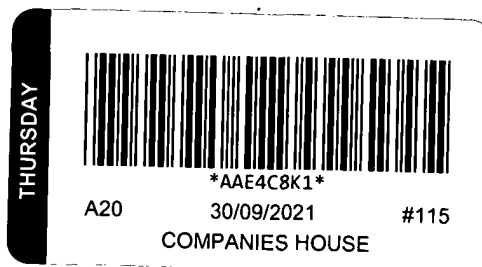


Company registration No. 09501001

P&P Spearhead UK Holdings, Ltd
Annual Report and Financial Statements
For the year ended
31 December 2020



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STRATEGIC REPORT

PRINCIPAL ACTIVITIES

This annual report is for the year ended 31 December 2020 with comparatives for the year ended 31 December 2019.

Both the Group and the Company only financial statements are presented in Euros as that is the currency of the primary economic environment in which they operate. Foreign operations are included in accordance with the policies set out in note 3.

The Group ("Spearhead") is a leading food and agricultural business in the EU, farming in excess of 75,000 ha of high-quality agricultural land across Poland, the Czech Republic, Romania, Slovakia and the UK.

The Group's principal activities are the production and supply of a traceable and diversified offering including speciality crops, grains and oilseeds, potatoes and other vegetables, sugar beet, seed crops and milk and livestock. In addition to these primary offerings, the Group is a producer of biogas, develops and produces certified seed and has a livestock genetics business.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 37 to the financial statements. Where appropriate, this includes the use of derivative financial instruments such as forward foreign exchange contracts, futures, puts and calls, diesel swaps and interest rate swaps to hedge exposures to fluctuations in wheat, maize, diesel prices, as well as currency exchange rates and interest rates.

REVIEW OF BUSINESS

Overall, 2020 was a successful year across the Group. Yields and prices were strong in all regions except for commodity crop yields in Czech Republic, which were impacted by drought, and UK potato and redbeet crops, which were impacted by wet autumn weather.

During the year there was significant fluctuation in commodity prices, which partially resulted from the global economic impact of the COVID-19 pandemic. wheat prices started the year at €188 but fluctuated between €188 and €177 until mid-September. After which they rose steadily to close the year at €201 per tonne. OSR prices started the year at €375 but then dropped to €347 in mid-March. After that significant drop they rose in a continuing upward trend to end the year at €394 per tonne. Unlike wheat and OSR the price of maize remained relatively stable from an opening

price of €174 through to the end of May. In June the price fell steadily to a low point of €162 before rebounding strongly in Q4 2020 to end the year at €190 per tonne.

The Group continued with its policy of forward selling a significant proportion of its crop pre-harvest in order to protect against low harvest prices and to provide cashflow certainty. The actions regarding price risk management meant that despite price fluctuations there was no overall negative impact on the Group result for the year compared to budget expectations.

The results for the Group show an operating profit from continuing operations before exceptional items of €9.6m (2019 - €6.8m), on revenue from continuing operations of €180.1m (2019 - €187.3m). The exceptional costs of €0.8m (2019 - €10.1m) in the year mainly relate to business reorganisation costs of €0.6m. This resulted in a loss from continuing operations of €1.4m (2019 - €13.8m). The Group has net assets of €117.1m (2019 - €126.1m).

On the balance sheet, property, plant and equipment has decreased by €8.3m due to disposals and lower additions. Right of use assets have decreased by €4.0m in line with depreciation on long term leases.

Inventories have increased by €0.5m due to higher year end finished goods because of the timing of sales lower offset by lower levels of raw materials being held at the year end. Trade and other receivables have reduced by €0.7m due to earlier subsidy receipts partially offset by higher trade receivables due to the timing of sales receipts and higher accrued income due to the timing of sales invoicing.

Borrowings have decreased by €12.1m in line with repayment terms combined with the capitalisation of borrowing related costs partially offset by revolving credit facility usage and the depreciation of capitalised financing costs. Trade and other payables decreased by €5.7m as a result of higher payments prior to year end partially offset by higher accruals and deferred income.

Cash and cash equivalents decreased by €4.7m due to cash from operating and investing activities being exceeded by higher cash used in financing due to the repayments of borrowings.

Masfrost Sp. z o.o was successfully liquidated in March 2020 and is treated as discontinued in these accounts. Masfrost Ziębice Sp. z o.o. was disposed on 1 January 2020 and is included in these financial statements as an

STRATEGIC REPORT

asset held for sale having been treated as discontinued in previous years.

Following the restructuring process the Group is now refocused on Primary Production accompanied by targeted upstream and downstream activities.

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;
- Achieve lower unit cost of production through better management, higher efficiency and technology; and
- Seek opportunities to increase scale in the UK, Central and Eastern Europe, in core farming activities.

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

The Group continues to invest in key infrastructure, totalling €5.0m (2019 - €6.4m) in capital expenditure on property, plant and equipment and €24.2m (2019 - €20.7m) in right of use additions in the year. In order to preserve cash liquidity and take advantage of low interest rates available the Group made larger investment via right of use leases rather than cash capital expenditure.

OUTLOOK

Drought conditions and other adverse weather in the main growing season has resulted in some lower than budgeted yields in Czech and Romania for the 2021

harvest period. This has been more than offset by higher prices achieved due to ongoing effective price risk management taking advantage of significantly higher prices for commodity crops. This upside gain is expected to be offset by significant exceptional costs related to the ongoing sale of the Group, further details are provided within the subsequent events commentary in the Directors' report.

The prevalence of Covid-19 in the countries where the Group operates has not resulted in a significant impact on the operational activities or financial outlook. The Group has implemented and continues to operate appropriate policies to ensure the safety of employees and other relevant stakeholders.

During 2020 the Group has continued to consolidate its primary production businesses by seeking opportunities as they arise.

BUSINESS RELATIONSHIPS

Covered in section 172(1) statement on page 6.

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

Political

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

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.

Interest rates

The Directors do not consider interest rates to be a significant risk as rates remain low.

Credit risk

The Directors do not consider credit risk to be a significant risk. All main customer contracts are for receipt on delivery or on short credit terms. Credit insurance is used where appropriate including for higher risk customers and for crops with a higher value.

Liquidity risk

Liquidity is an ongoing risk due to the nature of the Group's activities. Forecast liquidity is reviewed on a continual basis to ensure that relevant actions are taken to maintain a sufficient level of headroom.

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 (KPIs) on continuing activities. The Board of Directors believe these KPIs are key to monitoring the Group specifically with reference to adjusted EBITDA.

The Directors are satisfied with the performance. The overall performance in the year has illustrated that both crop and geographic diversity are key to ensuring continuing positive results.

	Year ended 31 Dec 2020	Year ended 31 Dec 2019
EBITDA (adjusted) ¹	€45.4m	€42.9m
Adjusted Profit/(loss) before tax ²	€0.7m	€(2.7)m
Loss before tax ³	€(0.1)m	€(12.8)m
Net Debt: EBITDA (adjusted) ⁴	3.66x	4.02x

¹ Represents Operating profit before exceptional items after adding back depreciation, amortisation, foreign exchange gains or losses and bank fees (See Note 8).

² Represents Loss before tax after adding back exceptional items (see Consolidated income statement).

³ Loss before tax (see Consolidated income statement).

⁴ Net Debt represents Borrowings, Right of use liabilities and Cash and cash equivalents (see Consolidated Balance Sheet).

Adjusted EBITDA, adjusted loss before tax and loss before tax represent improvements on the prior year due to better yields and prices as well as a lower level of exceptional expenditure.

Net debt: EBITDA ratio being net bank and other forms of debt including leasing expressed as a ratio of adjusted EBITDA decreased due to the lower net debt following term loan repayments and an improved EBITDA result.

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 this report. In addition, note 37 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.

STRATEGIC REPORT

In September 2020 the Group successfully renegotiated its current debt facilities as well as the related covenant measures. The purpose of this was to increase the Group cash liquidity position for the period up to December 2021 and create additional covenant headroom.

As part of that renegotiation the Group committed to reduce the level of outstanding debt during 2021 via significant disposal and/or equity injection. During late 2020 and 2021 the Group was actively marketed for sale to ensure compliance with the debt facility agreement.

On the 31 August 2021 the current immediate controlling party of the Group, as detailed in note 39, entered into a binding sales and purchase agreement ("SPA") to sell its entire share capital to AMC CAPITAL IV LUX S.À R.L. ("the Buyer"). As part of the SPA the Buyer committed to contribute €30m of equity to be used to reduce the outstanding term loans. The outstanding debt as at 31 December 2020 was €123.3m, as shown in note 25, and following the equity contribution this outstanding balance will reduce to €93.3m.

On the 28 September 2021 the Group signed an amended debt facilities agreement ("the Amended Debt Facility") with the pre-existing lenders ("the Lenders"), contingent on and effective from final completion of the SPA. The purpose of the Amended Debt Facility is to provide an updated amortisation profile and covenant measures to support the current level of Group activities for the foreseeable future. Under the terms of the Amended Debt Facility the Group is committed to annual capital repayments of €10m and quarterly gross leverage, interest cover and cashflow cover covenants.

At the date of the signing these financial statements full completion is outstanding pending final regulatory approval in Romania and Poland, which is expected by the 31 October 2021. As full completion is not yet concluded, uncertainty exists regarding the receipt of the required €30m equity contribution from the Buyer and whether the Lenders will continue to honour the Amended Debt Facility if completion does not occur as planned. The directors consider the risks that final regulatory approval is not obtained, or that either the Buyer or the Lenders will not fulfil their commitments under the SPA to be sufficiently unlikely not to represent a material uncertainty.

The Group has prepared cashflow and covenant forecasts for the period up to and including December 2022 to support the going concern assessment. The forecasts incorporate the equity contribution and terms of the

Amended Debt Facility that are expected to exist following full completion.

Cashflows assume that trading in quarter 4 2021 is in line with the current outlook and specifically that there are no significant adverse variances in the yields and/or valuation of unharvested crops or the prices of the currently uncontracted crops already harvested. Available prices for all main commodity crops are significantly above forecast prices and the latest harvest results provide no indication that yields for unharvested crops, which are primarily potatoes, sugar beet and other root vegetables, will be adverse to the current forecast. The forecast also assumes that there are no significant incremental expenses above the currently expected level.

The cashflows assume that 2022 performance is consistent with the full 2021 financial year excluding the significant one-off expenditures incurred related to the sale of the Group, which are not expected to reoccur in 2022. In addition, that yields will be consistent with those achieved in 2021 but that prices will be around 2% lower than the average prices achieved to date in 2021. The Directors believe that the high average prices achieved in 2021 will continue in 2022 due to the current global supply and demand situation and are actively engaged in hedging activities to protect 2022 crop prices against any unexpected price decreases.

For both quarter 4 2021 and financial year 2022 it is also assumed that working capital cycles and capex requirements, including finance lease repayments, will remain consistent with the current 2021 outlook.

In addition to the forecasts based on the directors' base case assumptions sensitised forecasts, including modelled covenant compliance based on the Amended Debt Facility, have been prepared by the directors. Potential risks and uncertainties that the Group is exposed to were considered when preparing the forecasts and conducting relevant sensitivity analysis. The major downside risks considered when preparing sensitised cash forecasts related to lower crop yields and prices caused by external factors outside of the control of the Group such as weather and lower global demand. When prepared the sensitised forecasts the directors also considered available pro-active actions that could be used to offset the impact of price decreases, yield risks and other cashflow uncertainties during times of forecasted lower cash liquidity and low covenant headroom. It is expected that where required for liquidity and/or covenant compliance sales of crop can be accelerated, capital expenditure delayed, revolving

STRATEGIC REPORT

credit facilities repaid, and supplier terms extended via prior agreement. These reflect routine management actions successfully achieved on multiple occasions during the current and previous years.

