CENTRAL PLAINS GROUP LIMITED
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

Company number: 11942418

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COMPANY INFORMATION

Registered office:	Level 4 Dashwood House 69 Old Broad Street London EC2M 1QS
Registered number	11942418
Directors:	Dr K.P. Dawson O. Drin V. Gillingham R.G. Janaway D. Johnston M.C. Laird A. Stewart
Principal Bankers:	Hampden & Co 9 Charlotte Square, Edinburgh EH2 4DF
Independent auditors:	Saffery LLP Chartered Accountants Kintail House Beechwood Park Inverness IV2 3BW

CENTRAL PLAINS GROUP LIMITED
STRATEGIC REPORT
AS OF DECEMBER 31, 2022

The Directors present their strategic report for the year ended 31 December 2022.

Group overview including strategy, key objectives for the next 5 years

Following over 15 years of successfully building and managing large scale farming operations in Ukraine, Central Plains Group ('CPG') was formed by the previous Senior Executive Team of Continental Farmers Group.

Building on this extensive and profitable experience and taking account of the critical importance of regenerative farming and environmental considerations, CPG's strategy is focussed on leveraging an efficient farming platform to provide the feedstock for secondary processing operations which operate within a zero-waste biocycle.

Each stage of CPG's strategic development is clearly designed to be profitable in its own right whilst specifically adding to the zero-waste credentials of the existing and future operations. The key measures of success range from the maximisation of crop yields through to the underlying net profit of farming and starch operations. As CPG develops into green energy generation and bioplastics production it is expected that net carbon reduction will become a core KPI of the group. The business is absolutely focussed on "zero-waste" in all areas, from recycling and reusing all waste from its farming and starch operations through to minimising spending on back office and corporate costs. At all times the vast majority of funds and efforts are spent on maximising farming yields and quality as well as operational production efficiency.

This approach has been demonstrated in the over $18.5m of strategic investments made by CPG to date:

- Initial farming operations were built in 2021 on the back of a 4-year supply contract for premium stored processing potatoes for PepsiCo's Lays crisp brand in Ukraine. As a result, over 23,000t of state of the art ventilated and refrigerated storage has been built on our main 9-hectare, farming base, supported by the latest machinery and regenerative agronomy practices.
- In 2021 the farming platform was supplemented with the construction of a 15t/Hr potato starch plant, which was completed in late November in time to process over 3,000t of potato starch in its first year of operation. This facility is on track to process approximately 10,000t of potato starch from the 2023 harvest. We have received ISO 22000 certification for food grade production and are already exporting to key customers in the EU and further afield.

Despite the impacts of Covid 19 and then the Russian invasion of Eastern Ukraine, CPG have continued to operate without any physical interruption, and we remain focussed on the expansion of our vertically integrated, zero-waste operations as follows:

- Development of CPG's farming platform to provide increased feedstock inputs for the starch and other secondary processing opportunities.
- Reusing all of the waste outputs from CPG's farming and starch operations to ensure zero-waste using key starch by-products as biofertilisers which can be applied on CPG's farmland.
- Development of Biopolymer operations on a step-by-step basis, from the production of TPS pellets using CPG's high quality potato starch, through to simple then complex film blowing technologies to meet the rapidly growing demand for truly biodegradable biopolymers.
- Other secondary processing opportunities taking the outputs from CPG's efficient farming operations.

The rate of development of each of these expansion stages will be determined based upon the local and global market conditions as well as following detailed operational and financial evaluation. Exact timelines are very difficult to estimate at this stage due to the situation within financial markets and within Ukraine.

CPG have always been focussed on the welfare of its employees, local communities and wider supplier and customer networks.

- All key employees have participated in the share ownership of CPG and the vast majority have worked with the Senior Executive Team for many years in the previous Ukraine business.
- CPG maintains strong relations with local villages and communities in which it operates, providing support to local initiatives and training and development opportunities to local staff as well as subsidised potato grower contracts with local farmers who supply CPG's starch operations.
- Since the outbreak of the recent Russian conflict in Ukraine CPG have directly provided over £184,000 of direct support from the UK in the form of medical supplies through to protective equipment and four-wheel drive vehicles to support the war effort. In addition, the Ukraine operation have provided free potatoes to local aid agencies. In 2023 CPG's Exec have also set up a UK charity "Pickups for Peace" which has delivered over 260 vehicles to Ukraine full of aid, with a value of over $1.5m.

Group key risks and material uncertainties

The key risk that faces all agricultural businesses is related to weather and the climate, which is clearly outside the direct control of management. Consequently, we apply a mitigation approach which includes:

- crop rotation and mix to avoid reliance on a single crop using the latest regenerative farming practices to maximise soil health.
- use of quality disease-resistant seed
- application of the latest and most effective herbicides, pesticides and fungicides to combat disease risk. Key to this is the knowledge as to the correct timing of application.
- use of the latest equipment for planting, application, harvesting and storage of the crops.

As with any company CPG faces market risk as the agricultural and processed products are sold into competitive international commodity markets. CPG manages this risk in a number of ways:

- Fixed price long-term contracts where possible, for example the contract with PepsiCo for processing potatoes.
- Diversification of products i.e. table, processing, starch and seed potatoes each of which are sold into different markets. As well as potatoes CPG grows cereals and pulses as part of the rotation which are sold into the international markets.
- Processing of potatoes into food grade starch and potentially other secondary products in the future.

Country and Currency Risk clearly remains a significant risk factor following the Russian invasion of Ukraine in February 2022. The extent to which these remain a risk is difficult to estimate, however, it has become clear that there is very little chance that the conflict will extend as far west as to seriously threaten CPG's operations in Western Ukraine. CPG also believes there are many opportunities as well as risks associated with the current situation.

- CPG's farming and starch operations are located in the very west of Ukraine, only a short distance from the EU/Polish border and are over 800km from the conflict zone.
- Given the amount of support provided by the EU, UK and USA to date it is also clear that these and other countries will support Ukraine on their post-war recovery plans. Amounts of over US$1tn have already been mentioned at the recent Ukraine Recovery Conference in London and significant amounts of this investment is proposed to be allocated to agriculture and the secondary processing of agricultural produce.
- The Ukraine currency has devalued significantly from 27.3 UAH:USD to over 36 UAH:USD. This devalues the balance sheet of CPG's Ukraine subsidiaries and their

operating results, however it has the upside of reducing the cost of locally denominated costs in Ukraine such as land rental and salaries.

- Furthermore, CPG's Ukraine operations have significant sales denominated in USD and Euro which act as a natural currency hedge against costs such as fuel, fertiliser and agrochemicals which are pegged to these hard currencies. The remaining local currency costs are also then naturally hedged against CPG's receipts in local currency.
- Ukrainian interest rates have also doubled from nearly 10% to 20% since the start of the war, however, as these rates only apply to local currency borrowings they are currently more than offset by the reduction in the value of the borrowing liability in hard currency.

Despite these mitigating factors and the continuation of CPG's production operations, CPG has been impacted by the war in Ukraine as well as the worst drought in Europe for 50 years.

The war impacted CPG through:

- the loss of a key customer from Belarus,
- the continued closure of the PepsiCo crisping factory in Mykolaiv,
- the loss of table potato customers through the occupation of Eastern Ukraine and from the exodus of Ukrainians to the EU.
- reduced ex-farm prices for other crops due to the closure of the Black Sea ports. As a result of which, the vast majority of sales had to be made via truck and rail to the EU via the land borders and consequently the distribution costs soared reducing the net pricing to Ukraine farmers.
- a 26% devaluation of the Ukraine currency against the USD from 27.3 UAH/USD to 36.8 UAH/USD.

The drought particularly impacted processing and starch potato yields which require significant rainfall during the key growing months of April to July which was the worst period of the drought.

Whilst the one-off impacts of these are not considered Exceptional or Extraordinary Items under generally accepted accounting practice the Directors are keen to outline the estimated impact of these on the 2022 financial results. The total of these is estimated at £4,428,000 and these are detailed below and are reflected in the reported losses for the year.

Group performance review

CPGs results for the 2022 financial year show a loss of £3,798,000, however this is after deducting the one-off impacts of:

- £739,000 from reduction in yields due to the one in 50-year drought.
- £2,231,000 reduction in reduced pricing due to loss of customers and higher distribution costs.
- £1,458,000 of recognised transactional fx losses.

Removing the impact of these items the underlying farming and starch business delivered an operating net profit of £630,000 which is creditable given the relative start up nature of the operations and the extra overheads being carried to deal with further expansion.

As the situation in Ukraine continues to settle down there remain many headwinds in the form of high input costs, disruption to logistics and access to funding, however, the Directors and Senior Management are confident that these will recover to more normal levels and CPG will return to the originally forecast trajectory of growth and profitability.

The Strategic Report has been approved on behalf of the board:

DocuSigned by:
Alastair Stewart
6875EE7ADD154C0...........
Alastair Stewart

Director

21 December 2023
Date: ....

The Directors present their report and the group audited financial statements for the year ended December 31, 2022.

