



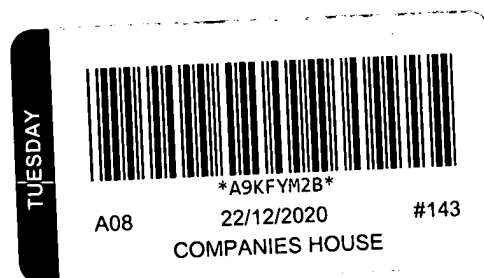
**Smailes Goldie Group**  
CREATING ADVANTAGE

REGISTERED NUMBER: 03430277

# **Magyar Farming Company Limited**

## **Consolidated Financial Statements**

**31st December 2019**



# **Magyar Farming Company Limited (Registered number: 03430277)**

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# **Magyar Farming Company Limited**

## **Company Information**

*for the year ended 31st December 2019*

**DIRECTORS:**

D B Gunner  
S L Weaver  
W R N Tapp  
C G B Combe

**SECRETARY:**

W R N Tapp

**REGISTERED OFFICE:**

7 Abbey Court  
Fraser Road  
Priory Business Park  
Bedford  
MK44 3WH

**REGISTERED NUMBER:**

03430277 (England and Wales)

**ACCOUNTANTS:**

Smailes Goldie Limited  
Chartered Accountants  
Regent's Court  
Princess Street  
Hull  
East Yorkshire  
HU2 8BA

# Magyar Farming Company Limited (Registered number: 03430277)

## Group Strategic Report

for the year ended 31st December 2019

The directors present their strategic report of the company and the group for the year ended 31st December 2019.

### REVIEW OF BUSINESS

The company produced a profitable result in its operations in Hungary. This was despite the restraints on operating a reduced land base, and a tightening of margins in the dairy sector. The company remains dependent on commodity price levels, primarily in milk and potatoes.

At 31 December 2019, the group held 71 bull calves (2018: 77), 768 heifers (2018: 585), 200 in-calf heifers (2018: 170), and 1,185 milking cows (2018: 1,160). During the year the group produced 10,223,619 litres of milk (2018: 9,361,720 litres), 10,551 tonnes of cereals and oilseed (2018: 2,446 tonnes), and 2,787 tonnes of potatoes (2018: 3,179 tonnes).

### PRINCIPAL RISKS AND UNCERTAINTIES

The directors continue to assess the risks associated with any agricultural investment. Primarily these remain seasonal weather factors, commodity price volatility, and political influence, whether through Agricultural support policies or through interference in a free market for agricultural land.

As referred to in the previous year's accounts, the company has been progressing a resolution of its dispute with the Hungarian Government over State land leases, with the International Centre for Settlement of Investment Disputes (ICSID). In May 2019, the ICSID hearing was held in Paris. The company was successful in obtaining an award, although it is likely that the Hungarian Government will ask for a process review, which will delay the eventual settlement of the award. The award included a judgement for costs. Neither the value of the award itself, or the costs reimbursement, have been reflected in these accounts.

The virus known as Covid-19 has spread worldwide leading to various restrictions on movement and businesses being imposed. Whilst this presents some uncertainties the group has so far been able to continue trading successfully. The Directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the group has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties its ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### ON BEHALF OF THE BOARD:

  
D B Gunner - Director

Date: 17 DEC 2020

# **Magyar Farming Company Limited (Registered number: 03430277)**

## **Report of the Directors**

*for the year ended 31st December 2019*

Magyar Farming Company Limited is a company incorporated in the United Kingdom. Its registered office is 7 Abbey Court, Fraser Road, Priory Business Park, Bedford, MK44 3WH.

### **DIVIDENDS**

During the year, final dividends paid were £1,120,279.

### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1st January 2019 to the date of this report.

D B Gunner  
S L Weaver  
W R N Tapp  
C G B Combe

### **FINANCIAL INSTRUMENTS**

The group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk.

Companies within the group are engaged in the production of agricultural commodities, including, but not limited to, wheat, maize, barley, oilseed rape, sunflowers, potatoes and milk. All agricultural commodities are subject to the vagaries of the weather and fluctuations in local and world commodity prices. The group has invested to spread the geographic and climatic risk. Individual marketing strategies are selected as appropriate to the crop and the country to minimise risks associated with price volatility. The group does not use derivatives to manage commodity price risks but does enter into forward sales contracts for certain commodities, when appropriate.

Companies within the group also purchase and pack potatoes for supply to a major retailer. The group reviews major customer relationships from time to time and does not consider at present that any of these present a financial risk to the group.

The group began the year operating in two countries, Hungary and Ukraine, and is thus exposed to the risks of currency fluctuation. Most commodities are ultimately priced in major currencies (euros or US dollars), which affords some protection against local currency devaluation.