Based on the forecasts prepared it is estimated that the Group forecast cash inflows would have to cumulatively decrease by more than €7m, over the 12 months subsequent to the signature of these financial statements, before cash liquidity or required actions to ensure covenant compliance would significantly disrupt operating activities.

The Group operates in an environment where current commodity prices may reduce from the high levels observed in 2021. In addition, there are risks that key variable costs, such as fertiliser, may increase and yields may be impacted by unforeseen weather events. The directors believe that any significant adverse yield or cost impacts would increase prices for 2022 or at a minimum hold them at levels currently obtainable at the date of signing these Group financial statements. A combination of currently obtainable prices with significant variable cost increases and yield deficiencies would not result in liquidity or covenant compliance issues. However, on the basis that a reasonably possible change in costs, combined with the downside scenario identified above, and absent continuation of the strong commodity prices currently observed, results in covenant breaches in the going concern assessment period, a material uncertainty exists that may cast significant doubt on the Group's and parent company's ability to continue as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have considered the cashflow and covenant forecasts, ensuring that these have been appropriately prepared and that they are based on reasonable assumptions, as well as the Group cash and cash equivalents of €26.3m as at 31 December 2020, and net current assets of €59.7m at the same date. Given the Group's performance and financial position, and the available cash liquidity headroom apparent in the cash flow forecast as well as expected future covenant headroom, the directors are satisfied with the continued adoption of the going concern basis of preparation for the financial statements.

SECTION 172(1) STATEMENT

In line with their duties under section 172(1) of the Companies Act 2006, the board of directors, endeavour

to act in a way they consider, in good faith, most likely to be of benefit for the company as a whole. In doing so the directors consider relevant stakeholders during the decision making process, are mindful of the reputation implications of the any decision and have regard for the long term strategy of the business as well the short term implications of decisions.

The success of the Group is dependent on the support of all stakeholders. As the Group operates across multiple countries routine stakeholder management is delegated to country management teams to ensure that country specific, as well as Group, stakeholder needs are appropriately managed. The country management teams have 3-5 year strategic plans alongside their annual budgets and objectives to ensure that a long term outlook is considered as part of their decision making processes.

Country management teams provide regular monthly, quarterly and annual reporting as well as participating in Group management meetings. This interaction provides the board of directors with assurance that appropriate consideration of the various stakeholders is considered during the decision making process at the country level.

Members of the board of directors are directly involved in all key decisions made at a Group level and therefore are able directly observe that stakeholders are considered and that decisions consider the long term implications.

Interests of company employees

Employees are vital to the continued success of the Group. Employee engagement is performed on an ongoing basis via employee briefings at a local level or via Group level briefings, which are then cascaded down. A combination of annual appraisals and more frequent employee feedback is used to ensure that employees remain engaged. Regular dialogue between country management teams and the Group executive directors ensures that issues or concerns are highlighted in a timely manner.

Shareholders

The continued support and opinions of the shareholders are important to the Group. There is an open dialogue between the shareholders and the board of directors via day to day interaction on key decisions as well as formal board meetings.

Customers

The Group aims to provide products that always meet or exceed customer expectations. Country management

STRATEGIC REPORT

teams aim to build long term and mutually beneficial relationships. This includes hosting customer visits and conferences. Decision making considers individual customer requirements including product specification, timing of delivery and ancillary services such as storage and transportation.

Suppliers

Long term relationships are actively managed with all major suppliers at a country level and where appropriate at a Group level led by the Group purchasing department. Due to the nature of the industry and the size of the Group operations there are often limited available suppliers for key requirements. As such the board of directors acknowledge that maintaining of positive supplier relationships is vital to the ongoing viability of the Group. Feedback is provided to suppliers as part of ongoing relationships to foster innovation and product development. This is performed for both suppliers of capital equipment and general farming inputs.

Communities and environment

As a large scale agricultural producer, the operations of the Group are frequently visible to the wider community. Country management teams ensure that local communities are respected as part of day to day operations and are considered as part of longer term plans. Country operations partner with charities and other community groups at a local level to educate, raise funds and improve awareness.

The impact of actions on the environment are considered at both a Group level for larger projects such as regenerative agriculture and emissions. Country management are responsible for ensuring that local environmental requirements are met or exceed.

APPROVAL

The Strategic report was approved by the Board of Directors on 30 September 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'J A Lamont', written over a horizontal line.

J A Lamont
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 2020.

In accordance with s414C (11) of the Companies Act 2006 the directors have presented future developments, financial risk management 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 from continuing operations (before exceptional items) of €9.6m (2019 - €6.8m), on revenue from continuing operations of €180.1m (2019 - €187.3m).

DIVIDENDS

No dividends were paid in the year (2019 - €nil). 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
T M C Green
D J Buckeridge
J W Kern
J A Lamont
P C Hawthorne

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.

STREAMLINED ENERGY AND CARBON REPORTING

No individual entities in the Group qualify for SECR disclosures and therefore the parent is exempt from disclosure.

SUBSEQUENT EVENTS

Details of subsequent events are set out in note 41 to these financial statements.

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 a forthcoming Board meeting where the shareholder will be present.

Address of Registered Office:

Suite 1
3rd Floor
11-12 St. James's Square
London
SW1Y 4LB

This report was approved by the Board of Directors on 30 September 2021 and signed on its behalf by:



J.A Lamont
Director

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. 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 the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group 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 IFRS Standards 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

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of P&P Spearhead UK Holdings, Ltd (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 41.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which indicates that a reasonably possible change in costs, combined with the downside scenario disclosed in note 3, and absent continuation of the strong commodity prices currently observed results in covenant breaches in the going concern assessment period. As stated in note 3, these events or conditions, along with the other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We

also enquired of management about their own identification and assessment of the risks of irregularities. We have nothing to report in respect of these matters.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included UK DEFRA regulations and EU regulations over subsidies and environmental regulations.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Manual adjustments to revenue are used to record one-off or unusual transactions occurring outside of the standard business process, or to correct errors, and therefore carry the potential for management bias. We used computer-assisted profiling techniques to select a sample of manual adjustments to revenue, and traced the samples through to proof of dispatch or other supporting documentation to ensure the transaction had occurred, was appropriately recognised in line with IFRS 15 Revenue from Contracts with Customers, and was recorded in the correct period.
- Bill and hold revenue arises when the group sells goods but retains physical possession of the inventory and agrees to store it for shipment or collection by the customer at a later date. Determining the appropriate revenue recognition under IFRS 15 Revenue from Contracts with Customers requires significant judgement. We selected a sample of revenue recorded under bill and hold arrangements and assessed the conditions of sale, in particular the manner in which the inventory was stored, against the criteria set out in Appendix B of IFRS 15.

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

- The valuation of commodity and non-commodity crops held in inventory requires a number of judgements and estimates to be made, including the valuation of crops at the point of harvest and the fair value of commodity crops traded on an open market. We selected a sample of relevant stock lines and challenged management's valuation with reference to third-party market data, sales contracts and agreements, external communication and historical data to assess the reasonableness of the estimates.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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



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

30 September 2021

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2020

	Note	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Continuing operations			
Revenue	5	180,125	187,335
Cost of sales		(161,921)	(172,519)
Gross profit		18,204	14,816
Other operating income	6	865	835
Distribution costs		(608)	(1,103)
Administrative expenses		(8,856)	(7,748)
Operating profit before exceptional items		9,605	6,800
Exceptional items	7	(759)	(10,096)
Operating profit/(loss)		8,846	(3,296)
Investment revenue	5,12	30	40
Finance costs	13	(8,962)	(9,547)
Loss before tax		(86)	(12,803)
Tax	14	(1,330)	(951)
Loss for the year from continuing operations		(1,416)	(13,754)
Gain/(loss) from discontinued operations	16	336	(529)
Total loss for the year		(1,080)	(14,283)
Attributable to:			
Owners of the company		(1,093)	(14,303)
Non-controlling interest	34	13	20
		(1,080)	(14,283)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Gains on cash flow hedges	58	295
Exchange (loss) / gain on translation of foreign operations	(8,002)	1,576
Other comprehensive (expense) / income for the year not subsequently classified to profit or loss	(7,944)	1,871
Loss for the year	(1,080)	(14,283)
Total comprehensive expense for the year	(9,024)	(12,412)
Attributable to:		
Owners of the company	(9,038)	(12,456)
Non-controlling interest	14	44
	(9,024)	(12,412)

Other comprehensive loss relating to cashflow hedges and translation of foreign operations has no impact on tax.

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

	Note	2020 €'000	2019 €'000
Non-current assets			
Goodwill	17	32,981	34,207
Other intangible assets	18	4,620	5,507
Property, plant and equipment	19	81,642	89,935
Right of use assets	20	77,934	81,921
Investments	21	400	454
Deferred tax assets	27	1,099	846
		198,676	212,870
Current assets			
Inventories	22	56,610	56,159
Biological assets	23	30,384	33,581
Trade and other receivables	24	33,538	34,197
Cash and cash equivalents	24	26,335	31,047
Derivative financial instruments	26	134	72
Assets classified as held for sale	31	554	8,300
		147,555	163,356
Total assets		346,231	376,226
Current liabilities			
Borrowings	25	38,335	28,203
Trade and other payables	29	30,805	36,537
Current tax liabilities		468	231
Obligations under right of use leases	28	17,785	18,985
Provisions	30	378	408
Derivative financial instruments	26	45	60
Liabilities directly associated with assets classified as held for sale	31	-	4,509
		87,816	88,933
Net current assets		59,739	74,423
Non-current liabilities			
Borrowings	25	84,946	107,158
Deferred tax liabilities	27	3,251	3,298
Obligations under right of use leases	28	51,634	48,887
Trade and other payables		1,531	1,860
		141,362	161,203
Total liabilities		229,178	250,136
Net assets		117,053	126,090
Equity			
Share capital	32	191,276	191,276
Hedging and translation reserves	33	(7,280)	541
Retained losses		(67,003)	(65,786)
Equity attributable to the owners of the Company		116,993	126,031
Non-controlling interest	34	60	59
Total equity		117,053	126,090

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 30 September 2021.



J A Lamont
Director

COMPANY BALANCE SHEET

As at 31 December 2020

	Note	2020 €'000	2019 €'000
Non-current assets			
Investments	21	208,199	208,199
Trade and other receivables	24	42,580	77,159
		250,779	285,358
Current assets			
Trade and other receivables	24	42,255	22,959
Cash and cash equivalents	24	223	1,268
Derivative financial instruments	26	-	72
		42,478	24,299
Total assets		293,257	309,657
Current liabilities			
Borrowings	25	38,335	28,203
Trade and other payables	29	14,781	11,846
Derivative financial instruments	26	-	60
		53,116	40,109
Net current liabilities		(10,638)	(15,810)
Non-current liabilities			
Borrowings	25	84,946	107,158
Deferred tax liabilities	27	-	2
Derivative financial instruments	26	-	-
		84,946	107,160
Total liabilities		138,062	147,269
Net assets		155,195	162,388
Equity			
Share capital	32	191,276	191,276
Hedging and translation reserves	33	(32,163)	(32,151)
Retained earnings		(3,918)	3,263
Total equity		155,195	162,388

The loss for the financial year in the financial statements of the Company was €7,181,000 (2019 - loss €6,096,000).