The Company

Central Plains Group Limited ("the company") acts as the holding company for the group. The Company is a Limited Liability Company resident in England. Its registered office is stated in the company information on page 1.

Principal activity

The principal trading activities of the group during the year were the planting, harvesting, processing and distribution of arable crops in Ukraine as well as secondary processing of potatoes into potato starch.

Business review

Despite the unprecedented conflict in Ukraine, during 2022 Central Plains Group has maintained its core feedstock farming platform growing 1,383 hectares of crops and expanding its starch operations producing over 4,500t of starch from its newly opened starch processing operation, which only went live on 3 December 2021. CPG attained ISO certification as well as certification for halal, koscher and other quality grade certifications.

2022 saw the driest growing conditions in 50 years with drought across most of Europe resulting in significantly reduced crop yields, especially in potatoes. Even with these conditions CPG managed to harvest over 30,000t net saleable tonnes of potatoes much of which was used to produce starch as the PepsiCo crisping operation in Mykolaiv remained closed following the outbreak of the conflict.

Unsurprisingly the key impact on CPG from the war was the loss of financing, with the PepsiCo prepayment being withheld as the factory was closed, bank financing freezing and suppliers wanting prepayment for goods where they would have previously granted seasonal payment terms. This was in addition to the loss of a key customer in Belarus as well as the significant reduction in demand for table potatoes as more than 9m Ukrainians (25% of the population) fled Ukraine to live temporarily overseas. CPG went to shareholders to raise equity to plug part of this $6m gap in its funding and shareholders rose to the challenge injecting over $3m of equity which was immediately sent to Ukraine to finance the operations.

Against this CPG focussed on the starch operations, selling 4,500t of potato starch, mostly in Euro to new EU customers who saw CPGs high quality starch as a strong addition to the potato market. CPG attained good FCA pricing and due to its close proximity to the Polish border the supply chain issues faced by other Ukraine farmers were less of an impact on CPG.

Future development

During 2023 the group continues to target the stabilisation of the farming and starch operations, in light of the conflict in Ukraine.

In addition to this CPG has moved forward rapidly with its Biopolymer strategy with successful testing of its potato starch with Linz University where it has been shown to be perfectly suited for the production of blown film and injection moulding biopolymer TPS pellets. CPG has also been supported in the set up of a Biopolymer Research Facility at Harper Adams University in England for which they will pay a significantly reduced rental to test their biopolymer recipes. This has been provided through Agri-EPI Centre who have obtained financing through the UK Government Innovation Funding scheme. This is expected to be fully operational by January 2024.

The medium-term strategy of the group, as outlined in the strategic report above, is to build a significant integrated farming and secondary processing operation which produces zero-waste starch, biopolymers and vegetable proteins to supply the rapidly expanding biopolymer film and plant protein markets.

Research and development
The group is undertaking research into the global markets for potato starch, bioplastics and vegetable proteins to support its investment in these areas. All costs related to this research are expensed as they are incurred.

Political and charity donations
There were no political or charitable donations made by the company or the group during the year although the Group did provide £184,000 of humanitarian aid items to its staff and contacts in Ukraine, £116,000 of which was funded by donations received from staff, shareholders, friends and family and the balance by the Company.

Dividend
The board has resolved that no dividend will be paid for the year to December 31, 2022 (2021: nil).

Post balance sheet events
A post-balance note is provided in the main body of these financial statements at Note 29.

Financial risk management
The group's international operations expose it to financial risks that include commodity price risk, credit risk, currency risk, interest rate risk and liquidity risk. The directors keep these risks under regular review. Details of the key financial risks are outlined on pages 46 to 48. The group does not hedge against currency risk or interest rate risk principally because the sales values and the majority of the third-party costs are transacted in stable internationally traded currencies and the risks are largely matched. The directors will continue to monitor these risks.

Directors
The following directors have held office during the year and up to the date of this report:

Dr K.P. Dawson
O. Drin
V. Gillingham (appointed 17 November 2022)
R.G. Janaway
D. Johnston
M.C. Laird
A. Stewart

Employees
The group's employees are its most important asset. The group's policy is to resource based on merit at all times and to complement and strengthen at all levels throughout the business in advance of the operational expansion needs. The Group has an equality and diversity based recruitment policy. Training and development programmes exist for all employees based on their specific needs and skill sets.

Environment
The group places importance on maintaining and improving the environment in which we live and work. In particular the group's strategy is to implement regenerative farming practices as well as starch and protein processing activities which are completely zero-waste and where possible reduce the operations' carbon footprint as much as possible.

Health and safety
The group places importance on maintaining high standards of health and safety for every person working within and with the business.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 group and company and of the profit or loss of the group and company for that year.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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.

Statement as to disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware.
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Independent auditors

Saffery LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

The Directors' report has been approved on behalf of the board:

DocuSigned by:
Alastair Stewart
........897EE7ADD154CQ..........
Alastair Stewart

Director

21 December 2023
Date: ....

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRAL PLAINS GROUP LIMITED

Opinion

We have audited the financial statements of Central Plains Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Group Statement of Profit and Loss and Other Comprehensive Income, Group Statement of Financial Position, Company Statement of Financial Position, Group Statement of Cash flows, Group Statement of Changes in Equity, Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 the group has been impacted by the Ukrainian War which has affected their operational activities and the availability of bank finance within the country.

As stated in note 3, these events or conditions indicate that a material uncertainty exists that may cast doubt on the group and or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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 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 group and parent company 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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors, communication with component auditors and by updating our understanding of the sector in which the group and parent company operate.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006, and UK Tax legislation as well as similar laws and regulations prevailing in each country in which we identified a significant component.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

Auditor's responsibilities for the audit of the financial statements (continued)

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

As group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at group and component level according to their particular circumstances. Our communications with component auditors included a request to identify instances of non-compliance with laws and regulations and fraud that could give rise to a material misstatement of the group financial statements in addition to our risk assessment.
There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Eunice McAdam
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Eunice McAdam (Senior Statutory Auditor)
for and on behalf of Saffery LLP

Chartered Accountants
Statutory Auditors

Kintail House
Beechwood Park
Inverness
IV2 3BW

Date: 21 December 2023

CENTRAL PLAINS GROUP LIMITED
GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(All amounts in £ thousands unless otherwise stated)

	Notes	2022	2021
Turnover	5	6,998	2,282
Cost of sales		(5,017)	(2,141)
Fair value gain on initial recognition of agricultural products		(1,502)	325
Gross profit		**479**	**466**
Operating (loss)/income		(1,272)	13
Administrative and distribution expenses		(2,281)	(1,654)
Operating loss	6	**(3,074)**	**(1,175)**
Loss before interest and taxation		**(3,074)**	**(1,175)**
Interest payable and similar expenses	8	(724)	(247)
Net interest expense		(724)	(247)
Loss before taxation		**(3,798)**	**(1,422)**
Tax credit	9	-	1
Loss for the financial year		**(3,798)**	**(1,421)**
Other comprehensive income/(expense):			
Items that may be reclassified subsequently into profit or loss:			
Currency translation differences		**(2,275)**	**144**
Total comprehensive expense for the year		**(6,073)**	**(1,277)**
Total comprehensive expense for the year:			
Equity holders of the company		**(6,073)**	**(1,277)**

The accompanying accounting policies and notes on pages 19 to 50 are an integral part of these financial statements.

All income and expenditure derive from continuing activities.

CENTRAL PLAINS GROUP LIMITED - GROUP STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

(All amounts in £ thousands unless otherwise stated)

Company number: 11942418

	Notes	2022	2021
Fixed Assets			
Tangible Assets	12	9,282	10,732
Goodwill	11	101	137
Deferred Tax asset	19	4	4
		9,387	10,873
Current Assets			
Inventories	13	3,678	5,447
Biological Assets	14	119	-
Receivables: Amounts falling due within one year	15	3,825	3,272
Cash & Cash Equivalents		720	1,380
Receivables: Amount falling due after more than one year	15	176	263
		8,518	10,362
Creditors: Amounts falling due within one year			
Trade & Other Payables	16	(2,224)	(2,183)
Borrowings	17	(3,535)	(3,417)
Shareholders' Loans	17	(124)	(114)
		(5,883)	(5,714)
Net Current Assets		2,635	4,648
Total Assets less Current Liabilities		12,022	15,521
Creditors: Amounts falling due after more than one year			
Other Creditors		(38)	-
Borrowings	17	(3,342)	(3,522)
Shareholders' Loans	17	(2,353)	(1,430)
		(5,733)	(4,952)
Net Assets		6,289	10,569
Capital and Reserves			
Share Capital	20	2,365	1,913
Share Premium	20	11,478	10,137
Other Reserves	20	(2,635)	(360)
Retained Earnings		(4,919)	(1,121)
Equity attributable to owners of the parent entity		6,289	10,569

The accompanying accounting policies and notes on pages 19 to 50 are an integral part of these financial statements.