The group has interest bearing liabilities. The group does not use derivative financial instruments to manage interest rate cost and, as such, no hedge accounting is applied. The directors will revisit the appropriateness of this policy should the operations change in size or nature.

# Magyar Farming Company Limited (Registered number: 03430277)

## Report of the Directors

for the year ended 31st December 2019

### GOING CONCERN

The group meets its day to day working capital requirements through its bank facilities. The directors continue to assess the risks associated with price movements for agricultural commodities and the potential impact of adverse weather events on output.

In addition the directors have reviewed the performance of the group for the current year, and considered the impact of the current high commodity prices on the budget for 2020, and have determined that the group will comfortably meet its obligations, in spite of the challenges facing the company regarding rights of tenure on state land in Hungary. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operation for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated accounts.

The virus known as Covid-19 has spread worldwide leading to various restrictions on movement and businesses being imposed. Whilst this presents some uncertainties the group has so far been able to continue trading successfully. The Directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the group has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties its ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### ON BEHALF OF THE BOARD:



D B Gunner - Director

Date: 17 DEC 2020

# Magyar Farming Company Limited (Registered number: 03430277)

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31st December 2019

	Notes	2019 £	2018 £
<b>CONTINUING OPERATIONS</b>			
Revenue		5,377,653	5,563,863
Cost of sales		<u>(2,296,501)</u>	<u>(2,134,245)</u>
<b>GROSS PROFIT</b>		3,081,152	3,429,618
Administrative expenses		<u>(2,333,091)</u>	<u>(2,601,735)</u>
<b>OPERATING PROFIT</b>		748,061	827,883
Finance costs	4	<u>(77,348)</u>	<u>(20,694)</u>
Finance income	4	<u>55,639</u>	<u>69,495</u>
<b>PROFIT BEFORE INCOME TAX</b>	5	726,352	876,684
Income tax	6	<u>3,845</u>	<u>(89,345)</u>
<b>PROFIT FOR THE YEAR</b>		730,197	787,339
<b>OTHER COMPREHENSIVE INCOME</b>			
Item that will not be reclassified to profit or loss:			
Currency translation differences		<u>(826,749)</u>	<u>(134,717)</u>
Income tax relating to item that will not be reclassified to profit or loss		<u>5,898</u>	<u>1,152</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>(820,851)</u>	<u>(133,565)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>(90,654)</u></u>	<u><u>653,774</u></u>
(Loss)/profit attributable to:			
Owners of the parent		<u><u>730,197</u></u>	<u><u>787,339</u></u>
Total comprehensive income attributable to:			
Owners of the parent		<u><u>(90,654)</u></u>	<u><u>653,774</u></u>

The notes form part of these financial statements

# Magyar Farming Company Limited (Registered number: 03430277)

## Consolidated Statement of Financial Position

31st December 2019

	Notes	2019 £	2018 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	1,091,996	1,205,120
Property, plant and equipment	10	6,276,991	7,322,538
Investments	11	141	141
		<u>7,369,128</u>	<u>8,527,799</u>
<b>CURRENT ASSETS</b>			
Inventories	12	725,150	689,700
Trade and other receivables	13	698,115	795,416
Cash and cash equivalents	14	1,362,164	1,818,328
		<u>2,785,429</u>	<u>3,303,444</u>
<b>TOTAL ASSETS</b>		<u>10,154,557</u>	<u>11,831,243</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	2,438,857	2,438,857
Share premium	16	974,851	974,851
Revaluation reserve	16	133,928	133,928
Other reserves	16	1,125,693	1,952,442
Retained earnings	16	3,701,219	4,085,403
<b>TOTAL EQUITY</b>		<u>8,374,548</u>	<u>9,585,481</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	17	1,117,114	1,253,786
Deferred tax	19	187,798	197,542
		<u>1,304,912</u>	<u>1,451,328</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	475,097	794,434
<b>TOTAL LIABILITIES</b>		<u>1,780,009</u>	<u>2,245,762</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>10,154,557</u>	<u>11,831,243</u>

The company and the group are entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st December 2019.

The members have not required the company and the group to obtain an audit of its financial statements for the year ended 31st December 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the group keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and

The notes form part of these financial statements



**Magyar Farming Company Limited (Registered number: 03430277)**

**Consolidated Statement of Financial Position - continued**

**31st December 2019**

- (b) preparing financial statements which give a true and fair view of the state of affairs of the company and the group as at the end of each financial year and of the group's profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company and the group.