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 30 September 2021.



J A Lamont
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2020

	Share capital (note 32) €'000	Hedging reserve (note 33) €'000	Translation reserve (note 33) €'000	Retained losses €'000	Total €'000	Non- controlling interest (note 34) €'000	Total equity €'000
Balance at 1 January 2019	191,276	(283)	(1,069)	(51,437)	138,487	103	138,590
(Loss)/profit for the year	-	-	-	(14,303)	(14,303)	20	(14,283)
Other comprehensive income/(expense) for the year	-	295	1,598	(46)	1,847	24	1,871
Total comprehensive income/(expense) for the year	-	295	1,598	(14,349)	(12,456)	44	(12,412)
Dividends	-	-	-	-	-	(15)	(15)
Adjustment arising from change in non-controlling interest	-	-	-	-	-	(73)	(73)
Balance at 31 December 2019	191,276	12	529	(65,786)	126,031	59	126,090
(Loss)/profit for the year	-	-	-	(1,093)	(1,093)	13	(1,080)
Other comprehensive income/(expense) for the year	-	58	(7,879)	(124)	(7,945)	1	(7,944)
Total comprehensive income/(expense) for the year	-	58	(7,879)	(1,217)	(9,038)	14	(9,024)
Adjustment arising from change in non-controlling interest	-	-	-	-	-	(13)	(13)
Balance at 31 December 2020	191,276	70	(7,350)	(67,003)	116,993	60	117,053

COMPANY STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2020

	Share capital (Note 32) €'000	Hedging reserve (Note 33) €'000	Translation reserve (Note 33) €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2019	191,276	35	(32,163)	9,349	168,497
Loss for the year	-	-	-	(6,096)	(6,096)
Other comprehensive expense for the year	-	(23)	-	10	(13)
Total comprehensive income/(expense) for the year	-	(23)	-	(6,086)	(6,109)
Balance at 1 January 2020	191,276	12	(32,163)	3,263	162,388
Loss for the year	-	-	-	(7,181)	(7,181)
Other comprehensive expense for the year	-	(12)	-	-	(12)
Total comprehensive expense for the year	-	(12)	-	(7,181)	(7,193)
Balance at 31 December 2020	191,276	-	(32,163)	(3,918)	155,195

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2020

	Note	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Net cash generated from operating activities	35	26,514	34,971
Investing activities			
Investment revenues		30	41
Proceeds on disposal of a subsidiary, net of cash disposed		506	2,339
Proceeds on disposal of property, plant and equipment		6,470	5,475
Purchases of property, plant and equipment		(4,685)	(6,444)
Purchases of intangible assets		(37)	-
Net cash generated from investing activities		2,284	1,411
Financing activities			
Repayments of borrowings		(9,883)	(27,046)
Repayment of obligations under right of use leases		(21,933)	(22,598)
Drawdown of bank facilities		2,500	16,973
Cost of refinancing		(2,817)	-
Net cash used in financing activities		(32,133)	(32,671)
Net increase in cash and cash equivalents		(3,335)	3,711
Cash and cash equivalents at beginning of year		31,047	26,273
Effect of foreign exchange rate changes		(1,377)	1,330
Cash and cash equivalents at end of year including discontinued operations		26,335	31,314
Cash held in disposal group		-	(267)
Cash and cash equivalents at end of year		26,335	31,047

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. GENERAL INFORMATION

R&P Spearhead UK Holdings, Ltd is a company incorporated in the United Kingdom under the Companies Act 2006. The company is a private company limited by shares and is registered in England and Wales. The address of the registered office is 3rd Floor, 11-12 St James's Square, London, SW1Y 4LB. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

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

The Company accounts are prepared under FRS 101. As a result, the Company has adopted disclosure exemptions for all years presented to not disclose a Company Statement of Comprehensive Income, a Company Cashflow Statement, and certain requirements of IAS 1, IAS 8, IAS 36, IFRS 2, IFRS 3, IFRS 5, IFRS 7, IFRS 13, IFRS 15 and IFRS 16. The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

2. ADOPTION OF NEW AND REVISED STANDARDS

New and amended IFRS standards that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standard which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Amendments to IAS 1 and IAS 8 Definition of material The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

New and revised IFRSs in issue but not yet effective

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The impact on the Group of these new and revised IFRSs in issue but not yet effective is still under assessment by management.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Group Consolidated and Company financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. 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 over the investee, is exposed, or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee

unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. 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 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 this report. In addition, note 37 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In September 2020 the Group successfully renegotiated its current debt facilities as well as the related covenant measures. The purpose of this was to increase the Group cash liquidity position for the period up to December 2021 and create additional covenant headroom.

As part of that renegotiation the Group committed to reduce the level of outstanding debt during 2021 via significant disposal and/or equity injection. During late 2020 and 2021 the Group was actively marketed for sale to ensure compliance with the debt facility agreement.

On the 31 August 2021 the current immediate controlling party of the Group, as detailed in note 39, entered into a binding sales and purchase agreement ("SPA") to sell its entire share capital to AMC CAPITAL IV LUX S.À R.L. ("the Buyer"). As part of the SPA the Buyer committed to contribute €30m of equity to be used to reduce the outstanding term loans. The outstanding debt as at 31 December 2020 was €123.3m, as shown in note 25, and following the equity contribution this outstanding balance will reduce to €93.3m.

On the 28 September 2021 the Group signed an amended debt facilities agreement ("the Amended Debt Facility") with the pre-existing lenders ("the Lenders"), contingent on and effective from final completion of the SPA. The purpose of the Amended Debt Facility is to provide an updated amortisation profile and covenant measures to support the current level of Group activities for the foreseeable future. Under the terms of the Amended Debt Facility the Group is committed to annual capital repayments of €10m and quarterly gross leverage, interest cover and cashflow cover covenants.

At the date of the signing these financial statements full completion is outstanding pending final regulatory approval in Romania and Poland, which is expected by the 31 October 2021. As full completion is not yet concluded, uncertainty exists regarding the receipt of the required €30m equity contribution from the Buyer and whether the Lenders will continue to honour the Amended Debt Facility if completion does not occur as planned. The directors consider the risks that final regulatory approval is not obtained, or that either the Buyer, or the Lenders will not fulfil their commitments under the SPA to be sufficiently unlikely not to represent a material uncertainty.

The Group has prepared cashflow and covenant forecasts for the period up to and including December 2022 to support the going concern assessment. The forecasts incorporate the equity contribution and terms of the Amended Debt Facility that are expected to exist following full completion.

Cashflows assume that trading in quarter 4 2021 is in line with the current outlook and specifically that there are no significant adverse variances in the yields and/or valuation of unharvested crops or the prices of the currently uncontracted crops already harvested. Available prices for all main commodity crops are significantly above forecast prices and the latest harvest results provide no indication that yields for unharvested crops, which are primarily potatoes, sugar beet and other root vegetables, will be adverse to the current forecast. The forecast also assumes that there are no significant incremental expenses above the currently expected level.

The cashflows assume that 2022 performance is consistent with the full 2021 financial year excluding the significant one-off expenditures incurred related to the sale of the Group, which are not expected to reoccur in 2022. In addition, that yields will be consistent with those achieved in 2021 but that prices will be around 2% lower than the average prices achieved to date in 2021. The Directors believe that the high average prices achieved in 2021 will continue in 2022 due to the current global supply and demand situation and are actively engaged in hedging activities to protect 2022 crop prices against any unexpected price decreases.

For both quarter 4 2021 and financial year 2022 it is also assumed that working capital cycles and capex requirements, including finance lease repayments, will remain consistent with the current 2021 outlook. In addition to the forecasts based on the directors' base case assumptions sensitised forecasts, including modelled covenant compliance based on the Amended Debt Facility, have been prepared by the directors. Potential risks and uncertainties that the Group is exposed to were considered when preparing the forecasts and conducting relevant sensitivity analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The major downside risks considered when preparing sensitised cash forecasts related to lower crop yields and prices caused by external factors outside of the control of the Group such as weather and lower global demand.

When prepared the sensitised forecasts the directors also considered available pro-active actions that could be used to offset the impact of price decreases, yield risks and other cashflow uncertainties during times of forecasted lower cash liquidity and low covenant headroom. It is expected that where required for liquidity and/or covenant compliance sales of crop can be accelerated, capital expenditure delayed, revolving credit facilities repaid, and supplier terms extended via prior agreement. These reflect routine management actions successfully achieved on multiple occasions during the current and previous years.

Based on the forecasts prepared it is estimated that the Group forecast cash inflows would have to cumulatively decrease by more than €7m, over the 12 months subsequent to the signature of these financial statements, before cash liquidity or required actions to ensure covenant compliance would significantly disrupt operating activities.

The Group operates in an environment where current commodity prices may reduce from the high levels observed in 2021. In addition, there are risks that key variable costs, such as fertiliser, may increase and yields may be impacted by unforeseen weather events. The directors believe that any significant adverse yield or cost impacts would increase prices for 2022 or at a minimum hold them at levels currently obtainable at the date of signing these Group financial statements. A combination of currently obtainable prices with significant variable cost increases and yield deficiencies would not result in liquidity or covenant compliance issues. However, on the basis that a reasonably possible change in costs, combined with the downside scenario identified above, and absent continuation of the strong commodity prices currently observed, results in covenant breaches in the going concern assessment period, a material uncertainty exists that may cast significant doubt on the Group's and parent company's ability to continue as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have considered the cashflow and covenant forecasts, ensuring that these have been appropriately prepared and that they are based on reasonable assumptions, as well as the Group cash and cash equivalents of €26.3m as at 31 December 2020, and net current assets of €59.7m at the same date. Given the Group's performance and financial position, and the available cash liquidity headroom apparent in the cash flow forecast as well as expected future covenant headroom, the directors are satisfied with the continued adoption of the going concern basis of preparation for the financial statements.

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 2020

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 acquirer'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 IFRS5 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. The Group reviews revenue contracts in accordance with IFRS 15 to ascertain appropriate revenue recognition either at a point in time or over time.

Sale of goods

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

- a contract has been approved by the parties to the contract and the parties are committed to perform their respective obligations;
- each party's rights and payment terms regarding the goods or services to be transferred can be identified;
- the goods or service can be identified as 'distinct'; and
- the point at which the performance obligation is satisfied, i.e. over time or at a point in time.

Each sale in the Group is associated with a specific contract to provide goods or services. The contract states the performance obligations the Group is required to meet in order to fulfil the contract. Performance obligations in general relate to delivery of a product to the customer but can vary in relation to the specific variety of crop, or the quality or size of the crop. Each contract will also specify a price for delivery of the performance obligations which can be separately identified if the contract relates to more than one performance obligation. The Group recognises revenue when it transfers control of a product or service to a customer.

Services

Services provided relate to work done on a contract basis for a customer. This can include providing agronomy or storage management services or undertaking specific farming tasks such as growing and harvesting crops. Revenue for these services is recognised at the point in time the service occurs or if over a longer period such as the growing season it will be recognised over the period the service occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Government grants related to employee furlough are recognised as they accrue in line with the relevant scheme.

Rental income from property, plant and equipment

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

Accrued income

Accrued income is recognised at point of sale of goods until the time the invoice is issued to the customer.