The financial statements were authorised for issue by the board of directors on 21 December 2023 .... and were signed on its behalf by:

DocuSigned by:

........Alastair Stewart....

Alastair Stewart 8876EE7ADD454C0...

Director

CENTRAL PLAINS GROUP LIMITED - COMPANY STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

(All amounts in £ thousands unless otherwise stated)

Company number: 11942418

	Notes	2022	2021
Fixed Assets			
Tangible Assets	12	45	47
Investment in subsidiaries	21	13,206	2,580
		13,251	2,627
Current Assets			
Inventory		37	34
Receivables: Amounts falling due within one year	15	515	637
Cash & Cash Equivalents		415	1,345
Loans due from Subsidiary Undertakings	15	4,877	8,451
Receivables: Amount falling due after more than one year	15	-	2,967
		5,844	13,434
Creditors: Amounts falling due within one year			
Trade & Other Payables	16	(159)	(44)
Borrowings	17	(5)	(654)
Amount due to Subsidiaries Undertakings		(1,823)	(912)
Shareholders' Loans	17	(124)	(114)
		(2,111)	(1,724)
Net Current Assets		3,733	11,710
Total Assets less Current Liabilities		16,984	14,337
Creditors: Amounts falling due after more than one year			
Borrowings	17	(1,464)	(1,108)
Shareholders' Loans	17	(2,353)	(1,430)
		(3,817)	(2,538)
Net Assets		13,167	11,799
Capital and Reserves			
Share Capital	20	2,365	1,913
Share Premium		11,478	10,137
Retained Earnings		(676)	(251)
Equity attributable to owners of the parent entity		13,167	11,799

The accompanying accounting policies and notes on pages 19 to 50 are an integral part of these financial statements.

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from presenting its individual profit and loss account and the related notes. The company's net loss for the year was £425,059 (2021 – Profit £190,000)

The financial statements were authorised for issue by the board of directors on 21 December 2023 and were signed on its behalf by:

DocuSigned by:

Alastair Stewart

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Alastair Stewart

Director

CENTRAL PLAINS GROUP LIMITED - GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(All amounts in £ thousands unless otherwise stated)

GROUP

	Notes	2022	2021
Cash flows from operating activities			
(Loss)/profit before taxation		(3,798)	(1,422)
Net interest expenses		724	248
Depreciation of tangible assets		744	587
Amortisation of Intangibles		13	10
Gain/(loss) on fixed asset disposals		-	4
		(2,317)	**(573)**
(Increase) / decrease in trade & other receivables		(414)	(2,237)
(Increase) / decrease in inventories & bio-assets		822	(2,694)
Increase / (decrease) in trade and other payables		332	492
Income tax paid		-	(58)
Net cash used in operating activities		**(1,577)**	**(5,070)**
Cash flows from investing activities			
Purchase of tangible assets		(1,149)	(4,887)
Investment in subsidiary, net of cash		-	(209)
Proceeds from disposal of tangible assets		2	560
Net cash flows used in investing activities		**(1,147)**	**(4,536)**
Cash flows from financing activities			
Proceed from bank borrowings		684	4,806
Repayment of bank borrowings		(300)	(2,357)
Lease payments- capital		(613)	(438)
Net proceeds from Shareholder loans		584	1,363
Net proceeds from issue of ordinary share capital (net of cost of issue)		1,863	6,974
Interest paid (all borrowings)		(518)	(220)
Net cash flows generated by financing activities		**1,700**	**10,128**
Net (decrease)/increase in cash and cash equivalents		(1,024)	522
Exchange gains/(losses)		364	(125)
Cash & cash equivalents at the beginning of the year		1,380	983
Cash and cash equivalents at the end of the year	**25**	**720**	**1,380**

CENTRAL PLAINS GROUP – GROUP STATEMENT OF CHANGES IN EQUITY
AS OF DECEMBER 31, 2022
(All amounts in £ thousands unless otherwise stated)

GROUP	Share Capital	Share Premium	Foreign Currency Reserve	Retained Earnings	Total
Balance at January 1, 2021	1,225	3,394	(504)	300	4,415
Result for the year	-	-		(1,421)	(1,421)
Exchange gain on consolidation	-	-	144	-	144
Total comprehensive income/(expense)	-	-	144	(1,421)	(1,277)
Issued shares	688	6,743	-	-	7,431
Balance at December 31, 2021	1,913	10,137	(360)	(1,121)	10,569
Result for the year	-	-	-	(3,798)	(3,798)
Exchange loss on consolidation	-	-	(2,275)	-	(2,275)
Total comprehensive expense	-	-	(2,275)	(3,798)	(6,073)
Issued shares	452	1,341	-	-	1,793
Balance at December 31, 2022	2,365	11,478	(2,635)	(4,919)	6,289

The accompanying accounting policies and notes on pages 19 to 50 are an integral part of these financial statements.

CENTRAL PLAINS GROUP - COMPANY STATEMENT OF CHANGES IN EQUITY
AS OF DECEMBER 31, 2022
(All amounts in £ thousands unless otherwise stated)

COMPANY	Share Capital	Share Premium	Retained Earnings	Total
Balance at January 1, 2021	1,225	3,394	(441)	4,178
Result for the year	-	-	190	190
Total comprehensive income	-	-	190	190
Issued shares	688	6,743	-	7,431
Balance at December 31, 2021	1,913	10,137	(251)	11,799
Result for the year	-	-	(425)	(425)
Total comprehensive income	-	-	(425)	(425)
Issued shares	452	1,341	-	1,793
Balance at December 31, 2022	2,365	11,478	(676)	13,167

The accompanying accounting policies and notes on pages 19 to 50 are an integral part of these financial statements.

(All amounts stated in £ thousands unless otherwise stated)

1 CORPORATE INFORMATION

Central Plains Group Limited ("the company") is a private company limited by shares and is incorporated in England. The address of its registered office is at Level 4 Dashwood House, 69 Old Broad Street, London, EC2M 1QS.

The Company and its subsidiaries (collectively referred as "the group") are engaged in the cultivation, distribution and processing of arable crops as well as the production of potato starch. Its principal places of business are in the Lviv region, Western Ukraine.

The consolidated financial statements reflect the financial position and results of operations of the Group and its subsidiaries as listed in the schedule below. Following is the list of the subsidiaries incorporated within these consolidated financial statements:

Name of the entity	Principal activity	Country of incorporation	2022 % shares company	2021 % shares company
CPG operations Limited*	Holding co.	England	100	100
LLC Central Plains Group Ukraine (CPG-UKR)	Farming	Ukraine	100	100
LLC Strong Energy Zakhid (SEZ)	Processing	Ukraine	100	100

* This entity was incorporated in 2020 and remained dormant in the year ending 31 December 2022.

2 STATEMENT OF COMPLIANCE

The group and individual financial statements of Central Plains Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

On 24 February 2022, The Russian Federation invaded parts of the Ukrainian territory and their ongoing activities have created major disruptions and destructions to Ukraine's infrastructure, economy and way of life for ordinary people. Tight restrictions were imposed on the conversion and outflow of foreign currencies from Ukraine by the National Bank of Ukraine. The Ukrainian Hryvna weakened significantly following the start of the invasion. Ukrainian banks froze all lending and suppliers withdrew trade credit facilities. All of these had a detrimental impact on the business environment in Ukraine, including on the ability of many entities to continue business as usual.

Despite the ongoing situation the Group's agricultural activities have continued at levels similar to before and harvest of 1,383 hectares were successfully harvested in 2022 and CPG is well on the way to harvesting 1,417 hectares in 2023. The group operating infrastructure and inventory are all located in the Western side of Ukraine, which has been the least affected by the Russian invasion and are over 800km from the front line of the conflict. The Group management is satisfied that, in the 12-month period following the date of signing these financial statements, the group will remain operational thanks to the continued support of its stakeholders.

As part of its going concern assessment the group has also considered the following significant factors:

- Due to the agriculture nature of the group's operations, the group has managed to maintain its key workers and equipment to ensure continuity of its activities.
- The Group's operations are based in the western regions of Ukraine while the military action has been limited in the eastern and southern parts of Ukraine for some time.
- The majority of CPG's revenues are now from potato starch which is exported into Europe via Poland and the blockade of the Black Sea ports has had limited impact on CPG's operations.
- Costs have stabilised with inflation now under control and the currency has been stabilising for the past few months due to strengthening export receipts.
- In management's view, the group has sufficient financial resources to support its ongoing operating activities in the foreseeable future. The main sources of financing are expected to be from restructured bank financing and new shareholder equity.

The group meets its day to day working capital requirements through its bank and shareholders' facilities. The current economic conditions and the lack of past track record for the group can add uncertainty over the availability of bank finance in the foreseeable future. The group has however received significant funding from its shareholders in the last couple of years to be able to meet its capital expenditure and operational budgeted operations for the next 12 months from the approval date of these financial statements. After making inquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements, while acknowledging the material uncertainties created by the Russian-Ukrainian conflict.

