tonnes (2015 - nil) of oilseed futures and futures options between July 2017 and October 2017,
- sell 2,000 tonnes (2015 - 4,000) of maize futures by March 2017.

As at 31 December 2016, the aggregate amount of unrealised gains under commodity derivatives deferred in the hedging reserve relating to the exposure on these anticipated future sales and purchases is €556,000 (2015 - €606,000).

If wheat, oilseed rape and maize prices had been 5.0% higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2016 would increase/decrease by €510,000 (2015 - €211,000).

There were no commodity derivatives held in the Company at 31 December 2016 and 2015.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets detailed in the section categories of financial instruments within this note, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

35. FINANCIAL INSTRUMENTS (CONTINUED)

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following discounted tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities:

Group	Weighted average interest rate %	Within 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
2016					
Non-interest bearing	-	42,865	909	238	44,012
Finance lease liabilities	4.7	4,209	7,429	24	11,662
Variable interest rate instruments	2.5	40,122	31,006	1,218	72,346
Fixed interest rate instruments	7.5	2,041	47,247	1,182	50,470
		89,237	86,591	2,662	178,490
2015					
Non-interest bearing	-	35,334	755	444	36,533
Finance lease liabilities	5.1	4,472	9,082	49	13,603
Variable interest rate instruments	2.6	50,992	29,622	2,571	83,185
Fixed interest rate instruments	7.7	1,026	2,406	43,330	46,762
		91,824	41,865	46,394	180,083

Company	Weighted average interest rate %	Within 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2016					
Non-interest bearing	-	1,099	-	-	1,099
Fixed interest rate instruments	8.0	-	37,098	-	37,098
		1,099	37,098	-	38,197
2015					
Non-interest bearing	-	2,446	-	-	2,446
Fixed interest rate instruments	8.0	-	-	31,814	31,814
		2,446	-	31,814	34,260

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

35. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity analysis for derivative financial instruments

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows/(outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

There is no significant difference between the timing of the cash flows and income statement effect of the derivatives.

Group	Within			Total
	1 year €'000	1-5 years €'000	5+ years €'000	
2016				
Foreign exchange forward contracts and options	(129)	2	-	(127)
Interest rate swaps	(45)	(111)	(11)	(167)
Commodity derivatives	601	(70)	-	531
	427	(179)	(11)	237
2015				
Foreign exchange forward contracts and options	(3)	(10)	-	(13)
Interest rate swaps	(43)	(131)	(20)	(194)
Commodity derivatives	254	11	-	265
	208	(130)	(20)	58

Company

There were no derivative financial instruments in the Company at 31 December 2016 and 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

35. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of derivative financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
- Foreign currency European options are measured with the Garman-Kohlhagen valuation model using observable input market data.
- Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- Commodity futures are measured using quoted market prices on the MATIF exchange.
- Commodity futures options are measured with the Black-76 valuation model using observable input market data.
- Commodity swaps are measured using valuations provided by the counterparty bank.

Fair value hierarchy

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 on the degree to which the fair value is observable:

- Level 1: Price quoted in active markets;
- Level 2: Valuation techniques based on observable market data; and
- Level 3: Valuation techniques based on unobservable input.

Group	2016			Total
	Level 1 €'000	Level 2 €'000	Level 3 €'000	
Financial derivatives at fair value				
Derivative financial assets	761	133	-	894
Derivative financial liabilities	(156)	(501)	-	(657)

Group	2015			Total
	Level 1 €'000	Level 2 €'000	Level 3 €'000	
Financial derivatives at fair value				
Derivative financial assets	339	64	-	403
Derivative financial liabilities	(52)	(293)	-	(345)

Company

There were no derivative financial assets or liabilities in the Company at 31 December 2016 and 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

36. ACQUISITION OF SUBSIDIARIES

TOP EKOS spol. s r.o.