Investment income

Investment 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 capitalised against the debt and amortised over the term of the debt facility.

Operating profit

Operating profit is stated before investment income and finance costs.

Leases

The Group recognises right of use assets under lease agreements in which it is the lessee. The underlying assets mainly include property, land, plant and equipment. The right-of-use assets comprise the initial measurement of the corresponding lease liability and payments made at or before the commencement day as well as any initial direct costs.

The right of use asset is depreciated over the lease-term and if necessary impaired in accordance with applicable standards. The Group makes any adjustments for re-measurement of the lease liability and the right of use asset in line with annual rent reviews in Poland and Romania. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (application of the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group has evaluated the criteria to identify a lease and determined that due to the nature of the business all leases in relation to land be classified under IFRS 16 as right of use leases regardless of value or lease term. Other lease categories relating to buildings and machinery will only be classified as right of use leases if they are not low value or short-term. The Group has not elected to separate non-lease components from the lease components for any leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial leases arise on acquisition of subsidiaries and relate to the acquisition of land leases where the rent payment is less than market value. This may be due to the rent being a fixed rate and a number of years old. The benefit gained is capitalised and amortised over the remaining life of the lease.

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 translated into 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 year 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
- 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 year, unless exchange rates fluctuate significantly during that year, 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 year 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 consist of unusual and or one-off items. These are classified by the Directors as income or expense which is not a part of the normal course of business and does not occur on a frequent basis. Examples of exceptional items would include but not be exclusive to professional and legal fees in relation to transactions, gains on bargain purchases and business restructuring.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 year 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.

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 and 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	: Over the life of the lease
Plant and equipment	: 3 to 15 years straight-line
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets excluding goodwill

Other Intangible assets are recognised on acquisition of a subsidiary and relate to brands within the business or acquired customer lists which have value to the Group. Other intangible assets are measured initially at purchase cost and are amortised as follows:

Brand	: 5 years straight-line
Acquired customer lists	: 5 years straight-line
Long term contracts	: Over the life of the agreement

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.

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.

Investments

Each parent company of the investments listed in note 21, prepares separate financial statements according to the legal requirements in the jurisdiction of that parent company.

All investments are accounted for based on historical cost.

Biological assets

Crops before the point of harvest such as wheat, barley, potatoes and livestock (primarily cattle) are classified as biological assets. Bearer plants such as orchards and miscanthus plants are treated as property, plant and equipment and the produce from the bearer plants is 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 year in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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 year in which it arises.

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 lower or deemed cost and 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 year in 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. Raw materials are valued at average cost.

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 37.

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 24), 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 year, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

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 37 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Note 37 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 33.

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.

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.

Discontinued operations

Discontinued operations are recognised in line with IFRS 5. Assets are recognised as held for sale when the carrying amount is expected to be recovered principally through a sale rather than continuing use. Therefore, the asset must be available for sale in its present condition, the sale must be highly probable, and the Group is committed to a sale plan. The assets and liabilities are recognised at fair value in current assets and liabilities. Discontinued operations are shown in note 16.

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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Group's accounting policies

There are no critical judgements other than those involved in estimation as listed 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting year 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.

Details of the year end balances for goodwill, property, plant and equipment and intangibles assets are disclosed in notes 17 to 19.

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 such as those relating to changing weather conditions 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.

Details of the year end balances for biological assets is disclosed in note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

5. REVENUE

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

	Note	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Revenue from contracts with customers			
Sales of goods		159,813	166,408
Rental income		653	632
Other revenue			
Subsidy income	8	18,171	18,783
Insurance compensation		1,488	1,512
Investment revenue	12	30	40
Total revenue from continuing operations		180,155	187,375
Total revenue from discontinued operations	16	37	16,836
Total revenue		180,192	204,211
Timing of revenue recognition for continuing operations			
At a point in time		176,823	183,947
Over time		3,332	3,428
Total		180,155	187,375

All revenue has been generated in the EU.

6. OTHER OPERATING INCOME

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Compensation for contractual breaches	372	183
Expiry of liabilities	71	151
Other	422	501
Total	865	835

7. EXCEPTIONAL ITEMS

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Cash pooling	-	169
Business reorganisation	553	9,927
Safety and regulatory	206	-
Total	759	10,096

The calculation of the leverage covenant for bank loans uses EBITDA, which excludes the impact of exceptional items. The tax treatment of income and expenses is not impacted by their disclosure as exceptional items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

7. EXCEPTIONAL ITEMS (CONTINUED)

Cash pooling

During the prior year the Group implemented a cash pooling process. The costs relate to payments of professional fees for this process implementation.

Business reorganisation

The current year expenditure relates to professional fees incurred in relation to the preparation of the Group for sale.

The prior year expense relates to the restructuring of the Poland upstream, including the disposal of Rolimpex S.A., and Poland downstream operations. In addition, the Central and Poland finance departments were subject to restructuring processes during the prior year.

Safety and regulatory

Related to additional expenses incurred across the Group as a direct result of the Covid-19 pandemic.

8. LOSS FOR THE YEAR AND NON-GAAP MEASURES

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

	Note	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Net foreign exchange loss		90	356
Depreciation of property, plant and equipment	19	8,186	9,330
Depreciation of right of use assets	20	24,856	24,102
Amortisation of intangible assets	18	665	680
Amortisation of capitalised borrowing costs		1,744	1,462
Gain on disposal of property, plant and equipment		(1,614)	(1,372)
Cost of inventories recognised as expense		118,447	129,384
Staff costs	10	31,011	33,868
Impairment loss recognised on trade receivables	24	49	102
Short term lease expense		1,838	1,642
Gain on sale and lease back of land		(265)	(967)
(Gain)/loss on disposal of subsidiary		(376)	9,084
Subsidy income	5	(18,171)	(18,783)

The financial measure being Earnings before Interest, Tax, Depreciation and Amortisation excluding the impact of Exceptional items and Foreign exchange gains/(losses) ("EBITDA (adjusted)") is a non-GAAP measure. It is not defined by IFRS and is not intended to be used as a substitute for, or superior to, IFRS measurements of profit. The following table is provided to show the calculation of the measure as included in the Strategic report on page 4.

	Note	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Operating profit before exceptional items		9,605	6,800
Depreciation of property, plant and equipment	19	8,186	9,330
Depreciation of right of use assets	20	24,856	24,102
Amortisation of intangible assets	18	665	680
Amortisation of capitalised borrowing costs		1,744	1,462
Net foreign exchange loss		90	356
Bank charges and fees		290	147
EBITDA (adjusted)		45,436	42,877

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

9. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Statutory audit fees: Consolidated group financial statements		
- Deloitte LLP	232	348
Statutory audit fees: Other entity financial statements		
- Deloitte LLP and other member firms of Deloitte Touche Tohmatsu	358	288
- VGD-AVOS AUDIT s.r.o.	12	12
Total statutory audit fees	602	648
Non-audit fees: Deloitte LLP and other member firms of Deloitte Touche Tohmatsu		
- Audit-related	-	12
- Other assurance	3	3
- Tax compliance	51	46
- Tax advisory	6	104
- Corporate finance services	250	-
- Other non-audit services	11	7
Non-audit fees: VGD-AVOS AUDIT s.r.o.		
- Tax services	2	2
- Other services	-	4
Total non-audit fees	323	178

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.

10. STAFF COSTS

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

	Year ended 31 Dec 2020 Number	Year ended 31 Dec 2019 Number
Production	1,137	1,425
Management and administration	255	313
	1,392	1,738

Excluding discontinued operations production employees would number 1,137 (2019: 1,240) and management and administration would number 255 (2019: 273).

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Their aggregate remuneration comprised:		
Wages and salaries	26,238	28,512
Social security costs	4,570	5,136
Other pension costs (note 36)	203	220
	31,011	33,868

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

10. STAFF COSTS (CONTINUED)

Excluding discontinued operations wages and salaries would be €26,220,000 (2019: €26,174,000), social security costs would be €4,568,000 (2019: €4,693,000) and other pension costs would be €203,000 (2019: €220,000). The company had no employees during the year (2019: nil).

11. DIRECTORS' REMUNERATION AND TRANSACTIONS

Aggregate directors' remuneration

The total amounts for directors' remuneration were as follows:

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Emoluments	1,460	703
	1,460	703

As at 31 December 2020 2 directors (2019 – 2) have B shares in P&P Spearhead Jersey Holdings Ltd.

Highest paid director

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

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Emoluments	623	360
	623	360

There are no Directors who are members of money purchase pension schemes (2019 – nil).

12. INVESTMENT REVENUE

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Bank deposits	30	40

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

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Loans and receivables (including cash and bank balances)	30	40

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

13. FINANCING COSTS

Finance costs

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Interest on bank overdrafts and loans	5,169	5,980
Interest on obligations under right of use leases	3,728	3,430
Other	65	137
	8,962	9,547

14. TAX

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Current tax		
UK corporation tax	-	-
Foreign tax	1,571	1,328
	1,571	1,328
Deferred tax (note 27)		
Origination and reversal of timing differences	(241)	(377)
	1,330	951

Corporation tax is calculated at 19.0% (2019 – 19.0%) 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 can be reconciled to the loss per the consolidated income statement as follows:

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Total loss from continuing operations before tax	(86)	(12,803)
Tax from continuing operations at the blended UK corporation tax rate of 19.0% (2019: 19.0%)	(16)	(2,432)
Tax effect of:		
Expenses not deductible for tax purposes	695	2,669
Income not taxable	(713)	(360)
Utilisation of tax losses	(119)	1,047
Effect of overseas tax rates	(6)	13
Other temporary differences	1,434	12
Adjustment in respect of prior years	55	2
Tax expense for the year	1,330	951

The March 2020 budget announced that the main rate of corporation tax will be held at 19% from 1 April 2020. However, in the March 2021 Budget it was announced that there would be an increase in the Corporation Tax rate to 25% from 1 April 2023. As this has not been enacted by the balance sheet date, balances as at 31 December 2020 continue to be measured at 19%, as the deferred tax in the UK is currently unrecognised the amended tax rate would have no impact on the current balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

15. LOSS ATTRIBUTABLE TO THE COMPANY

As permitted by Section 408 of the Companies Act 2006, no separate income statement or statement of comprehensive income is presented in respect of the parent company. The loss 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.

16. DISCONTINUED OPERATIONS

On 22 August 2017 the Group Board of Directors agreed to actively market Masfrost Sp. z o.o. and Masfrost Ziębice Sp. z o.o. with the intention to sell these operations pertaining to the Downstream CGU. Both entities were vegetable freezing operations in Poland. It was the intention that both should be sold due to poor performance in comparison to expectations and were expected to be sold within 12 months.

During the year Masfrost Sp. z o.o. was liquidated due to a lack of suitable buyers. The sale of Masfrost Ziębice Sp. z o.o. to a third-party buyer was completed on the 1 January 2020. As a result, these companies remain discontinued operations for the current and prior year.

The results of the discontinued operations, which have been included as a line in the consolidated income statement, were as follows:

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Revenue	37	16,836
Expenses	(77)	(17,365)
Gain on liquidation	376	-
Profit/(loss) before tax	336	(529)
Attributable tax expense	-	-
Net profit/(loss) attributable to discontinued operations	336	(529)

During 2020, Masfrost contributed €90,000 to the Group's net operating cash flows and €2,401,000 in respect of investing activities.

During 2019, Masfrost contributed €(38,000) to the Group's net operating cash flows, received €106,000 in respect of investing activities and paid €12,000 in respect of financing activities.