The financial statements were approved by the Board of Directors and authorised for issue on 17 DEC 2020 and were signed on its behalf by:

  
D B Güniher - Director

The notes form part of these financial statements

# Magyar Farming Company Limited (Registered number: 03430277)

## Company Statement of Financial Position

31st December 2019

	Notes	2019 £	2018 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	-	-
Property, plant and equipment	10	-	-
Investments	11	318,763	1,318,763
Deferred tax	19	272,185	263,567
		<u>590,948</u>	<u>1,582,330</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	13	111,016	27,287
Cash and cash equivalents	14	144,343	72,124
		<u>255,359</u>	<u>99,411</u>
<b>TOTAL ASSETS</b>		<u>846,307</u>	<u>1,681,741</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	2,438,857	2,438,857
Share premium	16	974,851	974,851
Retained earnings	16	(2,693,075)	(2,189,161)
<b>TOTAL EQUITY</b>		<u>720,633</u>	<u>1,224,547</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	125,674	457,194
<b>TOTAL LIABILITIES</b>		<u>125,674</u>	<u>457,194</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>846,307</u>	<u>1,681,741</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st December 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st December 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

**Magyar Farming Company Limited (Registered number: 03430277)**

**Company Statement of Financial Position - continued**

*31st December 2019*

The financial statements were approved by the Board of Directors and authorised for issue on  
~~17 DECEMBER~~ and were signed on its behalf by:

*2020*



.....  
D B Gunner - Director

The notes form part of these financial statements

# Magyar Farming Company Limited (Registered number: 03430277)

## Consolidated Statement of Changes in Equity

for the year ended 31st December 2019

	Called up share capital £	Retained earnings £	Share premium £
<b>Balance at 1st January 2018</b>	2,438,857	3,296,912	974,851
<b>Changes in equity</b>			
Total comprehensive income	-	788,491	-
<b>Balance at 31st December 2018</b>	<u>2,438,857</u>	<u>4,085,403</u>	<u>974,851</u>
<b>Changes in equity</b>			
Dividends	-	(1,120,279)	-
Total comprehensive income	-	736,095	-
<b>Balance at 31st December 2019</b>	<u>2,438,857</u>	<u>3,701,219</u>	<u>974,851</u>
	Revaluation reserve £	Other reserves £	Total equity £
<b>Balance at 1st January 2018</b>	133,928	2,087,159	8,931,707
<b>Changes in equity</b>			
Total comprehensive income	-	(134,717)	653,774
<b>Balance at 31st December 2018</b>	<u>133,928</u>	<u>1,952,442</u>	<u>9,585,481</u>
<b>Changes in equity</b>			
Dividends	-	-	(1,120,279)
Total comprehensive income	-	(826,749)	(90,654)
<b>Balance at 31st December 2019</b>	<u>133,928</u>	<u>1,125,693</u>	<u>8,374,548</u>

The notes form part of these financial statements

# Magyar Farming Company Limited (Registered number: 03430277)

## Company Statement of Changes in Equity

for the year ended 31st December 2019

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
<b>Balance at 1st January 2018</b>	2,438,857	(2,760,887)	974,851	652,821
<b>Changes in equity</b>				
Total comprehensive income	-	571,726	-	571,726
<b>Balance at 31st December 2018</b>	<u>2,438,857</u>	<u>(2,189,161)</u>	<u>974,851</u>	<u>1,224,547</u>
<b>Changes in equity</b>				
Dividends	-	(1,120,279)	-	(1,120,279)
Total comprehensive income	-	616,365	-	616,365
<b>Balance at 31st December 2019</b>	<u>2,438,857</u>	<u>(2,693,075)</u>	<u>974,851</u>	<u>720,633</u>

The notes form part of these financial statements

# Magyar Farming Company Limited (Registered number: 03430277)

## Consolidated Statement of Cash Flows

for the year ended 31st December 2019

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	902,624	1,357,129
Interest paid		(77,348)	(20,694)
Tax paid		-	(10,393)
Net cash from operating activities		<u>825,276</u>	<u>1,326,042</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(359,929)	(605,529)
Purchase of tangible fixed assets		(274,658)	(557,199)
Sale of intangible fixed assets		377,519	396,794
Sale of tangible fixed assets		192,024	171,081
Interest received		<u>55,639</u>	<u>69,495</u>
Net cash from investing activities		<u>(9,405)</u>	<u>(525,358)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		-	(93,806)
Equity dividends paid		<u>(1,120,279)</u>	<u>-</u>
Net cash from financing activities		<u>(1,120,279)</u>	<u>(93,806)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(304,408)</u>	<u>706,878</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>1,818,328</u>	<u>1,129,661</u>
Effect of foreign exchange rate changes		<u>(151,756)</u>	<u>(18,211)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>1,362,164</u></u>	<u><u>1,818,328</u></u>