Presentation and functional currency

The consolidated financial statements are presented in the pounds sterling ("£") which is the company's functional and presentation currency. All values have been rounded to thousand unless otherwise stated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary undertakings, set out in Note 1 for the year ended December 31, 2022

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)
Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there is a change to the elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control over the subsidiary. Assets, liabilities, income and expenses of the acquired subsidiary during the period are included within the consolidated financial statements effective from the date the group gains control until the date the group ceases the control over the investee.

Specifically, the group controls an investee if, and only if, the group has:

- Control over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its direct involvement and relationship with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power or control over an investee, including:
- The contractual arrangement (or arrangements) with the other votes' holders of the investee
- Rights arising from other contractual arrangements
- The group's voting rights and potential voting rights

Any subsidiary undertakings acquired during the year are included from the date of change of control. Where the control of a subsidiary is lost, the gain and loss is recognised in the consolidated statement of profit or loss. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts recorded in other comprehensive income that are required to be reclassified to profit and loss but excludes amounts that are not required to be reclassified.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Contingent consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination. Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then excess is recognised and separately disclosed on the face of the statement of financial position on the acquisition date, below goodwill, and followed by a subtotal of the net amount of goodwill and the excess. The company then recognises the excess up to the fair value of non-monetary assets acquired in profit or loss in the periods in which the non-monetary assets acquired are recovered.

After its initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the entities' combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill is allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gains or losses on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

The group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the group's sales channels have been met, as described below.

The group produces and sells a range of arable crops. Sales of goods are recognised when a group entity has delivered products to the purchaser, the purchaser has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the purchaser's acceptance of the products. Delivery does not occur until the produce has been delivered to the specified location, the risks of obsolescence and loss have been transferred to the purchaser, and either the purchaser has accepted the produce in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

The group sometimes uses crops to pay annual rent due to individual land owners ("barter transactions"). This is normal practice in Ukraine. The transactions are at arms-length and the quantity of crops are based on the current market value that represents the monetary value of the rent due.

Dividends

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised using the effective interest rate method.

Employee benefits

(i) Short term benefit

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service was received.

(ii) Defined contribution pension plans

The group makes defined contribution plans for its employees, based on the country specific requirements. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

(iii) Annual bonus plan

The group operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Foreign currencies

The consolidated financial statements are presented in pound sterling which is the company's functional and presentational currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the date of the initial transactions.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss accounts. All foreign exchange gains/losses are presented in the profit and loss account within 'other operating (losses)/gains'.

Exchange differences arising on a monetary item that forms part of the company's net investment in a foreign operation is recognised in profit and loss in the separate financial statements of the company or the individual financial statements of the foreign operation, as appropriate. In the consolidated financial statements that include the foreign operation and the company, such exchange differences shall be recognised in other comprehensive income and accumulated in equity. They shall not be recognised in profit or loss on disposal of the net investment.

(i) Translation

Where exchange rates in the period have not fluctuated significantly, the trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are included in the balance sheet at cost to the group less accumulated depreciation and provisions for impairment. The carrying value of property, plant and equipment is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount.

(i) Depreciation and residual values

Freehold land is not depreciated. Property, machinery and equipment are depreciated on a straight-line basis at rates sufficient to write off the cost less estimated residual values of individual assets over their estimated useful lives. Leasehold buildings are depreciated over the shorter of 20 years and the remaining lease period. The depreciation rates for the principal categories of assets are as follows:

Land & buildings	5%	per annum
Machinery and equipment	10% - 20%	per annum
Motor vehicles	20%	per annum
Other	10% - 50%	per annum

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(ii) Assets under construction

Assets under construction are stated at cost. These assets are not depreciated until they are available for use.

(iii) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives. Repairs, maintenance and minor inspection costs are expensed as incurred.

(iv) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Inventories

The group classifies raw materials, agricultural produce and work in progress in Inventories in the group statement of financial position. Inventories are recognised as an expense in the period in which the related revenue is recognised.

<u>Raw materials</u>

The group classifies raw material inputs and building materials as inventories. Inventories are stated at the lower of cost and estimated selling price less costs to sell (net realisable value). Cost is determined using the "FIFO" (first in first out) method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories (continued)

Agricultural produce

The group classifies harvested crops and finished goods as agricultural produce. The value applied to harvested produce is the market price at the time of the harvest less cost to sell the produce. The time of the harvest for each crop is the month when the last produce / tonne of that crop is taken off the field. Agricultural produce harvested from the group's biological assets is recognised as inventory measured at fair value less costs to sell at the point of harvest.

Processed produce

Processed produce comprises potato starch. The value applied to processed produce at year end is the lower of the net realisable value for this produce or the direct costs of production.

Work in Progress

The cost of work in progress includes costs of preparing agricultural land and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. The group classifies the costs of land preparation in advance of planting crops as work in progress. These costs are accumulated prior to the year end and primarily relate to the clearance of new land and the ploughing of land post completion of the previous harvest. These costs are transferred from work in progress to biological assets at the time of planting of the crops.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Biological assets

Biological assets are estimated at fair value less cost to sell.

Investments in subsidiaries

Investments in subsidiaries are included in the balance sheet of the company at cost less provisions for any impairment. At each reporting date the investment is assessed for any indication of impairment. If any such indication exists, the recoverable amount of the investment is estimated. Where the recoverable amount of the investment is less than the carrying amount, the impairment loss is recognised immediately in the income statement.

Impairment of non-financial assets

At each reporting date, the group reviews the carrying amounts of its property, plant and equipment 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows, before tax and interest, as a result of the asset's (or asset's cash generating unit's) continued use. These cash flows are discounted to their present value using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of the cash generating unit(s) for impairment testing. The goodwill is amortised over a period of 10 years on a straight line basis from the date of acquisition. The selected period reflects the expected minimum life of the acquired operations.

Cash and cash equivalents

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

Financial instruments

(i). Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii). Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.
Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

The group and the company does not use derivatives in its operations.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Leased assets

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i). Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the group's incremental borrowing rate is used.

Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii). Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Incremental direct costs, incurred in negotiating and arranging land leases, are capitalised and depreciated over the average land lease term, and also, reviewed for impairment annually.

(iii). Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Trade payables and accruals

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial period which are unpaid. The amounts are unsecured. Trade and notes payable are presented as current liabilities unless payments is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingent assets and liabilities
Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is unlikely to occur.

Provisions
Provisions are recognised when the group has present legal or constructive obligations as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation in the future; and the amount can be reliably estimated. If the group expects that certain or all the provisions would be recovered, for example under an insurance contract, the recoverable amounts are recognised as a separate asset but only if these recoverable amounts are almost highly asserted. The expense pertaining to the provision is included in the consolidated statement of profit or loss after deducting any recoverable amounts.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects current market assessments of the time value of money and the risks specific to the liabilities. The increase in the discount is recognised as a finance cost.

Government grants and subsidies
Government grants are recognised where there is reasonable assurance that the grant will be received and all conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset. Where the subsidy is calculated on the number of hectares sowed with a particular crop the amount of reimbursement is based on a variety of factors. The group recognises these subsidies in the year of the harvest to which they relate.

Share capital/equity instruments
Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Related party transactions
The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical judgements in applying the group's accounting policies

Measurement of biological assets
It is the directors' opinion the most appropriate estimate of fair value of biological assets at 31 December each year is cost less impairment losses. As at 31 December there is minimal biological transformation of the crops sown and growing over the winter period; hence any other estimate of fair value of these biological assets would be highly judgemental and consequently a lot less reliable.
Any impairment losses are determined based, amongst other things, on weather conditions, growth potential, harvesting and anticipated pricing.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(ii) Key accounting estimates and assumptions

Impairment of trade receivables

An estimate is made of the recoverable collectable amounts from trade receivables and retained amounts, when it would not be possible to collect a part of or the full amount. For every significant amount, this estimate is made based on every amount separately. As for the amounts which are not considered to be material or significant individually, but outstanding, they are estimated collectively, and a provision is applied depending on the length of the delay in payment by referring to past collectability ratios.

Impairment of inventories

When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Revenue recognition

The group assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or rendering of services, in order to determine if it is acting as a principal or as an agent.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the group and its business partners are reviewed to determine each party's respective role in the transaction.

Where the group's role in a transaction is that of a principal, revenue comprises amount billed to the customer/agent, after deducting trade discounts.

Impairment of non-financial assets

Impairment exists when the carrying value of the asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on Discounted Cash flow model (DCF), where applicable. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the assets' performance of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Economic useful lives of property, plant, equipment

The group periodically reviews the estimated useful lives and the depreciation/amortisation method to ensure that the method and period of depreciation/amortisation are consistent with the expected pattern of economic benefits from these assets.