During 2020, Ziebice contributed €390,000 to the Group's net cash flow in respect of investing activities.

During 2019, Ziebice contributed €619,000 to the Group's net operating cash flows, paid €298,000 in respect of investing activities and €450,000 in respect of financing activities.

All of the above are included in the consolidated cashflow statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

16. DISCONTINUED OPERATIONS (CONTINUED)

A gain of €nil (2019: €1.5 million) arose on the remeasurement of Masfrost to fair value less costs to sell. Additionally, a gain of €nil (2019: loss of €2.9 million) arose on the remeasurement of Ziebice to fair value less costs to sell.

The major classes of assets and liabilities associated with the discontinued operations, which are classified as held for sale are as follows:

	31 Dec 2020 €'000	31 Dec 2019 €'000
Property, plant and equipment	-	2,942
Investments	-	1
Inventories	-	2,851
Trade and other receivables	-	1,916
Cash and bank balances	-	267
Total assets classified as held for sale	-	7,977
Trade and other payables	-	(2,723)
Obligations under right of use leases	-	(1,785)
Total liabilities associated with assets classified as held for sale	-	(4,509)
Net asset of disposal group	-	3,468

17. GOODWILL

Group	31 Dec 2020 €'000	31 Dec 2019 €'000
Cost		
At 1 January	40,862	40,460
Exchange differences	(1,226)	402
At 31 December	39,636	40,862
Accumulated impairment losses		
At 1 January	(6,655)	(6,651)
Exchange differences	-	(4)
At 31 December	(6,655)	(6,655)
Carrying amount		
At 31 December	32,981	34,207

No goodwill was held by the Company at 31 December 2020 (2019 – €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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

17. GOODWILL (CONTINUED)

The carrying amount of goodwill net of impairment had been allocated as follows:

	31 Dec 2020 €'000	31 Dec 2019 €'000
Upstream	2,541	2,636
Primary production	30,440	31,571
	32,981	34,207

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 earnings by the following rates would result in the recoverable amount of goodwill being reduced to its carrying value.

	Year ended 31 Dec 2020 %	Year ended 31 Dec 2019 %
Upstream	63	72
Primary production	19	18

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 four years based on estimated baseline growth in earnings of 1%. This rate does not exceed the average long-term growth rate for the relevant markets. Cash flows are then assumed in perpetuity with 1% growth.

The pre-tax rate used to discount the forecast cash flows from the CGUs is 13% for Upstream (2019: 11%) and 14% for Primary Production (2019: 11%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

18. OTHER INTANGIBLE ASSETS

Group	Total €'000
Cost	
At 1 January 2019	7,856
Additions	4
Disposal	(585)
Exchange differences	97
At 31 December 2019	7,372
Additions	37
Disposal	(62)
Exchange differences	(261)
At 31 December 2020	7,086
Amortisation	
At 1 January 2019	1,162
Charge for the year	680
Exchange differences	23
At 31 December 2019	1,865
Charge for the year	665
Exchange differences	(64)
At 31 December 2020	2,466
Carrying amount	
At 31 December 2019	5,507
At 31 December 2020	4,620

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 2020

19. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties €'000	Short leasehold properties €'000	Assets under construction €'000	Plant and equipment €'000	Total €'000
Cost					
At 1 January 2019	90,189	177	2,075	40,416	132,857
Additions	2,269	126	1,630	2,419	6,444
Disposals	(7,212)	-	(4)	(2,330)	(9,546)
Transfers between categories	1,109	-	(3,101)	1,992	-
Transfers from right of use assets	550	-	-	2,392	2,942
Transfers to held for sale assets	-	-	-	1,382	1,382
Exchange differences	799	4	(23)	489	1,269
At 31 December 2019	87,704	307	577	46,760	135,348
Additions	1,881	25	937	2,136	4,979
Disposals	(801)	-	(106)	(4,878)	(5,785)
Transfers between categories	278	-	(768)	490	-
Transfers from right of use assets	-	-	-	2,689	2,689
Transfers to held for sale assets	(443)	-	-	(95)	(538)
Exchange differences	(3,758)	(14)	(25)	(2,073)	(5,870)
At 31 December 2020	84,861	318	615	45,029	130,823
Accumulated depreciation					
At 1 January 2019	15,171	70	91	19,748	35,080
Charge for the year	3,756	20	-	5,554	9,330
Release on disposals	(1,662)	-	-	(1,215)	(2,877)
Transfers from right of use assets	467	-	-	1,204	1,671
Transfer to held for sale assets	269	-	-	1,513	1,782
Exchange differences	151	1	1	274	427
At 31 December 2019	18,152	91	92	27,078	45,413
Charge for the year	3,459	30	-	4,697	8,186
Release on disposals	(57)	-	(86)	(4,297)	(4,440)
Impairment	154	-	-	8	162
Transfers from right of use assets	-	-	-	2,286	2,286
Transfer to held for sale assets	(191)	-	-	(94)	(285)
Exchange differences	(832)	(3)	(6)	(1,300)	(2,141)
At 31 December 2020	20,685	118	-	28,378	49,181
Carrying amount					
At 31 December 2019	69,552	216	485	19,682	89,935
At 31 December 2020	64,176	200	615	16,651	81,642

Included within freehold properties is freehold land not depreciated with a carrying value of €21,604,000 (2019 - €22,039,000). Included within plant and equipment are bearer plants with cost of €600,000 (2019 - €600,000) and a carrying value of €222,000 (2019 - €305,000). At 31 December 2020 the Group was committed to capital expenditure of €268,000 (2019 - €12,000) which was contracted for but not provided for.

Freehold land and buildings and plant and machinery with a carrying amount of €54,841,436 (2019 - €56,546,000) has been pledged to secure borrowings of the Group. 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 to another entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

20. RIGHT OF USE ASSETS

Group	Plant & machinery €'000	Leasehold land & buildings €'000	Total €'000
Cost			
At 1 January 2019	33,091	105,670	138,761
Additions	9,016	11,698	20,714
Disposals	(5,485)	(7,308)	(12,793)
Transfers to property plant and equipment	(2,392)	(550)	(2,942)
Held for sale	(888)	-	(888)
Revaluation	1,054	(2,966)	(1,912)
Exchange differences	545	705	1,250
At 31 December 2019	34,941	107,249	142,190
Additions	15,210	8,982	24,192
Disposals	(7,330)	(9,830)	(17,160)
Transfers to property plant and equipment	(2,606)	(83)	(2,689)
Revaluation	1,228	1,423	2,651
Exchange differences	(1,860)	(4,983)	(6,843)
At 31 December 2020	39,583	102,758	142,341
Accumulated depreciation			
At 1 January 2019	14,422	35,786	50,208
Charge for the year	7,642	16,460	24,102
Release on disposals	(4,675)	(7,195)	(11,870)
Transfers to property plant and equipment	(1,204)	(467)	(1,671)
Held for sale	(888)	(11)	(899)
Revaluation	306	(409)	(103)
Exchange differences	136	366	502
At 31 December 2019	15,739	44,530	60,269
Charge for the year	8,700	16,156	24,856
Release on disposals	(6,312)	(9,830)	(16,142)
Transfers to property plant and equipment	(2,250)	(36)	(2,286)
Revaluation	367	389	756
Exchange differences	(753)	(2,293)	(3,046)
At 31 December 2020	15,491	48,916	64,407
Carrying amount			
At 31 December 2019	19,202	62,719	81,921
At 31 December 2020	24,091	55,648	77,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

20. RIGHT OF USE ASSETS (CONTINUED)

During the year, revaluations to right of use assets totalling €1,895,000 (2019: €(2,015,000)) were recorded to reflect changes in the future rental payments due to rent reviews or changes in crop prices to which the rent payments are tied. Also included within the revaluation lines are corrections to prior year errors, which the directors consider to be immaterial and are therefore corrected in the current year in accordance with IAS 8: Accounting policies, changes in accounting estimates and errors. Total cash outflow for right of use leases during the year was €25,661,000 (2019: €26,028,000).

21. INVESTMENTS

Group	Other investments €'000
Cost and net book value	
At 1 January 2019	451
Exchange differences	3
At 31 December 2019	454
Additions	169
Disposals	(193)
Exchange differences	(30)
At 31 December 2020	400
	Unlisted shares €'000
Company	
Cost and net book value	
At 31 December 2020 and 2019	208,199

Unlisted shares at 31 December 2020 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 Group PLC	Inactive	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	#2	Ordinary shares	100
Farmwealth Limited	Holding	England and Wales	#1	Ordinary shares	100
Spearhead Czech s.r.o.	Holding	Czech Republic	#3	Ordinary shares	100
S.C. Agrinatura S.R.L.	Holding	Romania	#4	Ordinary shares	100
SPEARHEAD SLOVAKIA, s.r.o.	Holding	Slovakia	#5	Ordinary shares	89
GREEN POINT, spol. s r.o.	Primary production	Slovakia	#5	Ordinary shares	89
Radar s.r.o.	Primary production	Slovakia	#6	Ordinary shares	11
Spearhead d.o.o	Inactive	Serbia	#7	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 2020

21. 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	#2	100
Spearhead Marketing Limited	Supply chain management	England and Wales	#2	100
Greens Farming Limited	Primary production	England and Wales	#2	100
D C Produce Limited	Marketing	England and Wales	#2	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	#8	99.9
Top Farms Głubczyce Sp. z o.o.	Primary production	Poland	#9	100
Top Gen Sp. z o.o.	Trading	Poland	#9	88
Top Farms Agro Sp. z o.o.	Trading	Poland	#8	100
Nasiennictwo Inwestycje Sp. z o.o.	Trading	Poland	#11	100
Jagroł Sp. z o.o.	Primary production	Poland	#12	100
Agro-Fundusz Mazury Sp. z o.o.	Primary production	Poland	#13	100
Top Farms Mazury Sp. z o.o.	Holding	Poland	#13	100
Top Farms Pormorskie Sp. z o.o.	Primary production	Poland	#13	100
Top Farms CUW Sp. z o.o.	Marketing	Poland	#8	100
Książ Rol Sp. Z o o	Primary production	Poland	#22	100
Top Farms Wielkopolska Sp. z o.o.	Primary production	Poland	#14	100
SPEARHEAD SLOVAKIA, s.r.o.	Holding	Slovakia	#5	11

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 JIHLAVA, s.r.o.	Primary production	Czech Republic	#10	99.9
SALIX MORAVA a.s.	Primary production	Czech Republic	#3	100
AGROSUMAK a.s.	Primary production and biogas	Czech Republic	#15	100
Agro – družstvo MORAVA	Primary production and biogas	Czech Republic	#16	100
EUROFARMS AGRO-B s r.o.	Primary production and biogas	Czech Republic	#17	100
POTATO, s.r.o.	Inactive	Czech Republic	#10	100
ROLANA spol. s r.o	Primary production	Czech Republic	#21	100
Agrosales. s r.o	Trading	Czech Republic	#10	100

Agro - družstvo MORAVA is 98.57% owned by Spearhead Czech s.r.o., 0.96% by POTATO s.r.o. and 0.47% by ROLANA spol. S r.o.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