The notes form part of these financial statements

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Statement of Cash Flows

for the year ended 31st December 2019

### 1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2019 £	2018 £
Profit before income tax	726,352	876,684
Depreciation charges	533,258	713,749
Profit on disposal of fixed assets	(28,492)	(53,263)
Change in value of biological assets	287,394	325,982
Amortisation of intangible assets	1,058	8,658
Unrealised exchange (gains)/losses	(282,780)	(146,348)
Government grants	(124,774)	(187,894)
Finance costs	77,348	20,694
Finance income	(55,639)	(69,495)
	<b>1,133,725</b>	<b>1,488,767</b>
Increase in inventories	(95,389)	(74,304)
Decrease in trade and other receivables	30,546	143,005
Decrease in trade and other payables	(166,258)	(200,339)
<b>Cash generated from operations</b>	<b>902,624</b>	<b>1,357,129</b>

### 2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

#### Year ended 31st December 2019

	31.12.19 £	1.1.19 £
Cash and cash equivalents	<b>1,362,164</b>	<b>1,818,328</b>

#### Year ended 31st December 2018

	31.12.18 £	1.1.18 £
Cash and cash equivalents	<b>1,818,328</b>	<b>1,129,661</b>

The notes form part of these financial statements

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements

for the year ended 31st December 2019

### 1. STATUTORY INFORMATION

Magyar Farming Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

### 2. ACCOUNTING POLICIES

#### Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements of Magyar Farming Company Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and certain biological assets.

The financial statements of the parent company have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework', as issued by the Financial Reporting Council and in accordance with applicable accounting standards.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

#### Going concern

The group meets its day to day working capital requirements through its bank facilities. The directors continue to assess the risks associated with price movements for agricultural commodities and the potential impact of adverse weather events on output

In addition the directors have reviewed the performance of the group for the current year, and considered the impact of fluctuating commodity prices and have determined that the group will comfortably meet its future obligations and has adequate resources to continue in operation for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated accounts.

The virus known as Covid-19 has spread worldwide leading to various restrictions on movement and businesses being imposed. Whilst this presents some uncertainties the group has so far been able to continue trading successfully. The Directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the group has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties its ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.



# **Magyar Farming Company Limited (Registered number: 03430277)**

## **Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2019*

### **2. ACCOUNTING POLICIES - continued**

#### **Consolidation**

#### **Subsidiaries**

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

# **Magyar Farming Company Limited (Registered number: 03430277)**

## **Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2019*

### **2. ACCOUNTING POLICIES - continued**

#### **Financial risk factors**

The group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk.

Companies within the group are engaged in the production of agricultural commodities, including, but not limited to, wheat, maize, barley, oilseed rape, sunflowers, potatoes and milk. All agricultural commodities are subject to the vagaries of the weather, and fluctuations in local and world commodity prices. The group has invested across the region to spread the geographic and climatic risk. Individual marketing strategies are selected as appropriate to the crop and the country to minimise risks associated with price volatility. The group does not use derivatives to manage commodity price risks, but does enter into forward sales contracts for certain commodities, when appropriate.

Companies within the group also purchase and pack potatoes for supply to a major retailer, and provide drying and storage facilities for farmers. The group reviews major customer relationships from time to time, and does not consider at present that any of these present a financial risk to the group.

The group operates in two countries across the region, both inside and outside the EU, and is thus exposed to the risks of currency fluctuation. Most commodities are ultimately priced in major currencies (euros or US dollars), which affords some protection against local currency devaluation.

The group has interest bearing liabilities. The group does not use derivative financial instruments to manage interest rate cost and as such, no hedge accounting is applied. The directors will revisit the appropriateness of this policy should the operations change in size or nature.

#### **Capital risk management**

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 and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may return capital to shareholders, issue new shares or sell assets to reduce debt.

#### **Critical accounting estimates and judgements**

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.

#### **Critical accounting estimates and assumptions**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### **Income taxes**

The group is subject to income taxes in numerous jurisdictions. Significant judgement is exercised in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

#### **Adoption of new and revised standards**

In 2018 the Group applied the amendments issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins on or after 1 January 2018. The Group also applied Annual Improvements to IFRSs 2017-18 Cycle. As set out below, the application of these amendments has had no material effect on the Group's financial statements.

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 2. ACCOUNTING POLICIES - continued

IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments Recognition and Measurement'. The standard is effective for accounting periods beginning on or after 1 January 2018 and changes some requirements for the measurement and classification of financial instruments and impairment of financial assets. The standard introduces a new impairment model based on expected credit losses.

A consideration of expected credit losses has been undertaken and has not given rise to any material changes largely due to the fact that company has no history of material bad debt with its customers and no indication that this will change going forward.

The adoption of the standard has not resulted in any change to the current financial statements as there is no difference in the timing of recognition or measurement of financial instruments.

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 18 'Revenue' and establishes a principle-based approach to revenue recognition and measurement based on the concept of recognising revenue when performance obligations are satisfied.