5 TURNOVER

Turnover per crop and operating units were as follows:

	2022			2021
	CPG-UKR	SEZ	Combined	Combined
	£'000	£'000	£'000	£'000
Potatoes	3,713	-	3,713	2,124
Other crops	291	3	294	158
Starch	-	2,991	2,991	
	4,004	2,994	6,998	2,282

The quantities sold per crop were as follows:

	2022			2021
	CPG-UKR	SEZ	Combined	Combined
	Tonnes	Tonnes	Tonnes	Tonnes
Potatoes	32,290	-	32,290	17,370
Other crops	1,904	-	1,904	718
Starch	-	4,405	4,405	-
	34,194	4,405	38,599	18,088

The group comprises 2 operating units which are independently reviewed by the group management: The farming operations under LLC Central Plains Group Ukraine ('CPG-UKR') and Processing operations under LLC Strong Energy Zakhid ('SEZ').

Included within 'Potatoes' is an income of £2,254,000 related to the compensation for crops not taken under a sales contract on a 'take or pay' basis. In the year, 44% of the crop production (2021: 97%) was sold in Ukraine and the remainder in Europe.

6 OPERATING (LOSS)

Operating profit/(loss) is stated after charging/(crediting):	2022 £'000	2021 £'000
Loss/(profit) on disposal of tangible assets	-	1
Inventory impairment	-	1,084
Initial recognition of (gains)/losses at time of harvest	1,502	(325)
Government grants or subsidies	-	(109)
Depreciation of tangible fixed assets charged to profit and loss	744	586
Goodwill amortisation	13	10
Humanitarian donations	(116)	-
Humanitarian costs	184	-
(Gain)/loss on foreign exchange transactions	901	59
Operating lease rentals - land and buildings	403	365
Operating lease rentals - plant & machinery	547	443
Auditors' remuneration:		
Fees payable to the company's auditors and its associates for the audit of the parent company and the group's consolidated financial statements	34	21
Other services (group) – including tax compliance services	4	-

7 EMPLOYEES AND DIRECTORS

(i) Employees

Group	**2022 £'000**	**2021 £'000**
Wages and Salaries[1]	1,015	754
Social Security costs	151	130
Pension costs	-	-
	1,166	884

(1) £10,000 of this balance was capitalised in the year in fixed assets (2021: £70,000).

The average monthly number of employees (including executive directors) employed by the group during the year was:

	No	**No**
Production	86	59
Administration	25	14
Management	7	6
	118	79

Company

The company had no employees during 2021 or 2022.

(ii) Directors

In the year, aggregate remuneration paid to the company directors was £289,000 (2021: £274,400). No directors were members of defined contribution schemes. Remuneration of the highest paid director was £139,200 (2021: £147,900). There were no (2021: no) company pension contributions made.

8 NET INTEREST EXPENSE

(i) Interest receivable and similar income

	2022 £'000	**2021 £'000**
Total interest receivable and similar income	-	-

(ii) Interest payable and similar expenses

	2022 £'000	**2021 £'000**
Interest expense on bank loans and overdrafts	287	70
Interest expense on finance leases	167	99
Shareholder loan interest	193	70
Other interest charge	77	8
Total interest expense on financial liabilities not measured at fair value through profit and loss	-	-
Total interest payable and similar charges	**724**	**247**
Net interest expense	**724**	**247**

9 INCOME TAX

(i) Tax expense included in profit or loss

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax on profit for the year	-	-
Foreign corporation tax on profits for the year	-	-
Total current tax	-	-
Deferred tax:	-	-
Origination and reversal of timing differences	-	1
Impact of change of tax rate	-	-
Total deferred tax	-	-
Tax on profit	-	**1**

(ii) Reconciliation of tax charge

Tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below

	2022 £'000	2021 £'000
(Loss)/profit before tax	(3,798)	(1,422)
(Loss)/Profit multiplied by the standard rate of tax in the UK of 19%.	(722)	(270)
Effects of:		
Deferred tax not recognised	722	-
Utilisation of losses brought forward		(53)
Expenses not deductible for tax purposes	-	322
Impact of overseas tax rates	-	-
Change in UK tax rates	-	-
Tax (credit)/charge for the year	-	(1)

The group received a significant portion of its income from operations in Ukraine where the local subsidiary is subject to Corporation Tax at 18% (2021: 18%).

Tax rate changes

An increase in the UK corporation tax rate to 25% (effective 1 April 2023) was substantially enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset has been calculated based on these rates.

10 BUSINESS ACQUISITION

There was no business acquisition in 2022.

On February 15, 2021 the company acquired 100% of the share capital of LLC Strong Energy Zakhid (SEZ) in Ukraine. In line with the group strategy this acquisition will provide a base for developing the new starch production facility and comprise 6.5 ha of land with various outbuildings on the site.
A total cash consideration of £208,908, including transaction costs of £13,602 was paid in the year. The book value and fair value of identifiable assets and liabilities as at the date acquisition were:

	2021 Book values £'000	2021 Fair values £'000
Assets		
Property, plant and equipment	92.5	110.8
Other current assets	10.8	10.8
Total Assets	103.3	121.6
Liabilities		
Accrued expenses	59.0	59.0
Other current liabilities	1.2	1.2
Total liabilities	60.2	60.2
Net identifiable assets	43.1	61.4
Total consideration		208.9
Goodwill arising on acquisition		147.5
Goodwill in UAH on acquisition		*5,427,939*

The goodwill is maintained in UAH and translated in GBP at the reporting date. As at 31 December 2021, LLC Strong Energy Zakhid didn't contribute any revenue to the group and reported a total comprehensive loss of £256,600 in the 10 month period to 31 December 2021.

11 GOODWILL

Goodwill arising on acquisitions is amortised over 10 years from the date of recognition. Goodwill is defined as an asset of the 'acquiree' and is denominated in the currency of the operating unit to which it belongs. In the case of SEZ acquisition, the goodwill is maintained in UAH and translated in GBP at each reporting date.

	2022 £'000	2021 £'000
At January 1, 2022	137	-
Addition in the year	-	147
Amortisation charge during the year	(13)	(10)
Currency translation	(23)	(-)
At December 31, 2022	101	137

12 FIXED ASSETS

GROUP	Land & buildings	Machinery & equipment	Motor vehicles	Construction in progress	Other	Total
2022	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January	**2,911**	**6,599**	**128**	**1,084**	**714**	**11,436**
Additions	-	358	-	431	360	**1,149**
Transfers	885	-	-	(873)	-	**12**
Disposals	-	-	-	-	(8)	**(8)**
Impairment	-	-	-	-	-	-
Currency	(580)	(1,152)	(22)	(144)	(155)	**(2,053)**
At 31 December	**3,216**	**5,805**	**106**	**498**	**911**	**10,536**
Depreciation						
At 1 January	**70**	**256**	**27**	-	**351**	**704**
Charge	160	478	21	-	85	**744**
Disposals	-	-	-	-	(5)	**(5)**
Impairment	-	-	-	-	-	-
Currency	(27)	(88)	(7)	-	(67)	**(189)**
At 31 December	**203**	**646**	**41**	-	**364**	**1,254**
Net book value	**3,013**	**5,159**	**65**	**498**	**547**	**9,282**

Included in the net book values above are amounts in respect of assets held under finance leases and hire purchase contracts as provided below:

GROUP	Land & buildings	Machinery & equipment	Motor vehicles	Construction in progress	Other	Total
31 December 2022	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost	-	3,838	73	-	-	**3,911**
Accumulated depreciation	-	(247)	(17)	-	-	**(264)**
Net book value	-	**3,591**	**56**	-	-	**3,647**

Included within fixed assets are assets with a net book value of £2,116,000, which have been pledged as security against bank loans.

12 FIXED ASSETS (continued)

GROUP	Land & buildings	Machinery & equipment	Motor vehicles	Construction in progress	Other	Total
2021	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January	474	984	52	808	30	**2,348**
Acquisition	47	-	-	63	-	**110**
Additions	8	6,000	72	2,526	671	**9,277**
Transfers	2,316	43	-	(2,359)	-	**-**
Disposals	-	(571)	-	-	-	**(571)**
Impairment	-	-	-	-	-	**-**
Currency	66	143	4	46	13	**272**
At 31 December	**2,911**	**6,599**	**128**	**1,084**	**714**	**11,436**
Depreciation						
At 1 January	13	74	4	-	17	**108**
Charge	54	184	21	-	327	**586**
Disposals	-	(8)	-	-	-	**(8)**
Impairment	-	-	-	-	-	**-**
Currency	3	6	2	-	7	**18**
At 31 December	**70**	**256**	**27**	**-**	**351**	**704**
Net book value	**2,841**	**6,343**	**101**	**1,084**	**363**	**10,732**

Included in the net book values above are amounts in respect of assets held under finance leases and hire purchase contracts as provided below:

GROUP	Land & buildings	Machinery & equipment	Motor vehicles	Construction in progress	Other	Total
31 December 2021	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost	-	4,531	110	-	-	**4,641**
Accumulated depreciation	-	(51)	(23)	-	-	**(74)**
Net book value	**-**	**4,480**	**87**	**-**	**-**	**4,567**

Included within fixed assets are assets with a net book value of £2,673,000, which have been pledged as security against bank loans.