21. INVESTMENTS (CONTINUED)

S.C. Agrinatura 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	#4	100
S.C. Agrinatura Serv S.R.L.	Dormant	Romania	#4	70
S.C. Agroservice Piatra S.A.	Primary production	Romania	#18	55
S.C. Agrifarm Aliprod S.R.L.	Primary production	Romania	#4	100
S.C. Independenta G&T Prest S.R.L.	Primary production	Romania	#19	100
S.C. Agronica S.R.L.	Primary production	Romania	#4	100
S.C. Agritac S.R.L.	Primary production	Romania	#4	100

S.C. Agrinatura Serv S.R.L. is 70% owned by S.C. Silosud S.A. and 30% by Agroserv SRL. S.C. Agritac S.R.L. is 99.9950% owned by S.C. Agrinatura S.R.L. and 0.0050% by S.C. Agronica S.R.L. S.C. Agrifarm Aliprod S.R.L. is 99% owned by S.C. Agrinatura S.R.L. and 1% by S.C. Agronica 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	#6	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	#20	98
GREEN POINT, spol. s r.o.	Primary production	Slovakia	#5	11

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

The following subsidiaries are exempt from the requirements of the Companies Act 2006 ("the Act") relating to the audit of individual accounts, by virtue of s479A of the Act

	Principal activity	Country of incorporation	Registered Office address	Description of holding	% held
Spearhead International Limited Company no. 01056769	Holding	England and Wales	#1	Ordinary shares	100
Farmwealth Limited Company no. 01356861	Holding	England and Wales	#1	Ordinary shares	100
Greens of Soham Limited Company no. 03915025	Holding	England and Wales	#1	Ordinary shares	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

21. INVESTMENTS (CONTINUED)

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

- #1: 3 Pioneer Court Chivers Way, Histon, Cambridge, England, CB24 9PT, UK
- #2: Lords Ground Farm Swaffham Prior Fen, Swaffham Prior, Cambridge, England, CB25 0LQ, UK
- #3: Revoluční 130/30, 751 17 Horní Moštěnice, Czech Republic
- #4: 2, Viilor street, Alexandria, Teleorman, 140110, Romania
- #5: 1545, Farná, 93566, Slovakia
- #6: 479, Poľnofarma, Zbehy, 95142, Slovakia
- #7: Brace Jerkovic 185a, Office II-4, Belgrade-Vozdovac, 11000 Belgrade, Serbia
- #8: ul. Przelot 24, 60-408 Poznań, Poland
- #9: ul. Bolesława Chrobrego 23, 48-100 Głubczyce, Poland
- #10: Heroltice 65, 586 01 Jihlava, Czech Republic
- #11: ul. Mickiewicza 14; 60-834 Poznań, Poland
- #12: Pierzchno 14, 62-035 Kórnik, Poland
- #13: Drogosze 49/1, 11-410 Barciany, Poland
- #14: Piotrowo Pierwsze 6, 64-020 Czempień, Poland
- #15: Komenského 211, 742 01 Suchdol nad Odrou, Czech Republic
- #16: Kojetín - Kojetín I-Město, Komenského náměstí 1052, 75201, Czech Republic
- #17: Jablonského tř. 409, 378 21 Kardašova Řečice, Czech Republic
- #18: Comuna Piatra, Teleorman, Romania
- #19: Sat Smardioasa, comuna Smardioasa, Teleorman, Romania
- #20: 220, Podhorany, 95146, Slovakia
- #21: Lejšovka 91, PSČ 503 03, Czech Republic
- #22: Spółka z Ograniczoną Odpowiedzialnością, Radoszkowska 3, 63-130 Książ Wielkopolski, Poland

22. INVENTORIES

Group	2020 €'000	2019 €'000
Raw materials	11,239	12,800
Finished goods	45,371	43,359
	56,610	56,159

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

23. BIOLOGICAL ASSETS

The balances of biological assets held by the Group as at 31 December 2020 and 2019 comprise the following:

Group	2020		2019	
	Hectares	Amount €'000	Hectares	Amount €'000
Combinable crops	54,014	18,236	55,603	19,570
Other crops	16,499	4,229	16,366	5,771
Total	70,513	22,465	71,969	25,341

	2020		2019	
	Number of heads	Amount €'000	Number of heads	Amount €'000
Livestock	15,154	7,919	11,991	8,240
Total		30,384		33,581

No biological assets were held by the Company at 31 December 2020 (2019 – €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
At 1 January 2019	25,363	7,795	33,158
Purchases and subsequent expenditure capitalised into biological assets	103,748	3,275	107,023
Gains arising from changes in net fair value attributable to physical changes and to changes in market prices	14,712	79	14,791
Decrease due to harvest	(118,619)	-	(118,619)
Sales	-	(2,992)	(2,992)
Exchange differences	137	83	220
At 31 December 2019	25,341	8,240	33,581
Purchases and subsequent expenditure capitalised into biological assets	94,741	4,168	98,909
Gains/(losses) arising from changes in net fair value attributable to physical changes and to changes in market prices	14,516	(62)	14,454
Decrease due to harvest	(111,031)	-	(111,031)
Sales	-	(4,008)	(4,008)
Exchange differences	(1,102)	(419)	(1,521)
At 31 December 2020	22,465	7,919	30,384

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

24. OTHER FINANCIAL ASSETS

Trade and other receivables classified as current	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Amount receivable for the sale of goods	15,456	15,065	-	-
Provision for credit losses	(805)	(860)	-	-
Net trade receivables	14,651	14,205	-	-
Other debtors	11,443	13,501	82	29
Amounts owed by group undertakings	-	-	42,158	22,925
Prepayments	2,612	2,283	15	5
Accrued income	4,832	4,208	-	-
	33,538	34,197	42,255	22,959

Trade and other receivables classified as non-current	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Amounts owed by group undertakings	-	-	42,580	77,159

Amounts owed by group undertakings

This balance represent amounts due from fellow group subsidiary undertakings in respect of loans made in the current and previous years. Loans for short term cashflow purposes are repayable on demand. Loans for longer term funding represent third party loans borrowed and subsequently loaned to subsidiary undertakings on a back to back basis. These loans accrue interest at a rate consistent with the corresponding third party loans with no mark up applied and principle amounts are repayable on or before the date of the principle repayment dates for the corresponding third party loans.

As at 31 December 2020 no guarantees were received from subsidiary undertakings with respect to these loans (2019: none) and there were no provisions for doubtful debts with respect to outstanding balances (2019: none).

Trade receivables

The average credit period taken on sales of goods is 33 days (2019 - 31 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 2020 or 2019.

Included in the Group's trade receivables are debtors with a carrying amount of €1,721,000 (2019 - €2,607,000) which are past due at the reporting date. The Group has not provided against these amounts 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

24. OTHER FINANCIAL ASSETS (CONTINUED)

Aged but not impaired receivables

	2020	2019
	€'000	€'000
0-60 days	823	1,329
60-90 days	368	617
Over 90 days	530	661
	1,721	2,607

Movement in the allowance for doubtful debts

	2020	2019
	€'000	€'000
Balance at the beginning of the year	860	2,293
Disposed of with subsidiary	-	(1,370)
Impairment losses recognised	49	102
Amounts written off as uncollectible	(13)	-
Amounts recovered during the year	(67)	(185)
Exchange differences	(24)	20
Balance at the end of the year	805	860

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.

In accordance with IFRS 9 there are no additional losses to recognise on trade receivables.

Ageing of impaired trade receivables within the allowance for doubtful debts

	2020	2019
	€'000	€'000
Under 30 days	-	-
30-60 days	-	-
60-90 days	-	-
Over 90 days	805	860
	805	860

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

Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Cash and cash equivalents	26,335	31,047	223	1,268

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 2020

25. BORROWINGS

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Secured borrowings at amortised cost				
Bank loans and facilities	123,281	135,361	123,281	135,361
	123,281	135,361	123,281	135,361
Total borrowings				
Amount due for settlement within 12 months	38,335	28,203	38,335	28,203
Amount due for settlement after 12 months	84,946	107,158	84,946	107,158

Group

Analysis of borrowings by currency:

	Pounds Sterling €'000	Euro €'000	Polish Zloty €'000	Czech Koruna €'000	Total €'000
Bank loans and facilities	10,278	66,589	26,451	19,963	123,281
At 31 December 2020	10,278	66,589	26,451	19,963	123,281
Bank loans and facilities	11,276	66,898	33,560	23,627	135,361
At 31 December 2019	11,276	66,898	33,560	23,627	135,361

Company

Analysis of borrowings by currency:

	Pounds Sterling €'000	Euro €'000	Polish Zloty €'000	Czech Koruna €'000	Total €'000
Bank loans and facilities	10,278	66,589	26,451	19,963	123,281
At 31 December 2020	10,278	66,589	26,451	19,963	123,281
Bank loans and facilities	11,276	66,898	33,560	23,627	135,361
At 31 December 2019	11,276	66,898	33,560	23,627	135,361

The Group's principal borrowings are a bank loan with a value of €125,816,000 (2019 - €135,361,000) held in the Company. The loan is secured with assets globally within the Group under the terms of the Senior Multicurrency Term and Revolving Facilities Agreement dated 14 March 2017 and amended on 2 July 2018 and on 17 September 2020. Costs relating to these refinancing activities were capitalised and are amortised over the life of the loan. During the current year costs of €2,817,000 were capitalised (2019: €nil). As at 31 December 2020 the remaining balance to be amortised was €4,441,000 (2019: €3,368,000). See note 37 for details on the weighted average interest rates on borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

26. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Current		Non-current	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Derivatives that are designated and effective as hedging instruments carried at fair value				
Foreign currency derivatives	109	-	-	-
Interest rate derivatives	-	72	-	-
Commodity derivatives	25	-	-	-
Assets	134	72	-	-
Foreign currency derivatives	7	-	-	-
Interest rate derivatives	-	60	-	-
Commodity derivatives	38	-	-	-
Liabilities	45	60	-	-

At 31 December 2020 the Company recognised derivative financial assets of €nil (2019: €72,000) and derivative financial liabilities of €nil (2019: €60,000).

Further details of derivative financial instruments are provided in note 37.

27. DEFERRED TAX

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

Group	Accelerated tax depreciation €'000	Short-term timing differences €'000	Tax losses €'000	Total €'000
At 1 January 2019	2,993	85	(2)	3,076
Credit to income	(221)	(156)	-	(377)
Reclassifications	126	(126)	-	-
Disposal	(440)	183	-	(257)
Foreign exchange	19	(9)	-	10
At 31 December 2019	2,477	(23)	(2)	2,452
Credit to income	(120)	(121)	-	(241)
Reclassifications	-	-	-	-
Disposal	-	-	-	-
Foreign exchange	(73)	14	-	(59)
At 31 December 2020	2,284	(130)	(2)	2,152

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

	2020 €'000	2019 €'000
Deferred tax assets	(1,099)	(846)
Deferred tax liabilities	3,251	3,298
	2,152	2,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

27. DEFERRED TAX (CONTINUED)

In addition to the amounts recognised, at the balance sheet date, the Group has unrecognised deferred tax assets of €14,430,000 (2019 - €11,052,000) available for offset against future profits. The total unrecognised deferred tax asset at the balance sheet date consisted of €173,000 (2019 - €162,000) in respect of capital losses, €10,834,000 (2019 - €8,308,000) in respect of operating losses and €3,423,000 (2019 - €2,582,000) 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. The unrecognised deferred tax assets as at 31 December 2020 have no expiry date (2019: No expiry date).

Company

At the balance sheet date, the Company has a recognised deferred tax liability of €nil (2019: €2,000). This relates to a temporary timing difference arising from the interest charge on the loan held by the Company.