Magyar Farming Company Limited Group of companies' performance obligations are primarily the production of agriculture commodities, including, but not limited to, wheat, maize, barley, oilseed rape, sunflowers, potatoes and milk. Therefore, the performance obligations are singular and the same under IAS 18 Revenue and the new accounting standard IFRS 15 Revenue from Contracts with Customers which is effective for annual reporting on or after 1 January 2018. There is no difference in performance obligations, timing of recognition or measurement of revenue therefore there has been no impact in the year and no restatement of comparatives.

IFRS 16 'Leases' supersedes IAS 17 'Leases' and has been endorsed by the European Union. The standard is effective from 1 January 2019. The most significant changes are in relation to lessee accounting. Under IFRS 16 the lessee will recognise a right-of-use asset and a lease liability for all leases currently accounted for as operating leases, with the exception of leases for a short period (less than 12 months) and those for items of low value. The asset will be depreciated over the term of the lease, whilst interest will be charged on the liability over the same period. The Group does not have any such leases therefore no restatement is necessary.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of produce and services. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities.

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 2. ACCOUNTING POLICIES - continued

#### Property, plant and equipment

Land and buildings comprise mainly agricultural buildings, offices and agricultural land. Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown within shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

- Buildings	40 to 50 years
- Machinery	3 to 5 years
- Vehicles	3 to 5 years
- Furniture fittings and equipment	3 to 6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

# **Magyar Farming Company Limited (Registered number: 03430277)**

## **Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2019*

### **2. ACCOUNTING POLICIES - continued**

#### **Financial assets**

##### **(a) Classification**

The group classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

##### **(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments and that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are subsequently carried at amortised cost.

##### **(c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### **Impairment of financial assets**

##### **Assets carried at amortised cost**

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

# **Magyar Farming Company Limited (Registered number: 03430277)**

## **Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2019*

### **2. ACCOUNTING POLICIES - continued**

#### **Inventories**

##### **Raw materials**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and represents costs incurred to date to bring work in progress and finished produce to its current state. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

##### **Biological assets**

Biological assets included within inventories, comprise crops growing in land owned or rented by the group. Current biological assets are measured at fair value, less costs to sell. This is the present value of the future cash flows expected to be generated from the assets, unless little biological transformation has taken place since the costs were originally incurred or the impact of biological transformation is not expected to have a material effect.

##### **Finished goods**

Inventories that are a detachment of produce from a biological asset or the cessation of a biological asset's life process, are measured at fair value less point of sale costs at the point of harvest. This fair value is regarded as cost thereafter.

#### **Trade receivables**

Trade receivables are amounts due from customers for produce sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### **Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### **Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **Trade payables**

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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

#### **Borrowings**

Borrowings are recognised initially at fair value, net of transactions costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

# **Magyar Farming Company Limited (Registered number: 03430277)**

## **Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2019*

### **2. ACCOUNTING POLICIES - continued**

#### **Current and deferred income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legal enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 2. ACCOUNTING POLICIES - continued

#### Foreign currencies translation

##### (a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling which is the company's functional and the group's presentation currency.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the income statement within finance income or cost.

##### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

#### Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are recognised in the income statement over the same period that those assets are depreciated.

#### Intangible assets

Intangible assets comprises of licences, dairy software and biological assets.

Biological assets within intangible assets, comprise livestock connected with the dairy trade. Livestock is measured at fair value less point of sale costs, based on market prices of livestock of similar age, breed and genetic merit. Changes in fair value of livestock are recognised in the income statement.

Costs such as feed, labour, veterinary services etc are expensed as incurred. The cost of purchases of livestock are capitalised as part of biological assets.



# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 2. ACCOUNTING POLICIES - continued

#### Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

### 3. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	450,836	419,360
Social security costs	81,115	83,433
	<u>531,951</u>	<u>502,793</u>

The average number of employees during the year was as follows:

	2019	2018
Production	32	32
Other	10	10
	<u>42</u>	<u>42</u>

	2019	2018
	£	£
Directors' remuneration	-	-

### 4. NET FINANCE COSTS

	2019	2018
	£	£
Finance income:		
Bank interest	1,965	656
Foreign exchange gains	53,674	68,839
	<u>55,639</u>	<u>69,495</u>
Finance costs:		
Bank loan interest	-	493
Unsecured loan interest	77,348	20,201
	<u>77,348</u>	<u>20,694</u>
Net finance costs	<u>21,709</u>	<u>(48,801)</u>

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 5. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	2019	2018
	£	£
Cost of inventories recognised as expense	2,296,501	2,134,245
Depreciation - owned assets	533,258	713,749
Profit on disposal of fixed assets	(28,492)	(53,263)
Licences and dairy software amortisation	1,058	8,658
Biological assets amortisation	<u>287,394</u>	<u>325,982</u>

### 6. INCOME TAX

#### Analysis of tax (income)/expense

	2019	2018
	£	£
Deferred tax	<u>(3,845)</u>	<u>89,345</u>
Total tax (income)/expense in consolidated statement of profit or loss and other comprehensive income	<u>(3,845)</u>	<u>89,345</u>

#### Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Profit before income tax	<u>726,352</u>	<u>876,684</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	138,007	166,570
Effects of:		
Profits not subject to tax	(12,708)	(37,911)
Expenses not deductible for tax purposes	-	285
Adjustment for different tax rates	(132,133)	(42,717)
Other permanent differences as a result of consolidation	<u>2,989</u>	<u>3,118</u>
Tax (income)/expense	<u>(3,845)</u>	<u>89,345</u>

The standard rate of tax applied to reported profits on ordinary activities is 19%.