12 FIXED ASSETS (continued)

COMPANY	**Machinery & equipment**	**Construction in progress**	**Other**	**Total**	2021 Total
2022	**£'000**	**£'000**	**£'000**	**£'000**	£'000
At 1 January	48	-	-	**48**	-
Additions	-	-	-		48
Transfers	-	-	-	-	-
At 31 December	48	-	-	**48**	48
Depreciation					
At 1 January	1	-	-	**1**	-
Charge	2	-	-	**2**	1
At 31 December	3	-	-	**3**	1
2022 NBV	45	-	-	**45**	
2021 NBV	47	-	-	**47**	47

Included in the net book values above are amounts in respect of assets held under finance leases and hire purchase contracts as provided below:

COMPANY	**Machinery & equipment**	**Construction in progress**	**Other**	**Total**	2021 Total
31 December 2022	**£'000**	**£'000**	**£'000**	**£'000**	£'000
Cost	48	-	-	**48**	48
Accumulated depreciation	3	-	-	**3**	1
Net book value	**45**	-	-	**45**	47

13 INVENTORIES

Group	2022	2021
	£'000	£'000
Raw materials	450	625
Work in progress	383	510
Agricultural produce	2,506	4,055
Processed produce	339	257
	3,678	5,447

At the year end the agricultural produce balance included:

Agricultural and processed produce	Tonnes	£000
2022		
Potatoes	21,321	2,428
Starch	768	348
Other	268	69
	22,357	2,845
2021		
Potatoes	27,087	4,312

There is no significant difference between the replacement cost of the inventory and its carrying amount.

The company has capitalised salaries worth £37,000 at the year end (2021: £34,000) in relation to the preparation of crop production in Ukraine for the next harvest season.

14 BIOLOGICAL ASSETS

All crops produced by the group are annual arable crops and therefore are planted, harvested and transferred to agricultural produce within a one-year cycle. The table below represents the movement in biological assets. As crops are harvested, they are transferred to agricultural produce. Spring crops are planted and harvested within the financial year and are transferred to agricultural stock at estimated market price less costs to sell.

Group	2022 £'000	2021 £'000
Opening balance	-	-
Additions- cost capitalized	5,468	4,728
Gain/(loss) on initial recognition of agricultural produce	(1,502)	325
Transfers to inventory	(3,835)	(5,053)
Currency translation difference	(12)	-
Closing balance	119	-

A total of 31,211 tons of potatoes were harvested in the year (2021: 30,256 tons) as well as 1,642 tons of maize and other crops (2021: 1,247 tons).

15 RECEIVABLES

Amounts falling due within one year	**Group 2022 £'000**	**Group 2021 £'000**	**Company 2022 £'000**	**Company 2021 £'000**
At December 31				
Trade receivables	684	38	-	-
Prepayment and accrued income	837	710	268	416
Tax receivable	1,941	2,177	19	21
Other receivables	363	347	228	200
Subsidiary loans	-	-	4,877	8,451
	3,825	3,272	5,392	9,088

There was no provision for doubtful accounts in 2022 and 2021 at group and company level.

All of the trade receivables were receivable under normal commercial terms. The directors consider that the carrying value of trade and other receivables approximates to their fair value.

Included in the group and company's other receivable balance is an amount of £130,000 (2021: £200,000) related to unpaid share capital issued in the year for which more details are provided in Note 24.

Included in the company's other receivable balance are loans for a total of £4,877,000 (2021: £8,451,000) denominated in US Dollars issued to LLC Central Plains Group Ukraine (£207,000) and LLC Strong Energy Zakhid (£4,670,000). The loans are unsecured, carries an annual interest charge of 9% (2021: %10) and is repayable on demand. The interest balance due as at 31 December 2022 is £370,000 (2021: £728,000). See also Note 24 for further information.

(ii) Amounts falling due after more than one year

	Group 2022 £'000	**Group 2021 £'000**	**Company 2022 £'000**	**Company 2021 £'000**
At December 31				
Land agency commissions	121	133	-	-
Commission on long-term loans	55	130	-	-
Subsidiary loans	-	-	-	2,967
Deferred tax asset	-	-	-	-
	176	263	-	2,967

Land agency commission is capitalised on signing the leases and amortised over the average land lease period. Commissions on long term bank loans is capitalised on signing and amortised over the loans' respective repayment period.
Included in the company's long-term receivable balance in 2021 was a loan of £2,965,000 denominated in US Dollars issued to LLC Strong Energy Zakhid (SEZ). The loan was unsecured, carried an annual interest charge of 8% and was repayable by 28 February 2023. The interest balance due as at 31 December 2021 was £77,000. This loan was transferred to *Receivable- Amount falling due within one year* in 2022.

16 CREDITORS: TRADE AND OTHER PAYABLES

(i) Amount falling within one year	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
At December 31				
Trade payables	(1,072)	(1,550)	(115)	(15)
Accrued expenses	(486)	(393)	(44)	(14)
Provisions	(84)	(64)	-	-
Corporation tax	-	-	-	-
Other taxes and social security	(19)	(25)	-	-
Other payables	(563)	(151)	-	(15)
	(2,224)	(2,183)	(159)	(44)

17 BORROWINGS AND OTHER LIABILITIES

(i) Amount falling within one year	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
At December 31				
Bank borrowings -loans	(2,692)	(2,170)	(5)	(5)
Finance leases	(843)	(1,247)	-	(649)
Total borrowings	(3,535)	(3,417)	(5)	(654)
Amount due to subsidiary undertakings	-	-	(1,823)	(912)
Shareholders' loans	(124)	(114)	(124)	(114)
	(3,659)	(3,531)	(1,952)	(1,680)

(ii) Amount falling after more than one year	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
At December 31				
Bank borrowings -loans	(956)	(1,118)	(40)	(45)
Finance leases	(2,386)	(2,404)	(1,424)	(1,063)
Total borrowings	(3,342)	(3,522)	(1,464)	(1,108)
Shareholders' loans	(2,353)	(1,430)	(2,353)	(1,430)
Other creditors	(38)	-	-	-
	(5,733)	(4,952)	(3,817)	(2,538)

17 BORROWINGS AND OTHER LIABILITIES (continued)

Bank borrowings information (security, interest, term)
Bank borrowings include a UK government backed bank loan of £50,000, repayable within 10 years (2021: 5 years) and carrying an interest charge of 2.5%. Interest costs in the first year (2020) are paid by the UK government and not charged to the company. The company also received a capital and interest payment holiday for 6 months in 2021.
A bank loan facility with Credit Agricole of UAH 58 million (2021: UAH 70 million) was also partially drawn during the year and is repayable by 30 September 2023. This loan carries an annual interest rate of 23.5% (2021: 11.5%). Corporate guarantees were provided by the company in relation to this loan facility.
Another bank facility with Credit Agricole of USD 3 million (2021: USD 3 million) was also partially drawn during the year and is repayable by November 2025. This loan carries an annual interest rate of SOFR 3 month +3%. UK export finance guarantees were provided in relation to this loan facility.

Total bank borrowings include secured liabilities of £3,603,000 (2021: £2,673,000) against fixed assets. The directors consider that the carrying amounts and fair value of the non-current borrowings closely equate to each other at the levels shown above.

Bank and government backed borrowings are repayable as follows:

	Group	Group	Company	Company
At December 31	**2022 £'000**	**2021 £'000**	**2022 £'000**	**2021 £'000**
Within 1 year	(2,692)	(2,170)	(5)	(5)
Between 1 and 2 years	(921)	(542)	(5)	(5)
Between 2 and 5 years	(15)	(552)	(15)	(15)
In more than 5 years	(20)	(25)	(20)	(25)
	(3,648)	(3,289)	(45)	(50)

Shareholders' loans and other related party creditors information (security, interest, term)

Terms attached to these loans is provided in note 24 and their maturity profile is provided below:

	Group	Group	Company	Company
At December 31	**2022 £'000**	**2021 £'000**	**2022 £'000**	**2021 £'000**
Within 1 year	(124)	(114)	(124)	(114)
Between 1 and 2 years	-	-	-	-
Between 2 and 5 years	(2,353)	(1,430)	(2,353)	(1,430)
In more than 5 years	-	-	-	-
	(2,477)	(1,544)	(2,477)	(1,544)

17 BORROWINGS AND OTHER LIABILITIES (continued)

Finance leases

The future minimum finance lease payments are as follows:

	Group	Group
At December 31	**2022 £'000**	**2021 £'000**
Future lease payments	(3,717)	(4,187)
Financial charges not yet due	488	536
Minimum lease payments	(3,229)	(3,651)
Current position	(843)	(1,247)
Non-current position	(2,386)	(2,404)
	(3,229)	(3,651)
The future lease payments shown above fall due in:		
Less than one year	(843)	(1,247)
Between one and five years	(2,386)	(2,404)
More than five years	-	-
	(3,229)	(3,651)

All finance leases are secured against the leased assets, as disclosed in note 12 and contracted in US Dollars. Machinery and equipment leases are contracted for an average term of 3 to 5 years at an average interest rate varying between 4.6% to 11% with prepayment of 20% to 30%. The majority of these assets will be transferred to the borrower at the end of their lease term.

