



**Smales Goldie Group**  
CREATING ADVANTAGE

REGISTERED NUMBER: 03430277

# **Magyar Farming Company Limited**

## **Consolidated Financial Statements**

**31st December 2020**

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COMPANIES HOUSE



**ICAEW**  
CHARTERED  
ACCOUNTANTS

Smales Goldie Group is a trading name of Smales Goldie Limited.



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for the year ended 31st December 2020**

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**Magyar Farming Company Limited**

**Company Information  
for the year ended 31st December 2020**

**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 2020**

The directors present their strategic report of the company and the group for the year ended 31st December 2020.

**REVIEW OF BUSINESS**

The company produced a profitable result from the operations in Hungary. This was despite the constraints arising from continued operations on a reduced land base, and a tightening of margins in the dairy sector. The company remains dependent on commodity prices, primarily in milk and potatoes.

At 31 December 2020, the group held 30 bull calves (2019: 71), 687 heifers (2019: 768), 396 in-calf heifers (2019: 200), and 1,186 milking cows (2019: 1,185). During the year the group produced 11,323,655 litres of milk (2019: 10,223,619 litres); 11,431 tonnes of cereals and oilseed (2019: 10,551 tonnes), and 3,160 tonnes of potatoes (2019: 2,787 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 years' accounts, the company has been working towards a resolution of its dispute with the Hungarian Government over the expropriation of 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 late in 2019. The Hungarian government sought an annulment of the award at the last possible moment in early 2020. The presentation of arguments by the government for an annulment and against an annulment by the Company took us into 2021, and an annulment hearing was held on-line in June 2021. The Hungarian annulment request was denied by the tribunal in November 2021, with all the Company costs of defending the annulment awarded against the Hungarian government. Neither the value of the award itself, or the costs reimbursement, have been reflected in these accounts. The Company will now proceed to a settlement of the award and recovery of costs.

**ON BEHALF OF THE BOARD:**



D B Gunner - Director

14th December 2021

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

**Report of the Directors  
for the year ended 31st December 2020**

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 £1,150,577.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st January 2020 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.

During the year the group operated in Hungary, 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.

**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 2021, 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.

**ON BEHALF OF THE BOARD:**



D B Gunner - Director

14th December 2021

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

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 31st December 2020**

	Notes	2020 £	2019 £
<b>CONTINUING OPERATIONS</b>			
Revenue		5,075,479	5,377,653
Cost of sales		<u>(1,984,980)</u>	<u>(2,296,501)</u>
<b>GROSS PROFIT</b>		<b>3,090,499</b>	<b>3,081,152</b>
Administrative expenses		<u>(1,853,254)</u>	<u>(2,333,090)</u>
<b>OPERATING PROFIT</b>		<b>1,237,245</b>	<b>748,062</b>
Finance costs	4	(92,490)	(77,348)
Finance income	4	<u>61,855</u>	<u>55,639</u>
<b>PROFIT BEFORE INCOME TAX</b>	5	<b>1,206,610</b>	<b>726,353</b>
Income tax	6	<u>(14,801)</u>	<u>3,845</u>
<b>PROFIT FOR THE YEAR</b>		<b>1,191,809</b>	<b>730,198</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Item that will not be reclassified to profit or loss:</b>			
Currency translation differences		(429,027)	(826,749)
Income tax relating to item that will not be reclassified to profit or loss		<u>2,113</u>	<u>5,898</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<b><u>(426,914)</u></b>	<b><u>(820,851)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>764,895</u></b>	<b><u>(90,653)</u></b>
Profit/(loss) attributable to:			
Owners of the parent		<u>1,191,809</u>	<u>730,198</u>
Total comprehensive income attributable to:			
Owners of the parent		<u>764,895</u>	<u>(90,653)</u>

The notes form part of these financial statements

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

**Consolidated Statement of Financial Position  
31st December 2020**

	Notes	2020 £	2019 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	1,191,101	1,091,996
Property, plant and equipment	10	6,299,439	6,276,991
Investments	11	141	141
		<u>7,490,681</u>	<u>7,369,128</u>
<b>CURRENT ASSETS</b>			
Inventories	12	909,187	725,150
Trade and other receivables	13	654,446	698,115
Cash and cash equivalents	14	919,026	1,362,164
		<u>2,482,659</u>	<u>2,785,429</u>
<b>TOTAL ASSETS</b>		<u><b>9,973,340</b></u>	<u><b>10,154,557</b></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	696,666	1,125,693
Retained earnings	16	3,744,565	3,701,220
<b>TOTAL EQUITY</b>		<u><b>7,988,867</b></u>	<u><b>8,374,549</b></u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	17	1,052,251	1,117,114
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	92,453	-
Deferred tax	20	200,485	187,798
		<u>1,345,189</u>	<u>1,304,912</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	612,995	475,096
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	26,289	-
		<u>639,284</u>	<u>475,096</u>
<b>TOTAL LIABILITIES</b>		<u><b>1,984,473</b></u>	<u><b>1,780,008</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>9,973,340</b></u>	<u><b>10,154,557</b></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 2020.