The current year applicable statutory rate of 19% represents the rate applicable from the 1 April 2017.

The Directors are not aware of any other factors which might materially affect the future tax charge.

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £616,365 (2018 - £571,726).

### 8. DIVIDENDS

	2019 £	2018 £
Ordinary shares of £1 each		
Final	<u>1,120,279</u>	<u>-</u>

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 9. INTANGIBLE ASSETS

#### LICENCES AND DAIRY SOFTWARE

	Licences and dairy software £
<b>COST</b>	
At 1 January 2019	10,452
Additions	164
Disposals	(164)
Exchange differences	(194)
	<u>10,258</u>
At 31 December 2019	
<b>AMORTISATION</b>	
At 1 January 2019	8,227
Amortisation for year	1,058
Amortisation on disposals	(164)
Exchange differences	-
	<u>9,121</u>
At 31 December 2019	
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>1,137</u>
At 31 December 2018	<u>2,225</u>

#### BIOLOGICAL ASSETS

	Cows £
Opening value	1,202,895
Births	359,765
Sales and deaths	(377,519)
Exchange differences	193,112
Change in value	(287,394)
	<u>1,090,859</u>

The amortisation charge of £1,058 (2018: £8,658) is included within administrative expenses in the income statement.

At 31 December 2019, biological assets comprises of 71 bull calves (2018: 77), 768 heifers (2018: 585), 200 in-calf heifers (2018: 170) and 1,185 milking cows (2018: 1,160).

The change in value of the biological assets of £287,394 (2018: £325,982) is included within administrative expenses in the income statement.

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 10. PROPERTY, PLANT AND EQUIPMENT

#### Group

	Real estate £	Vehicles and machinery £	Furniture, fittings and equipment £	Totals £
<b>COST OR VALUATION</b>				
At 1st January 2019	6,330,693	6,481,441	1,741	12,813,875
Additions	47,288	227,370	-	274,658
Disposals	-	(114,190)	-	(114,190)
Removed on disposal of subsidiary	(10,883)	(320,612)	-	(331,495)
Exchange differences	(546,924)	(531,774)	(152)	(1,078,850)
At 31st December 2019	<u>5,820,174</u>	<u>5,742,235</u>	<u>1,589</u>	<u>11,563,998</u>
<b>DEPRECIATION</b>				
At 1st January 2019	1,130,332	4,359,514	1,491	5,491,337
Charge for year	109,649	423,527	82	533,258
Eliminated on disposal	-	(75,965)	-	(75,965)
Removed on disposal of subsidiary	(291)	(205,897)	-	(206,188)
Exchange differences	(98,208)	(357,097)	(130)	(455,435)
At 31st December 2019	<u>1,141,482</u>	<u>4,144,082</u>	<u>1,443</u>	<u>5,287,007</u>
<b>NET BOOK VALUE</b>				
At 31st December 2019	<u>4,678,692</u>	<u>1,598,153</u>	<u>146</u>	<u>6,276,991</u>
At 31st December 2018	<u>5,200,361</u>	<u>2,121,927</u>	<u>250</u>	<u>7,322,538</u>

Bank borrowings are secured on land, buildings and machinery.

Cost or valuation at 31st December 2019 is represented by:

	Real estate £	Vehicles and machinery £	Furniture, fittings and equipment £	Totals £
Valuation in 2006	603,248	-	-	603,248
Cost	<u>5,216,926</u>	<u>5,742,235</u>	<u>1,589</u>	<u>10,960,750</u>
	<u>5,820,174</u>	<u>5,742,235</u>	<u>1,589</u>	<u>11,563,998</u>

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 10. PROPERTY, PLANT AND EQUIPMENT - continued

#### Group

If land and buildings had not been revalued they would have been included at the following historical cost:

	2019 £	2018 £
Cost	<u>5,216,926</u>	<u>5,727,445</u>
Aggregate depreciation	<u>(1,141,482)</u>	<u>(1,130,332)</u>
Value of land in freehold land and buildings	<u>4,075,444</u>	<u>4,597,113</u>

Land and buildings were valued on a fair value basis on 31st December 2006 by independent valuers.