In addition, the Company has an unrecognised deferred tax asset in respect of unused tax losses of €4,197,000 (2019 - €2,674,000) available for offset against future profits. These unused losses were in respect of operating losses. The Company also has an unrecognised deferred tax asset of €1,706,000 (2019 - €806,000) related to loan relationships. 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.

28. OBLIGATIONS UNDER RIGHT OF USE LEASES

Group	Minimum lease payments		Present value of lease Payments	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Amounts payable under right of use leases:				
Within one year	20,918	18,985	17,785	16,136
In the second to fifth years inclusive	45,186	44,034	39,097	37,934
After five years	15,584	17,080	12,537	13,802
	81,688	80,099	69,419	67,872
Less: Future finance charges	(12,269)	(12,227)	n/a	n/a
Present value of lease obligations	69,419	67,872	69,419	67,872
Less: Amount due for settlement within 12 months (shown under current liabilities)	17,785	18,985		
Amount due for settlement after 12 months	51,634	48,887		

It is the Group's policy to lease certain of its fixtures and equipment under right of use leases. See note 37 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, Romanian Lei and Euros.

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

The Group's obligations under right of use leases are secured by the lessors' rights over the leased assets disclosed in note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Trade creditors	11,607	15,811	316	408
Accruals	9,225	8,325	1,190	650
Amounts owed to group undertakings	-	-	13,275	10,788
Deferred income	5,087	2,425	-	-
Other creditors	4,886	9,976	-	-
	30,805	36,537	14,781	11,846

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 34 days (2019 - 39 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Amounts owed to group undertakings represent amounts due to fellow group subsidiary undertakings in respect of short term cashflow loans, which are repayable on demand. As at 31 December 2020 no guarantees were given to subsidiary undertakings with respect to these loans (2019: none).

During the year previously recognised deferred revenue of €2,245,000 was recognised as revenue in the income statement (2019: €1,355,000).

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

30. PROVISIONS

Group	Employee related claim €'000
At 1 January 2020	408
Utilised in the year	(9)
Exchange differences	(21)
At 31 December 2020	378

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.

31. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

	Note	2020 €'000	2019 €'000
Assets classified as held for sale from continuing operations		554	323
Assets classified as held for sale from discontinued operations	16	-	7,977
		554	8,300

	Note	2020 €'000	2019 €'000
Liabilities associated with assets classified as held for sale from discontinued operations	16	-	4,509
		-	4,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

32. SHARE CAPITAL

Group	2020		2019	
	Number '000	Value €'000	Number '000	Value €'000
Authorised and issued: Ordinary shares of £1 each				
Authorised, issued and fully paid	136,043	191,276	136,043	191,276
	136,043	191,276	136,043	191,276

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

33. HEDGING AND TRANSLATION RESERVES

Group	Hedging reserve €'000	Translation reserve €'000	Total €'000
Balance at 1 January 2019	(283)	(1,069)	(1,352)
Exchange differences on translation of overseas operations	-	1,598	1,598
Gain / (loss) recognised on cash flow hedges:			
Foreign currency forward contracts and options	(74)	-	(74)
Interest rate swaps	(23)	-	(23)
Commodity derivatives	405	-	405
Exchange differences	(13)	-	(13)
Balance at 31 December 2019	12	529	541
Exchange differences on translation of overseas operations	-	(7,879)	(7,879)
Gain / (loss) recognised on cash flow hedges:			
Foreign currency forward contracts and options	102	-	102
Interest rate swaps	(12)	-	(12)
Commodity derivatives	(32)	-	(32)
Exchange differences	-	-	-
Balance at 31 December 2020	70	(7,350)	(7,280)

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 presentational currency, being Euro, are recognised directly in the translation reserve.

Company	Hedging reserve €'000	Translation reserve €'000	Total €'000
Balance at 1 January 2019	35	(32,163)	(32,128)
Loss recognised on cash flow hedges:			
Interest rate swaps	(23)	-	(23)
Balance at 31 December 2019	12	(32,163)	(32,151)
Loss recognised on cash flow hedges:			
Interest rate swaps	(12)	-	(12)
Balance at 31 December 2020	-	(32,163)	(32,163)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

34. NON-CONTROLLING INTEREST

	€'000
Balance at 1 January 2019	103
Share of profit for the year	20
Share of other comprehensive income	24
Adjustment arising from change in non-controlling interest	(73)
Dividends	(15)
Balance at 31 December 2019	59
Share of profit for the year	13
Share of other comprehensive income	1
Adjustment arising from change in non-controlling interest	(13)
Dividends	-
Balance at 31 December 2020	60

35. NOTES TO THE CASH FLOW STATEMENT

Group

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Loss for the year	(1,080)	(14,303)
Adjustments for:		
Investment revenue	(30)	(41)
Finance costs	8,962	9,547
Income tax expense	1,330	951
Depreciation of property, plant and equipment	8,186	9,330
Depreciation of right of use assets	24,856	24,102
Impairment of property, plant and equipment	163	-
Amortisation of intangible assets	665	680
Amortisation of debt issue costs	1,744	1,462
Loss on disposal of subsidiary	-	9,422
Other non-cash items	(18)	-
Gain on disposal of non-current assets	(1,739)	(1,372)
(Increase)/decrease in provisions	(167)	378
Change in fair value of derivatives	(136)	(990)
Gains arising on physical changes of biological assets	(14,454)	(14,791)
Non-cash items	29,362	38,678
Operating cash flows before movements in working capital	28,282	24,375
(Increase)/decrease in inventories	(4,703)	2,384
Decrease in biological assets	15,925	14,763
(Increase)/decrease in receivables	(1,414)	6,987
Decrease in payables	(1,806)	(1,769)
Net movements in working capital	8,002	22,365
Net cash generated from operations	36,284	46,740
Income taxes paid	(808)	(2,222)
Bank interest paid	(5,234)	(6,117)
Right of use interest paid	(3,728)	(3,430)
Net cash generated from operating activities	26,514	34,971

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

35. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

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.

Changes in liabilities arising from financing activities

The table below details the changes in the group liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the group consolidated cash flow statement as cash flows from financing activities.

	1 Jan 2020 €'000	Financing cash flows €'000	Disposal of subsidiary €'000	Movement in exchange rates €'000	New leases €'000	Other €'000	31 Dec 2020 €'000
Bank loans and overdraft	135,361	(7,383)	-	(3,624)	-	(1,073)	123,281
Right of use lease liabilities	67,872	(21,933)	-	(2,818)	24,192	2,106	69,419
Total	203,233	(29,316)	-	(6,442)	24,192	1,033	192,700

	1 Jan 2019 €'000	Financing cash flows €'000	Disposal of subsidiary €'000	Movement in exchange rates €'000	New leases €'000	Other €'000	31 Dec 2019 €'000
Bank loans and overdraft	142,631	(10,073)	-	1,341	-	1,462	135,361
Right of use lease liabilities	70,512	(22,598)	(1,270)	727	20,714	(213)	67,872
Total	213,143	(32,671)	(1,270)	2,068	20,714	1,249	203,233

36. 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 €203,244 (2019 - €220,482) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. There are no accruals as at year end (2019: €nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Financial assets				
Fair value through profit and loss (FVTPL)	-	-	-	-
Derivative instruments in designated hedge accounting relationships	134	72	-	72
Loans and receivables (including cash and cash equivalents)	26,335	31,047	223	1,268
Financial liabilities				
Fair value through profit and loss (FVTPL)	-	-	-	-
Derivative instruments in designated hedge accounting relationships	45	60	-	60
Amortised cost	123,281	135,361	123,281	135,361

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 25, 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.

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

a) Market risk

The Group's activities expose it primarily to the financial risks of changes in wheat, oilseed rape, maize, soymeal 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

37. FINANCIAL INSTRUMENTS (CONTINUED)

- financial derivative instruments taken out on the MATIF futures market to mitigate the risk of fluctuating wheat, oilseed rape and maize prices;
- financial derivative instruments taken out on the CBoT futures market to mitigate the risk of fluctuating soymeal prices;
- diesel swaps mitigate the risk of fluctuating diesel prices; and
- interest rate swaps and caps 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.

Group hedges interest rate risk, FX and commodity risk components. Commodity risk component is either defined in hedged contracts or is implicit. Risk component is determined by analysing the relation between local prices and market benchmark (exchange traded commodity) by measuring historical correlation. It is supported by analysis market structure in terms of logistic costs, quality, supply/demand.

Group assesses economic relationship between hedge items and hedging instruments using qualitative and quantitative analysis. In qualitative analysis critical terms of hedged item and hedging instrument are compared. Uniformity or high convergence are considered as a proof for economic relationship. In quantitative analysis two scenarios (negative and positive—changes of underlying in opposite directions) are simulated (based on historical standard deviations of underlying asset). For both scenarios potential changes in fair values of hedged item and hedging instruments are calculated and compared. High negative correlation and compensation between 80-125% is considered as an evidence of strong economic relationship.

Group uses hedge ratio 1:1 by default as there is no significant difference between volatility of derivative instruments and hedged risk components. In case of weaker effectiveness, a hedge rebalancing may be considered.

No significant sources of hedge ineffectiveness were identified. In case of some FX hedges (subsidiaries hedge) there may be small mismatch due to different reference rates of hedged item (ECB fixing) and hedging instruments (local central banks fixings) but it is considered as not material as the underlying asset is the same currency pair.

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	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Pounds Sterling	10,258	9,120	21,050	23,176
Polish Zloty	21,680	23,330	39,845	51,123
Czech Koruna	10,097	15,476	24,278	30,850
Romanian New Leu	6,152	6,902	3,396	3,835
Serbian Dinar	93	95	-	-
US Dollar	-	899	107	11

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

37. FINANCIAL INSTRUMENTS (CONTINUED)

Company	Assets		Liabilities	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Pounds Sterling	221	41	10,278	11,276
Polish Zloty	-	2	26,451	33,560
Czech Koruna	-	25	19,963	23,627
US Dollar	-	898	-	-

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 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
UK companies (Pounds Sterling)	58	25
Polish companies (Polish Zloty)	438	(967)
Czech companies (Czech Koruna)	112	2
Romanian companies (Romanian New Leu)	64	174

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.

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 and purchases in Poland and the Czech Republic.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

37: FINANCIAL INSTRUMENTS (CONTINUED)

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

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2020	2019	2020	2019	2020	2019	2020	2019
	rate	rate	CZK'000	CZK'000	EUR'000	EUR'000	€'000	€'000
Cash flow hedges								
Sell Czech Koruna								
Less than 3 months	26.35	-	28,801	-	1,093	-	(5)	-
			28,801	-	1,093	-	(5)	-
Outstanding contracts								
Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2020	2019	2020	2019	2020	2019	2020	2019
	rate	rate	PLN'000	PLN'000	USD'000	USD'000	€'000	€'000
Cash flow hedges								
Sell Polish Zloty								
Less than 3 months	3.74	-	374	-	100	-	(1)	-
			374	-	100	-	(1)	-
Outstanding contracts								
Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2020	2019	2020	2019	2020	2019	2020	2019
	rate	rate	PLN'000	PLN'000	EUR'000	EUR'000	€'000	€'000
Cash flow hedges								
Sell Polish Zloty								
Less than 3 months	4.47	-	291	-	65	-	1	-
			291	-	65	-	1	-
Outstanding contracts								
Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2020	2019	2020	2019	2020	2019	2020	2019
	rate	rate	CZK'000	CZK'000	EUR'000	EUR'000	€'000	€'000
Cash flow hedges								
Sell Euro								
Less than 3 months	27.17	-	29,697	-	1,093	-	39	-
6 to 9 months	27.09	-	8,940	-	330	-	11	-
9 to 12 months	27.07	-	47,102	-	1,740	-	55	-
			85,739	-	3,163	-	105	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

37. FINANCIAL INSTRUMENTS (CONTINUED)

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2020 rate	2019 rate	2020 PLN'000	2019 PLN'000	2020 EUR'000	2019 EUR'000	2020 €'000	2019 €'000
Cash flow hedges								
Sell Euro								
6 to 9 months	4.57	-	4,570	-	1,000	-	2	-
			4,570	-	1,000	-	2	-

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 the last business day of 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 2020, the aggregate amount of unrealised gains under forward foreign exchange contracts and options deferred in the hedging reserve relating to the exposure on these anticipated future receipts is €102,000 (2019 - €nil).