18 PENSION COST

The balance payable as at 31 December 2022 was nil (2021: nil).

19 DEFERRED TAX

The provision for deferred tax consists of the following deferred tax asset:

Group	**2022 £'000**	**2021 £'000**
At January 1	4	3
The balance comprises temporary differences attributable to:		
Provision for professional fees	-	1
Translation difference	-	-
At December 31	4	4

There are £8.286m of tax losses arising from operations in the Ukraine for which no deferred tax asset has been recognised.

Company
The company had no deferred tax provision as at 31 December 2022 and 2021.

20 SHARE CAPITAL AND RESERVES

Group and company – Share Capital

	2022	2021
Issued	**£'000**	**£'000**
23,643,681 ordinary shares of £0.1 each (2021: 19,124,055)	2,365	1,913
Allotted and partly paid		
At 1 January	1,913	1,225
Issued in the year	452	688
At 31 December	2,365	1,913

Shares issued in the year carried a total net premium of £1,341,000 (2021: £6,743,000). A total of 4,519,626 ordinary £0.1 shares (2021: 6,875,467) were issued in the year, and a total consideration of £130,000 (2021: £200,000) remained unpaid at the year end, corresponding to 112,719 (2021: 188,596) unpaid shares (note 24).

Group and company – Share Premium

This reserve records the share consideration, above the nominal value received for shares sold, less transaction costs. The net amount received in 2022 was £1,341,000 (2021: £6,742,879).

Group – Other Reserves

This reserve records the cumulative currency translation differences arising from the net investment in foreign operations. The balance recorded in 2022 was a loss of £2,275,000 (2021: a gain of £144,000).

21 SUBSIDIARIES

	2022	2021
Investment in Subsidiaries	**£'000**	**£'000**
01 January	2,580	15
Investment in the year	-	209
Increased capitalisation	10,626	2,356
31 December	13,206	2,580

The company incorporated its first subsidiary undertaking, Central Plains Group Ukraine LLC, in Ukraine on 25 October 2019. The total capital invested in the new entity was £15,000 in 2019 (USD 20,000). The company owns 100 percent of the corporate rights of this entity. The main activity of this entity is to carry out the farming, processing and selling of agricultural produce.

On 29th June 2021 the company incorporated, CPG operations Limited, in England. The total capital invested in the new entity was £1 in 2021, in exchange of 1 ordinary shares at £1 each. The company remained dormant during the year.

On February 15, 2021 the company acquired 100% of the share capital of LLC Strong Energy Zakhid (SEZ) in Ukraine. In line with the group strategy this acquisition will provide a base for developing the new starch production facility. Details of the acquisition is provided in note 10 and note 1 includes the subsidiaries' administrative and ownership information.

In December 2022, the company contributed more capital to LLC Central Plains Group Ukraine by converting £10,626,000 ($12,805,000) of its intercompany loan denominated in USD to capital.

(All amounts stated in £ thousands unless otherwise stated)

22 FINANCIAL AND CAPITAL COMMITMENTS

A. Operating leases

The group leases a large amount of land parcels under non-cancellable operating leases. The lease expenditure charged to the income statement during the year is disclosed in Note 6. The amount of lease payments is subject to renegotiation on an annual basis. The leases typically run for an initial period of one to ten years, with the preferential right to renew the lease after that date. Lease payments are denominated in UAH. To exercise the renewal option, the lessee is required to give notice to the lessor of such renewal not later than 30 days before the end of the lease term.
Other operating leases are related to machinery, vehicles and buildings. The group leases agricultural machinery and vehicles for 3–4-year period.

The lease agreements usually provide an option to buy the assets after the expiry date or to renew the lease. These leases are usually denominated in US dollars or Euro. Vehicle lease payments are mostly fixed while machinery lease payments are based on activity. Other leases (buildings) run usually for a year and are denominated in UAH.

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

	Group 2022	Group 2021
No later than 1 year	962	945
Later than 1 year and not later than 5 years	1,561	2,198
Later than 5 years	217	235
	2,740	3,378

These commitments relate to land, machinery and motor vehicle rental by the operating subsidiaries.

Operating leases- Company:
The company has no operating lease commitment at the year end (2021: none).

B. Capital commitments

The Group had capital commitments of £2,119,000 (2021: £2,311,000) in relation to machinery and other equipment, at 31 December 2022, of which £1,916,000 (2021: £76,000) is included in prepayments.

The company has no capital commitment at the year-end (2021: nil)

23 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities at 31 December 2022.

24 RELATED PARTY TRANSACTIONS

In the normal course of business, the group undertakes arms-length transactions with related parties.

Transactions with key management personnel
"Key management personnel" is taken to comprise the board of directors of the company. Transactions with company directors are provided in the table below within this note.

24 RELATED PARTY TRANSACTIONS (continued)

Loan transactions with Shareholders

The company and the group received in the year new loans amounting to £587,730 (2021: £1,364,000) from shareholders. Interest rates on shareholder loans vary between 10% to 12% (2021: 10% to 12%). Loans are denominated in £, USD or Euros, depending on the shareholders' loan agreement. All loans are repayable, in full, on the anniversary date, 5 years following their dates of issuance, which fall within the year 2026 or 2027, except for £124,000 due by 31 August 2023. Shareholders' loan agreements also include clauses permitting the company to convert the loan capital and accrued interest to Ordinary shares at a conversion rate specified in the shareholder agreements. During the year no loan amount was converted to shares (2021: £402,041 was converted to 423,201 company's ordinary shares).

All shareholders' loans are unsecured.

Summary of all transactions

During the year, the following transactions took place with related parties:

Name of related party	Nature of transactions	Caption in the financial statements	Value of 2022 transactions	Balance as of 31 December 2022
Group & Company			**£'000**	**£'000**
Key management	Fees and costs	Administrative and distribution expenses and creditors	(315)	(92)
Shareholders	Loan	Shareholders' loans and interest	(193)	(2,477)
Shareholders	Unpaid share capital	Other debtors	-	130
Shareholders	Service purchase	Administrative and distribution expenses and creditors	(93)	(18)
Group only (additional to the above)				
Director & Shareholder	Purchase and service provision	Cost of sales and creditors	(293)	(140)
Company only				
Subsidiary undertakings	Loan/ interest charge and Interest write-off	Finance income/cost and Debtors	(592)	4,877
Subsidiary undertakings	Advance Payments	Creditors	-	(1,823)

Unpaid share capital worth £70,000 was received post year end (2021: £90,000).

On 23 December 2022 an accrued interest balance of £1,817,000 on two loans due by LLC Central Plains Group Ukraine were written off following the corresponding capitalisation of loan principals for £10,626,000 at the same date.

During the year donations of £116,000 were received from various staff, shareholders and friends and family towards the provision humanitarian aid following the outbreak of the conflict in Ukraine in February 2022.

24 RELATED PARTY TRANSACTIONS (continued)

Name of related party	Nature of transactions	Caption in the financial statements	Value of 2021 transactions	Balance as of 31 December 2021
Group & Company			**£'000**	**£'000**
Key management	Fees and costs	Administrative and distribution expenses and creditors	(296)	(15)
Shareholders	Loan	Shareholders' loans and interest		(1,482)
Shareholders	Loan interest	Interest payable and similar expenses	(70)	(62)
Shareholders	Unpaid share capital	Other debtors	-	200
Shareholders	Service purchase	Administrative and distribution expenses and creditors	(49)	(1)
Group only				
Director & Shareholder	Purchase and service provision	Cost of sales and creditors	(374)	(12.5)
Key management	Service provision	Administrative and distribution expenses	(6)	-
Company only				
Subsidiary undertakings	Loan and interest	Interest income and Debtors	608	11,418
Subsidiary undertakings	Advance Payments	Creditors	-	(912)

25 NOTES TO THE CASH FLOW STATEMENT

Analysis of changes in net debts

	At 01 January 2022	Cash flows	New finance leases	Fair value and exchange movements	Non-cash changes	At 31 December 2022
Cash and cash equivalent	1,380	(660)	-	-	-	720
Bank loans	(3,289)	(104)	-	32	(287)	(3,648)
Finance leases	(3,651)	776	(129)	(25)	(200)	(3,229)
Shareholder loans	(1,543)	(584)	-	(156)	(194)	(2,477)
Total	(7,103)	(572)	(129)	(149)	(681)	(8,634)

Analysis of changes in net debts

	At 01 January 2021	Cash flows	New finance leases	Fair value and exchange movements	Non-cash changes	At 31 December 2021
Cash and cash equivalent	983	397	-	-	-	1,380
Bank loans	(761)	(2,375)	-	(75)	(78)	(3,289)
Finance leases	(39)	583	(3,995)	(15)	(185)	(3,651)
Shareholder loans	(476)	(1,363)	-	(38)	334	(1,543)
Total	(293)	(2,758)	(3,995)	(128)	71	(7,103)

26 RISK MANAGEMENT

The group's international operations expose it to financial risks that include commodity price risk, credit risk, currency risk, interest rate risk and liquidity risk. The directors keep these risks under regular review. Currently the group does not hedge against currency risk or interest rate risk principally because the sales values and the third party costs are transacted in internationally traded currencies and the risks are largely matched. The directors will continue to monitor these risks.