### 11. INVESTMENTS

#### Group

	Unlisted investments £
<b>COST</b>	
At 1st January 2019 and 31st December 2019	<u>141</u>
<b>NET BOOK VALUE</b>	
At 31st December 2019	<u>141</u>
At 31st December 2018	<u>141</u>

#### Company

	Shares in group undertakings £
<b>COST</b>	
At 1st January 2019	1,318,763
Reduction in share capital	<u>(1,000,000)</u>
At 31st December 2019	<u>318,763</u>
<b>NET BOOK VALUE</b>	
At 31st December 2019	<u>318,763</u>
At 31st December 2018	<u>1,318,763</u>

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 11. INVESTMENTS - continued

#### Company

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

#### Subsidiaries

##### Kintyre Kft

Registered office: Hungary  
Nature of business: Farming

	% holding	2019 £	2018 £
Class of shares:			
Ord Shs	99.99		
Aggregate capital and reserves		907,289	2,143,708
Profit for the year		<u>523,042</u>	<u>1,382,488</u>

##### Inicia Krt

Registered office: Hungary  
Nature of business: Farming

	% holding	2019 £	2018 £
Class of shares:			
Ord shs	100.00		
Aggregate capital and reserves		8,970,887	9,713,667
Profit for the year		<u>780,990</u>	<u>407,622</u>

#### Dryfeholme

The group's 100% shareholding investment in Dryfeholme (Incorporated in Ukraine) was disposed of in 2019. Up to the date of the disposal, the company had not recognised any income or expenditure through its income statement and therefore the consolidated income statement includes income and expenses of £nil in respect of this subsidiary.

### 12. INVENTORIES

	Group	
	2019 £	2018 £
Raw materials	171,149	141,663
Growing crops	10,274	11,241
Produce	<u>543,727</u>	<u>536,796</u>
	<u>725,150</u>	<u>689,700</u>

Stock recognised in cost of sales during the year as an expense was £2,296,501 (2018 £2,134,245).

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current:				
Trade debtors	401,647	491,632	-	-
Amounts owed by group undertakings	-	-	57,055	-
Other debtors	<u>296,468</u>	<u>303,784</u>	<u>53,961</u>	<u>27,287</u>
	<u>698,115</u>	<u>795,416</u>	<u>111,016</u>	<u>27,287</u>

#### Group and company

All trade and other receivables are categorised as loans and receivables.

The fair values of trade and other receivables are not significantly different to their amortised cost. As of 31 December 2019, trade receivables of £31,559 (2018: £27,645) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is £383,521 (2018: £464,774) up to 3 months and £18,126 (2018: £26,858) over 3 months.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2019	2018
	£	£
UK pound	53,961	27,287
Hungarian forint	613,155	747,665
Euros	30,999	20,464
US dollar	-	-
	<u>698,115</u>	<u>795,416</u>

The carrying amounts of the company's trade and other receivables are denominated in GBP.

Amounts owed by group undertakings in the company relate to a loan from Inicia Krt totalling £57,055 which is repayable on demand.

### 14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank deposit account	1,685	1,680	1,685	1,680
Cash at bank	<u>1,360,479</u>	<u>1,816,648</u>	<u>142,658</u>	<u>70,444</u>
	<u>1,362,164</u>	<u>1,818,328</u>	<u>144,343</u>	<u>72,124</u>



# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2019	2018
Number:	Class:		£	£
2,438,013	Ordinary	£1	2,438,013	2,438,013
85,382	'A' Shares	£0.01	844	844
			<u>2,438,857</u>	<u>2,438,857</u>

### 16. RESERVES

#### Group

	Retained earnings £	Share premium £	Revaluation reserve £	Other reserves £	Totals £
At 1st January 2019	4,085,403	974,851	133,928	1,952,442	7,146,624
Profit for the year	730,197				730,197
Dividends	(1,120,279)				(1,120,279)
Deferred tax on revaluation	5,898	-	-	-	5,898
Exchange difference	-	-	-	(826,749)	(826,749)
At 31st December 2019	<u>3,701,219</u>	<u>974,851</u>	<u>133,928</u>	<u>1,125,693</u>	<u>5,935,691</u>

#### Company

	Retained earnings £	Share premium £	Totals £
At 1st January 2019	(2,189,161)	974,851	(1,214,310)
Profit for the year	616,365		616,365
Dividends	(1,120,279)		(1,120,279)
At 31st December 2019	<u>(2,693,075)</u>	<u>974,851</u>	<u>(1,718,224)</u>

#### Retained Earnings

Retained earnings represents cumulative profits and losses net of dividends and other adjustments

#### Share Premium

The share premium account represents the premium arising on the issue of shares net of issue costs.

#### Revaluation Reserve

The revaluation reserve represents gains on fixed assets as a result of revaluations.

#### Other Reserves

Other reserves represents accumulated foreign exchange gains/losses from translation of foreign subsidiaries to the presentational currency.