The members have not required the company and the group to obtain an audit of its financial statements for the year ended 31st December 2020 in accordance with Section 476 of the Companies Act 2006.

The notes form part of these financial statements

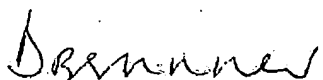
Magyar Farming Company Limited (Registered number: 03430277)

**Consolidated Statement of Financial Position - continued**  
**31st December 2020**

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
- (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 14th December 2021 and were signed on its behalf by:



D B Gunner - Director

The notes form part of these financial statements



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

**Company Statement of Financial Position  
31st December 2020**

	Notes	2020 £	2019 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	-	-
Property, plant and equipment	10	-	-
Investments	11	318,763	318,763
Deferred tax	20	<u>291,405</u>	<u>272,185</u>
		<b>610,168</b>	<b>590,948</b>
<b>CURRENT ASSETS</b>			
Inventories	12	7,650	-
Trade and other receivables	13	39,900	111,016
Cash and cash equivalents	14	<u>91,581</u>	<u>144,343</u>
		<b>139,131</b>	<b>255,359</b>
<b>TOTAL ASSETS</b>		<b><u>749,299</u></b>	<b><u>846,307</u></b>
<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	<u>(3,511,664)</u>	<u>(2,693,075)</u>
<b>TOTAL EQUITY</b>		<b><u>(97,956)</u></b>	<b><u>720,633</u></b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	<u>847,255</u>	<u>125,674</u>
<b>TOTAL LIABILITIES</b>		<b><u>847,255</u></b>	<b><u>125,674</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>749,299</u></b>	<b><u>846,307</u></b>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st December 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st December 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

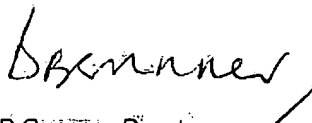
- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial 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 2020

The financial statements were approved by the Board of Directors and authorised for issue on 14th December 2021 and were signed on its behalf by:



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 2020**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>
<b>Balance at 1st January 2019</b>	2,438,857	4,085,403	974,851
<b>Changes in equity</b>			
Dividends	-	(1,120,279)	-
Total comprehensive income	-	736,096	-
<b>Balance at 31st December 2019</b>	<u>2,438,857</u>	<u>3,701,220</u>	<u>974,851</u>
<b>Changes in equity</b>			
Dividends	-	(1,150,577)	-
Total comprehensive income	-	1,193,922	-
<b>Balance at 31st December 2020</b>	<u>2,438,857</u>	<u>3,744,565</u>	<u>974,851</u>
	<b>Revaluation reserve £</b>	<b>Other reserves £</b>	<b>Total equity £</b>
<b>Balance at 1st January 2019</b>	133,928	1,952,442	9,585,481
<b>Changes in equity</b>			
Dividends	-	-	(1,120,279)
Total comprehensive income	-	(826,749)	(90,653)
<b>Balance at 31st December 2019</b>	<u>133,928</u>	<u>1,125,693</u>	<u>8,374,549</u>
<b>Changes in equity</b>			
Dividends	-	-	(1,150,577)
Total comprehensive income	-	(429,027)	764,895
<b>Balance at 31st December 2020</b>	<u>133,928</u>	<u>696,666</u>	<u>7,988,867</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 2020**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Total equity £</b>
<b>Balance at 1st January 2019</b>	2,438,857	(2,189,161)	974,851	1,224,547
<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>
<b>Changes in equity</b>				
Dividends	-	(1,150,577)	-	(1,150,577)
Total comprehensive income	-	331,988	-	331,988
<b>Balance at 31st December 2020</b>	<u>2,438,857</u>	<u>(3,511,664)</u>	<u>974,851</u>	<u>(97,956)</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 2020**

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,056,936	902,624
Interest paid		(92,490)	(77,348)
Net cash from operating activities		<u>964,446</u>	<u>825,276</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(438,047)	(359,929)
Purchase of tangible fixed assets		(833,521)	(274,658)
Sale of intangible fixed assets		443,398	377,519
Sale of tangible fixed assets		432,098	192,024
Interest received		61,855	55,639
Net cash from investing activities		<u>(334,217)</u>	<u>(9,405)</u>
<b>Cash flows from financing activities</b>			
New loans in year		139,815	-
Loan repayments in year		(21,072)	-
Equity dividends paid		(1,150,577)	(1,120,279)
Net cash from financing activities		<u>(1,031,834)</u>	<u>(1,120,279)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(401,605)</u>	<u>(304,408)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	1,362,164	1,818,328
Effect of foreign exchange rate changes		(41,533)	(151,756)
<b>Cash and cash equivalents at end of year</b>	2	<u>919,026</u>	<u>1,362,164</u>