On 1 January 2016 the Company acquired 75% of the share capital in TOP EKOS spol. s r.o for consideration of CZK 17,440,000 (€645,000), a grain trading business in the Czech Republic. The acquisition is in line with the Group's strategy to invest in downstream businesses. TOP EKOS spol. s r.o also provides further potential to increase the Group's third party grower network.

This transaction has been accounted for by the acquisition method of accounting.

	Provisional fair value €'000
Net assets acquired	
Property, plant and equipment	18
Investments	301
Inventories	499
Gross trade receivables	1,709
Allowance for doubtful debts	(555)
Other receivables	206
Cash and cash equivalents	497
Trade and other payables	(1,747)
Current tax recoverable asset	43
Borrowings (including bank overdrafts)	(370)
Derivative assets	322
Derivative liabilities	(354)
	569
Non-controlling interest of acquired assets	(143)
	426
Goodwill	219
Total consideration	645
Satisfied by:	
Cash	645
Net cash outflow arising on acquisition	
Cash consideration	645
Less: Cash and cash equivalent balances acquired	(497)
	148

The goodwill arising on acquisition is attributable to the anticipated profitability of the company's trading operations. None of the goodwill is expected to be deductible for income tax purposes.

Costs relating to the acquisition of the subsidiary amounted to €29,000. This has been recognised within administrative expenses in the income statement.

Revenue and profit after tax from the date of acquisition to 31 December 2016 for this acquisition was €43,909,000 and €88,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

36. ACQUISITION OF SUBSIDIARIES (CONTINUED)

AGRO-B spol. s r.o.

On 31 October 2016 the Group acquired 100% of the share capital in AGRO-B spol. s r.o. for consideration of CZK 234,000,000 (€8,656,000). This constitutes 2,773 hectares arable and livestock business with an integrated biogas station in the Czech Republic close to our existing operations in EUROFARMS, s.r.o. making it an attractive bolt-on acquisition allowing the Group to benefit from synergies.

This transaction has been accounted for by the acquisition method of accounting.

	Provisional fair value €'000
Net assets acquired	
Intangible assets	3,614
Property, plant and equipment	3,619
Inventories	1,457
Biological assets	686
Gross trade receivables	245
Allowance for doubtful debts	(7)
Other receivables	1,008
Cash and cash equivalents	88
Trade and other payables	(968)
Current tax liabilities	(114)
Borrowings (including bank overdrafts)	(4,024)
Deferred tax liabilities	(93)
	5,511
Goodwill	3,145
Total consideration	8,656
Satisfied by:	
Cash	6,066
Deferred consideration	2,590
	8,656
Net cash outflow arising on acquisition	
Cash consideration	6,066
Less: Cash and cash equivalent balances acquired	(88)
	5,978

The intangible assets recognised relate to long term contracts. The goodwill arising on acquisition is attributable to the anticipated profitability of the company's trading operations. None of the goodwill is expected to be deductible for income tax purposes. The deferred consideration is payable on 1 October 2017.

Costs relating to the acquisition of the subsidiary amounted to €7,000. This has been recognised within administrative expenses in the income statement.

If the company had been acquired on the first day of the financial year, the Group revenue would have been increased by €3,125,000 and profit after tax would have increased by €485,000.

Revenue and profit after tax from the date of acquisition to 31 December 2016 for this acquisition was €742,000 and €14,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

37. ULTIMATE CONTROLLING PARTY

The Company's ultimate parent company and ultimate controlling party is Paine Schwartz Partners Food Fund IV GP, Ltd (formerly known as Paine & Partners Capital Fund IV GP, Ltd), a company registered in Cayman Islands. The ultimate parent company is managed by Paine Schwartz Partners, LLC (formerly known as Paine & Partners, LLC). The Company's immediate controlling party is P&P Spearhead Jersey Holdings Ltd.

These financial statements are the largest consolidated group financial statements in which the Company has been included.

38. RELATED PARTY TRANSACTIONS

Group

For the purpose of the consolidated Group figures, transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are therefore not disclosed. Transactions between the Group and its associates are disclosed below.