There were no forward exchange contracts held in the Company at 31 December 2020 (2019 – none).

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.

Certain of the group's financial instruments currently reference GBP LIBOR and, in light of the expectation that LIBOR will cease to be available from the end of 2021, the group expects to either to terminate these instruments or transition them to SONIA during 2021. The group has performed an assessment of its exposure to LIBOR, monitored the emergence of market conventions and protocols in relation to transition arrangements, and commenced discussions with its financial instrument counterparties. The group is now assessing its options and aims to complete the transition for all instruments which currently reference GBP LIBOR by the end of December 2021.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to variable interest rates at the balance sheet date.

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 2020 would decrease/increase by €1,301,000 (2019 - €1,390,000).

Interest rate swaps and caps

Under interest rate swap and cap contracts, the Group agreed to exchange the floating rate interest amounts for fixed rate interest amounts, calculated on agreed notional principal amounts in EUR, GBP, PLN and CZK. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

37. FINANCIAL INSTRUMENTS (CONTINUED)

The interest rate swaps and caps settle on a monthly and quarterly basis after the first year. The floating rate on the interest rate swaps received by the Group was:

- 3 month WIBOR – the effective fixed rate paid by the Group is about 2.1%.
- 3 month PRIBOR – the fixed rate paid by the Group is about 1.2%.
- 3 month EURIBOR – the fixed rate paid by the Group is about 0.1%.
- 3 month LIBOR GBP – the fixed rate paid by the Group is about 0.8%.

The Group will settle the difference between the fixed and floating interest rate on a net basis. As at 31 December 2020, the aggregate amount of unrealised gains under interest rate swaps and caps deferred in the hedging reserve relating to the exposure on the future interests is €nil (2019 - €12,000). If interest rates had been 1.0% higher and all other variables were held constant, the fair value of interest rate swaps and caps at the year ended 31 December 2020 would increase by €nil (2019 - €334,000). If interest rates had been 1.0% lower and all other variables were held constant, the fair value of interest rate swaps and caps at the year ended 31 December 2020 would decrease by €nil (2019 - €185,000).

During 2020 all existing interest rate swap contracts expired. No additional interest swap or cap contracts were taken out.

Commodity risk management

In the current year the Group has designated its commodity derivatives as cash flow hedges for its anticipated future commodity sales and purchase in Poland, the Czech Republic, Slovakia and Romania. As at 31 December 2020, the Group held contracts to:

- sell 20,000 tonnes (2019 – 0) of wheat futures and options between January and December 2021,
- purchase 10,000 tonnes (2019 – 0) of wheat options by December 2021,
- sell 3,000 tonnes (2019 – 0) of oil rapeseed options by November 2021,
- purchase 3,000 tonnes (2019 – 0) of oil rapeseed options by November 2021.

As at 31 December 2020, the aggregate amount of unrealised losses under commodity derivatives deferred in the hedging reserve relating to the exposure on these anticipated future sales and purchases is €33,000 (2019 - €nil).

If wheat and oil rapeseed prices had been 5.0% higher and all other variables were held constant, the Group's unrealised loss deferred in the hedging reserve for the year ended 31 December 2020 would increase by €101,000 (2019 - €nil). If wheat and oil rapeseed had been 5.0% lower and all other variables were held constant, the Group's unrealised loss deferred in the hedging reserve for the year ended 31 December 2020 would decrease by €230,000 (2019 - €nil) to become an unrealised gain of €197,000 (2019 - €nil).

There were no commodity derivatives held in the Company at 31 December 2020 (2019 – none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

37. FINANCIAL INSTRUMENTS (CONTINUED)

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.

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. Liquidity risks for the Group relate to fluctuations in working capital due to the seasonal nature of the business. 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 undiscounted tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities:

Group	Weighted average interest rate %	Within 1 year €'000	2-5 years €'000	5+ years €'000	Total €'000
2020					
Non-interest bearing		31,435	1,531	-	32,966
Right of use lease liabilities	5.1	17,785	39,097	12,537	69,419
Variable interest rate instruments	3.6	38,335	84,946	-	123,281
		87,555	125,574	12,537	225,666
2019					
Non-interest bearing	-	35,418	1,775	-	37,193
Right of use lease liabilities	4.3	16,136	37,934	13,802	67,872
Variable interest rate instruments	4.1	28,203	107,158	-	135,361
		79,757	146,867	13,802	240,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

37. FINANCIAL INSTRUMENTS (CONTINUED)

Company	Weighted average interest rate %	Within 1 year €'000	2-5 years €'000	5+ years €'000	Total €'000
2020					
Variable interest rate instruments	3.6	38,335	84,946	-	123,281
2019					
Variable interest rate instruments	4.1	28,203	107,158	-	135,361

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 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
2020				
Foreign exchange forward contracts and options	102	-	-	102
Interest rate swaps	-	-	-	-
Commodity derivatives	(12)	-	-	(12)
	90	-	-	90
2019				
Interest rate swaps	12	-	-	12
	12	-	-	12

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 and commodity futures options are measured using quoted market prices on the MATIF.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

37. FINANCIAL INSTRUMENTS (CONTINUED)

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	2020			Total €'000
	Level 1 €'000	Level 2 €'000	Level 3 €'000	
Financial derivatives at fair value				
Derivative financial assets	-	135	-	135
Derivative financial liabilities	(38)	(7)	-	(45)

Group	2019			Total €'000
	Level 1 €'000	Level 2 €'000	Level 3 €'000	
Financial derivatives at fair value				
Derivative financial assets	-	72	-	72
Derivative financial liabilities	-	(60)	-	(60)

Company

At 31 December 2020 the Company recognised derivative financial assets of €nil (2019 - €72,000) and derivative financial liabilities of €nil (2019 - €60,000).

38. DISPOSAL OF ASSETS

On 1 January 2020 the group disposed of the subsidiary undertaking Masfrost Ziębice Sp. z o.o. for cash consideration of €1,000,000. In the prior year the net assets were impaired to their recoverable amount and therefore the cash consideration was equal to the net assets at the time of disposal resulting in no profit or loss on disposal being recognised. The entity was disclosed as a discontinued operation for the year ended 31 December 2019 (see note 16).

	Book value €'000
Net assets disposed	
Goodwill	-
Other net assets	1,000
Total net assets	1,000
Consideration received:	
Cash	1,000
Profit/loss on disposal	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

38. DISPOSAL OF ASSETS (CONTINUED)

On 30 April 2020 the Group completed the liquidation of subsidiary undertaking Masfrost Sp. z o.o. This resulted in a cash inflow of €2,692,000 (PLN 12,205,000). In the prior year the net assets were impaired to their expected recoverable amount. Final proceeds were higher than expected resulting in a profit arising on liquidation of €376,000.

The entity was disclosed as a discontinued operation for the year ended 31 December 2019 (see note 16)

	Book value €'000
Net assets disposed	
Goodwill	-
Other net assets	2,316
Total net assets	2,316
Consideration received:	
Cash	2,692
Profit on liquidation	376

39. ULTIMATE CONTROLLING PARTY

The Company's ultimate parent company and ultimate controlling party is Paine Schwartz Food Chain Fund IV GP, Ltd, a company registered in Cayman Islands. The registered address for Paine Schwartz Food Chain Fund IV GP, Ltd is Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1 9008. The Company's immediate controlling party is P&P Spearhead Jersey Holdings Ltd.

These financial statements are the smallest and largest consolidated group financial statements in which the Company has been included. There are no parent entities above this group in the ownership structure that prepare consolidated financial statements.

40. 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*. Key management personnel are considered to be any managers across the Group who could have a material impact on the results of the Group.

	Year ended 31 Dec 2020 €'000	Year ended 31 Dec 2019 €'000
Short-term employee benefits	3,074	2,745
Post-employment benefits	43	26
	3,117	2,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

40. RELATED PARTY TRANSACTIONS (CONTINUED)

Directors' transactions

During the year, the Group was charged management fees and other expenses totalling €968,000 (2019 - €1,718,000), by Paine Schwartz Partners, LLC. As at 31 December 2020 outstanding amounts owed to Paine Schwartz Partners, LLC was €nil (2019 - €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. and Paine Schwartz Food Chain Fund IV Co-Investors, L.P. (collectively "Fund IV"). Additionally, Mr. Paine serves as a Director 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 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.

In the year ended 31 December 2020 the Group engaged arable consultancy services from a related party, Velcourt Management Services Limited, for which David Buckeridge acts as non-executive director. Consultancy expenditure during the year amounted to €52,000 (2019 - €nil) and outstanding payable balance as at 31 December 2020 was €nil (2019 - €nil).

In the year ended 31 December 2020, 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 costs incurred during the year amounted to €55,000 (2019 - €54,000). As at 31 December 2020, outstanding balances owed to the related party were €235 (2019 - €nil) and outstanding balances owed from the related party amounted to €39 (2019 - €287). During the year, T J Zdziebkowski purchased €17,000 (2019 - €45,000) worth of goods from the company.

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 2020 €'000	Year ended 31 Dec 2019 €'000
Sales and other income	34	31
Purchases and expenses	(67)	(12)

The following amounts were outstanding at the balance sheet date:

	2020 €'000	2019 €'000
Current assets: Amounts owed by related parties	51	2
Current liabilities: Amounts owed to related parties	(1)	(1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

41. SUBSEQUENT EVENTS

During late 2020 and 2021 the Group was subject to an ongoing sales process performed by the current ultimate parent company as required by the renegotiated finance agreement signed in September 2020. After a competitive bidding process a binding sales and purchase agreement "SPA" was signed between P&P Spearhead Jersey Holdings Ltd, the immediate parent company, and AMC CAPITAL IV LUX S.À R.L, the buyer, on the 31st August 2021 for the sale of 100% of the issued share capital of the Company. It is expected that the transaction will legally complete in late 2021 subject to certain conditions, including antitrust approvals in Poland and Romania. The SPA includes a legal requirement for the current lenders to rollover the current finance agreement with an adjusted borrowings amortisation profile and covenant measures, which have been incorporated into the Going Concern assessment detailed in the Strategic Report on page 4.

These financial statements have not been adjusted to reflect the anticipated change in ultimate parent company or the revised borrowings amortisation profile as at the date of signing final completion of the "SPA" has not yet occurred.

REGISTERED OFFICE AND ADVISORS

Year ended 31 December 2020

DIRECTORS

J C Atkin
W D Paine, III
T M C Green
T J Zdziebkowski
D J Buckeridge
J W Kern
J A Lamont
P C Hawthorne

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