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current:				
Trade creditors	241,194	339,934	-	-
Amounts owed to group undertakings	-	-	-	307,301
Other creditors	76,944	106,900	-	20,000
Amounts due to related parties	106,899	97,393	106,899	97,393
Accruals and deferred income	22,349	113,557	18,775	32,500
Deferred government grants	27,710	136,650	-	-
	<u>475,096</u>	<u>794,434</u>	<u>125,674</u>	<u>457,194</u>
Non-current:				
Deferred government grants	<u>1,117,114</u>	<u>1,253,786</u>	-	-
Aggregate amounts	<u>1,592,210</u>	<u>2,048,220</u>	<u>125,674</u>	<u>457,194</u>

### 18. FINANCIAL INSTRUMENTS

	Assets held at amortised cost	Liabilities held at amortised cost	Financial assets/liabilities measured at fair value	Total
At 31 December 2019	£	£	£	£
Derivative financial assets	-	-	-	-
Trade and other receivables	698,115	-	-	698,115
Cash and cash equivalents	<u>1,362,165</u>	-	-	<u>1,362,165</u>
<b>Financial assets</b>	<u>2,060,280</u>	-	-	<u>2,060,280</u>
Trade and other payables	-	(425,037)	-	(425,037)
Derivative financial liabilities	-	-	-	-
<b>Financial liabilities</b>	-	<u>(425,037)</u>	-	<u>(425,037)</u>

Trade and other receivables are defined as total trade and other receivables, excluding prepayments and accrued income and amounts related to VAT and other taxes.

Trade and other payables are defined as total trade and other payables, excluding accruals and deferred income, and amounts related to social security and other taxes.

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2019

### 19. DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

#### Group

	2019 £	2018 £
Deferred tax assets to be recovered after more than 12 months	(272,185)	(263,492)
Deferred tax liabilities to be recovered after more than 12 months	<u>459,983</u>	<u>461,034</u>
Deferred tax liabilities - net	<u>187,798</u>	<u>197,542</u>

The gross movement on the deferred income tax account is as follows:

	2019 £	2018 £
At 1 January 2019	197,542	163,287
Exchange difference	43,879	7,092
Other comprehensive income (credit)/charge	(5,898)	(1,152)
Income statement (credit)/charge	<u>(47,725)</u>	<u>28,315</u>
At 31 December 2019	<u>187,798</u>	<u>197,542</u>

#### Company

	2019 £	2018 £
Deferred tax assets to be recovered after more than 12 months	<u>(272,185)</u>	<u>(263,492)</u>

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is likely.

### 20. RELATED PARTY DISCLOSURES

Information about related party transactions and outstanding balances relating to these transactions is outlined below:

#### Other related parties

	2019 £	2018 £
Purchases	157,296	116,001
Year end receivables	43,339	24,329
Year end payables	106,899	97,593

### 21. ULTIMATE CONTROLLING PARTY

The directors consider there is no ultimate controlling party.

# Magyar Farming Company Limited (Registered number: 03430277)

## Notes to the Consolidated Financial Statements - continued for the year ended 31st December 2019

### 22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

#### Group

	2019 £	2018 £
Profit for the financial year	730,197	787,339
Dividends	<u>(1,120,279)</u>	<u>-</u>
	(390,082)	787,339
Other comprehensive income relating to the year (net)	<u>(820,851)</u>	<u>(133,565)</u>
Prior year adjustment		
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(1,210,933)</b>	<b>653,774</b>
Opening shareholders' funds	<u>9,585,481</u>	<u>8,931,707</u>
<b>Closing shareholders' funds</b>	<b><u>8,374,548</u></b>	<b><u>9,585,481</u></b>

#### Company

	2019 £	2018 £
Profit for the financial year	616,365	571,726
Dividends	<u>(1,120,279)</u>	<u>-</u>
	(503,914)	571,726
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(503,914)</b>	<b>571,726</b>
Opening shareholders' funds	<u>1,224,547</u>	<u>652,821</u>
<b>Closing shareholders' funds</b>	<b><u>720,633</u></b>	<b><u>1,224,547</u></b>

### 23. GOVERNMENT GRANTS

The group receives assistance from governments in the form of grants.

The grants are received to support capital investment. The grants are carried forward within trade and other payables until such a time that they are used to acquire/construct fixed assets whereupon they are recognised in the income statement over the same period that the relevant assets are depreciated.

It is the group's policy to satisfy all the conditions attached to grants received, and historically have not had to repay grants received. It is therefore unlikely that grants included in trade and other payables will have to be repaid.

In the current year, grants credited to the income statement amounted to £124,774 (2018: £187,894).

Other financial support received from the government in the form of subsidies has been credited in the income statement amounting to £862,843 (2018: £865,536).