Remuneration of key management personnel

The remuneration of the key management personnel (including executive directors) of the Group is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	Year ended 31 Dec 2016	Period ended 31 Dec 2015
	€'000	€'000
Short-term employee benefits	3,126	1,533
Post-employment benefits	43	59
	3,169	1,592

Directors' transactions

During the year, the Company was charged a management fee of €879,003 (2015 - €929,155), by Paine Schwartz Partners, LLC (formerly known as Paine & Partners, LLC). As at 31 December 2016 outstanding amounts owed to Paine Schwartz Partners, LLC was €nil (2015 - €nil).

W D Paine, III holds an indirect interest in and is indirectly the manager of Paine Schwartz Partners, LLC which is the investment manager to Paine Schwartz Food Chain Fund IV, L.P. (formerly known as Paine & Partners Capital Fund IV, L.P.) and Paine Schwartz Food Chain Fund IV Co-Investors, L.P. (formerly known as Paine & Partners Capital Fund IV Co-Investors, L.P.) (collectively "Fund IV"). Additionally, Mr. Paine serves as a Director of the general partner of the general partner of Fund IV and Spearhead Co-Investment Fund, L.P. and holds an indirect interest in Fund IV via his ownership as an indirect limited partner in Fund IV.

John Atkin and Tom Green have an indirect interest through their investment in Spearhead Co-Investment Fund, L.P. as limited partners in Spearhead Co-Investment Fund, L.P.. David Browne, David Buckeridge and John Atkin hold an indirect interest as limited partners in Fund IV which holds an interest in Spearhead. Additionally, both David Buckeridge and Dexter Paine serve on the investment committee of Fund IV.

T J Zdziebkowski was appointed as director of the Company during the year. In the year ended 31 December 2016, certain Polish subsidiaries rented office space from a related party, Nowa Nieruchomosci Sp. Z o.o Spolka Konadytowa, a Polish partnership in which T J Zdziebkowski is a partner. Rental and utilities cost incurred during the year amounted to €44,000. As at 31 December 2016, outstanding balances owed to the related party were €nil and outstanding balances owed from the related party amounted to €8k.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

38. RELATED PARTY TRANSACTIONS (CONTINUED)

Other related party transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the group. The related parties are businesses related to key management personnel of the Group.

	Year ended 31 Dec 2016 €'000	Period ended 31 Dec 2015 €'000
Sales and other income	742	137
Purchases and expenses	(3,743)	(956)
Purchase of property, plant & equipment	-	118

The following amounts were outstanding at the balance sheet date:

	2016 €'000	2015 €'000
Current assets: Amounts owed by related parties	75	88
Current liabilities: Amounts owed to related parties	(6)	(330)

Company

Transactions between the Company and its parent company and its subsidiaries are disclosed below.

	Year ended 31 Dec 2016 £'000	Period ended 31 Dec 2015 £'000
Management charge income from a subsidiary	50	25

The following amounts were outstanding at the balance sheet date:

	2016 £'000	2015 £'000
Current assets: Amounts owed by parent company	-	6,139
Current assets: Amounts owed by subsidiaries	533	2,384
Current liabilities: Amounts owed to parent company	(4)	(10,050)

39. EVENTS AFTER THE BALANCE SHEET

On 17 March 2017 the Group closed a new Group-level bank refinancing. The new facilities totalling €167m comprise senior term loans as well as undrawn facilities to support the Group's existing operations and growth initiatives. The facilities were used to repay all existing senior debt on the completion date and puts in place a simplified capital structure for the Group and provides enhanced financial and operational flexibility. These new facilities do not impact the Group's ability to continue as a going concern.

REGISTERED OFFICE AND ADVISORS

Year ended 31 December 2016

DIRECTORS

J C Atkin
W D Paine, III
T M C Green
T J Zdziebkowski
D J Buckeridge
D Browne
O Zahn

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