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and agricultural sector risk. The group's overall risk management programme focuses on the unpredictability and instability of the Ukrainian financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group does not trade in financial instruments.

Risk management is carried out by the key management personnel under policies approved by the Board. The group finance function identifies, evaluates financial risks in close co-operation with operational management. The Board provides principles for overall risk management, as well as policies on specific areas such as foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk.

Foreign exchange risk

The group is exposed to currency risk on sales, purchases and cash deposits and loans that are denominated in a currency other than the respective functional currencies of the group. Transactional currencies for the group are primarily Ukrainian Hryvna, US dollars, Pound Sterling and Euro. The group exposure to foreign currency risk is not limited to the operating units' transactions but is more prominent there because of the higher risk of fluctuations of the Hryvna versus the US dollar.

Input costs such as seed, fertiliser and chemicals along with sales proceeds are denominated in Hryvna but a majority have an underlying link to international commodity prices which are denominated in US dollars. Hence foreign exchange fluctuations on both input costs and sales will together tend to form a natural hedge. The majority of the group's trade receivables and payables are denominated in Hryvna but often linked to the US dollar also for the same reason.
The group's local production costs such as salaries are denominated in Hryvna in Ukraine. Hence strengthening or weakening of the Ukrainian Hryvna against the Pound Sterling would respectively increase or decrease the local production costs in Pound Sterling, the reporting currency of the group

Foreign exchange gains and losses would also be recognised on certain payables and receivables.

In addition, 64% of the group bank loans (2021: 42%) are denominated in currencies other than the operating units' functional currency. This percentage increases to 78% (2021: 76%) for the finance leases. The National Bank of Ukraine ("NBU") manages and determines the official exchange rates. An inter-bank market for exchange of currencies exists in Ukraine and is monitored by the NBU. The group exchanges currencies at bank offered market rates.

At the company level the assets and liabilities are denominated in GBP, USD or Euros. Fluctuations between the GBP and USD or Euro are not considered a high risk to the company or the group.

(All amounts stated in £ thousands unless otherwise stated)

26 RISK MANAGEMENT (continued)

Price risk

The majority of the group's revenues and finished goods inventories are exposed to the commodity price risk of the arable crops produced by the group. The group's production costs are exposed to costs which the group believe are closely correlated to oil and gas commodity prices. To manage its price risk arising from fluctuations in crop prices, the group may enter into forward sales contracts or fixed price contracts. Management believe there is a close correlation between crop commodity prices and oil and gas prices therefore there is a natural hedge between principal drivers of revenue and cost, although there may be lag effect in the timing.

A long-term deterioration in crop prices could negatively affect the group's operational results. Prices of agricultural commodities are influenced by a variety of unpredictable factors beyond the control of the group, such as global weather conditions affecting harvests and changes in global supply and demand.

By its nature the company is not susceptible to price risk.

Cash flow and fair value interest rate risk

At certain points in time the group has interest-bearing assets and liabilities. The group's income and operating cash flows are partially dependent on changes in market interest rates. The group's interest rate risk arises from short-term deposits and interest bearing loans which are subject to floating interest rate margins. A change in interest rates would not have a material impact on the group or the company.

The group and the company's trade receivable and payable balances are non-interest bearing and are not guaranteed or underwritten. These amounts are presented in notes 15 and 16 respectively. The group and the company have not entered into transactions designed to hedge against the interest rate risk.

Credit risk

It is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Exposure to credit risk may arise as a result of the group's sale of products on credit terms and other transactions with counterparties giving rise to financial assets.

The group's maximum exposure to credit risk, after taking into account allowances for un-recoverability, is the fair value of the relevant assets as follows:

Current and non current receivables	**Group**	**Group**	**Company**	**Company**
Trade and other receivables	**2022**	**2021**	**2022**	**2021**
- Past due and not impaired	890	3	-	-
- Not due and not impaired	2,935	3 ,532	515	637
Loans receivable from Subsidiaries				
- Not due and not impaired	-	-	4,877	8,451
Cash and cash equivalent	720	1,380	415	1,345
	4,545	4,915	5,807	10,433

Credit risk on bank balances and receivables is limited because:

- The counterparties for cash deposits are banks with high credit ratings assigned by international credit rating agencies. Local banks in Ukraine are used for processing payments and receipts and for operational cash flow purposes only. The banks' credit position is reviewed regularly by the group management.
- The receivables are shown net of allowance for impairment and 82% of group receivables (2021: 99%) are related to prepayments to suppliers, tax refund and shareholders' unpaid capital.

26 RISK MANAGEMENT (continued)

Credit risk (continued)

- For trade customers, an assessment of the credit quality of the customer is made, taking into account its financial position, past experience and other factors. Trade receivables classed as past due and not impaired are from customers the group has a significant trading history with, and are classed by management as credit worthy. In assessing the recoverability of receivables, the group takes into account factors such as credit ageing, the financial position of the counterparty and past experience.
- 100% of company receivables are made of capital prepayments, tax receivable and unpaid share capital
- Loans to subsidiaries are investment loans in nature and considered a low risk by the company management.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations, as they fall due, associated with its financial liabilities, which are settled by delivering cash or another financial asset.

Liquidity is monitored by the group and company management to ensure that there are sufficient resources to meet the group and company's obligations as they fall due. New borrowings are taken on, where and when additional funds are required. The group intends to maintain a balance of funding designed to reduce liquidity risks whilst seeking to minimise the cost of borrowings. Management monitors the group's rolling forecasts of funding requirements on the basis of expected cash flows.

Agricultural risk

The Group's operations are in the western region of Ukraine. The geographical spread of operations, specific crop management and tailored rotation programmes as well as targeted machinery investment lowers the group's weather risk.

The primary risk in the western region of Ukraine region is wet weather during the harvest and growing season. In order to mitigate this risk the group has invested in crop protection machinery and in its own, as opposed to contracted, harvesting machinery. The group has also developed a crop rotation plan to ensure that its cultivations are sustainable, crop diseases and pests are managed and chemical and fertilizer applications can be minimized.

Weather conditions are a significant operating risk affecting the group. Poor weather, unpredictable conditions or climate change may adversely affect farm output which, in turn, may adversely affect volume-related revenues earned by the group. Agricultural risk can impact the quantity and quality of goods harvested from the group's land. This will have a direct and equal impact on the group's revenue.

A 10% reduction or increase in yield will have 10% impact on overall revenue from harvested goods.

27 CAPITAL MANAGEMENT

The group considers debt and shareholders' equity, including shareholder loans, as its primary capital sources. The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to provide financing of its operating requirements, capital expenditure and sustain the group's development strategy. The group's capital management policies aim to ensure and maintain an optimal capital structure to reduce the overall cost of capital, and flexibility relating to the group's access to capital markets.

28 CONTROLLING PARTY

The company is owned by a number of private shareholders and companies, none of whom own more than 25% of the issued share capital of the company. Accordingly there is no parent entity nor ultimate controlling party.

29 EVENTS AFTER THE REPORTING PERIOD

In the period since 31 December 2022 CPG has continued to trade, planting 1,408 hectares which included 1,045 hectares of potatoes and producing 9,661 tonnes of potato starch from the starch factory, exporting most of this to a wide range of countries in Europe and around the world.

The conflict with Russia continues and this results in further operational and financial headwinds, restricting available financing, hampering exports and more human pressures of working in a state of war with the threat of conscription hanging over many of the members of our team.

CPG has however, been successful in obtaining $2.3m of 8 year secured financing from a Dutch based investor group and has replaced the existing working capital facility from Credit Agricole with a €2.5m facility with ProCredit Bank.

Subsequent to the year-end, the company granted employee share options to Directors in the amount of 1,817,340 options. These options are only exercisable in the event of a sale or listing event, and at the exercise price of £0.40 per share. The option scheme will be accounted for as an equity-settled share based payment transaction. Under section 26 of FRS102, an assessment of the fair value of these options will be undertaken in 2023 but it is not envisaged that an adjustment will be required for this transaction at that time.