The notes form part of these financial statements

**Notes to the Consolidated Statement of Cash Flows  
for the year ended 31st December 2020**

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

	2020	2019
	£	£
Profit before income tax	1,206,610	726,353
Depreciation charges	385,630	533,258
Profit on disposal of fixed assets	(219,907)	(28,492)
Change in value of biological assets	134,563	287,394
Amortisation of intangible assets	1,333	1,058
Unrealised exchange gains	(411,809)	(282,780)
Government grants	(26,765)	(124,774)
Finance costs	92,490	77,348
Finance income	(61,855)	(55,639)
	<b>1,100,290</b>	<b>1,133,726</b>
Increase in inventories	(208,768)	(95,389)
Decrease in trade and other receivables	21,700	30,546
Increase/(decrease) in trade and other payables	143,714	(166,259)
<b>Cash generated from operations</b>	<b><u>1,056,936</u></b>	<b><u>902,624</u></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 2020**

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<b><u>919,026</u></b>	<b><u>1,362,164</u></b>

**Year ended 31st December 2019**

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

**Notes to the Consolidated Financial Statements  
for the year ended 31st December 2020**

**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.

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020**

**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.



**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020**

**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 Hungary 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.

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020**

**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.

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020**

**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.

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020**

**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.

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020**

**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.

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020**

**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 substantially 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.

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020**

**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.

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020

3. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	539,453	450,836
Social security costs	<u>76,217</u>	<u>81,115</u>
	<u>615,670</u>	<u>531,951</u>

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

	2020	2019
Production	33	32
Other	<u>8</u>	<u>10</u>
	<u>41</u>	<u>42</u>

	2020 £	2019 £
Directors' remuneration	<u>-</u>	<u>-</u>

4. NET FINANCE COSTS

	2020 £	2019 £
Finance income:		
Bank interest	3	1,965
Foreign exchange gains	<u>61,852</u>	<u>53,674</u>
	<u>61,855</u>	<u>55,639</u>
Finance costs:		
Director's loan interest	4,329	-
Unsecured loan interest	<u>88,161</u>	<u>77,348</u>
	<u>92,490</u>	<u>77,348</u>
Net finance costs	<u>30,635</u>	<u>21,709</u>

5. PROFIT BEFORE INCOME TAX

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

	2020 £	2019 £
Cost of inventories recognised as expense	1,984,979	2,296,501
Depreciation - owned assets	385,630	533,258
Profit on disposal of fixed assets	(219,907)	(28,492)
Licences and dairy software amortisation	1,333	1,058
Biological assets amortisation	<u>134,563</u>	<u>287,394</u>



**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020**

**6. INCOME TAX**

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

	2020 £	2019 £
Deferred tax	<u>14,801</u>	<u>(3,845)</u>
Total tax expense/(income) in consolidated statement of profit or loss and other comprehensive income	<u>14,801</u>	<u>(3,845)</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:

	2020 £	2019 £
Profit before income tax	<u>1,206,610</u>	<u>726,353</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	229,256	138,007
Effects of: Profits not subject to tax	-	(12,708)
Adjustment for different tax rates	(214,455)	(132,133)
Other permanent differences as a result of consolidation	-	2,989
Tax expense/(income)	<u>14,801</u>	<u>(3,845)</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, however the corporation tax rate in the UK is due to change from 19% to 25% from 1 April 2023.

**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 £331,988 (2019 - £616,365).

**8. DIVIDENDS**

	2020 £	2019 £
Ordinary shares of £1 each Final	<u>1,150,577</u>	<u>1,120,279</u>

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020

9. INTANGIBLE ASSETS

LICENCES AND DAIRY SOFTWARE

	Licences and dairy software £
<b>COST</b>	
At 1 January 2020	10,258
Additions	469
Disposals	(158)
Exchange differences	(39)
	<u>10,530</u>
At 31 December 2020	
<b>AMORTISATION</b>	
At 1 January 2020	9,121
Amortisation for year	1,333
Amortisation on disposals	(158)
Exchange differences	-
	<u>10,296</u>
At 31 December 2020	
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>234</u>
At 31 December 2019	<u>1,137</u>

BIOLOGICAL ASSETS

	Cows £
Opening value	1,090,859
Births	437,578
Sales and deaths	(443,398)
Exchange differences	240,391
Change in value	<u>(134,563)</u>
	<u>1,190,867</u>

The amortisation charge of £1,333 (2019: £1,058) is included within administrative expenses in the income statement.

At 31 December 2020, biological assets comprises of 30 bull calves (2019: 71), 687 heifers (2019: 768), 396 incalf heifers (2019: 200) and 1,186 milking cows (2019: 1,185).

The change in value of the biological assets of £134,563 (2019: £287,394) is included within administrative expenses in the income statement.

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Real estate £	Vehicles and machinery £	Furniture, fittings and equipment £	Totals £
<b>COST OR VALUATION</b>				
At 1st January 2020	5,820,174	5,742,235	1,589	11,563,998
Additions	431,591	401,930	-	833,521
Disposals	(96,948)	(608,146)	-	(705,094)
Exchange differences	(197,583)	(194,401)	(54)	(392,038)
At 31st December 2020	<u>5,957,234</u>	<u>5,341,618</u>	<u>1,535</u>	<u>11,300,387</u>
<b>DEPRECIATION</b>				
At 1st January 2020	1,141,482	4,144,082	1,443	5,287,007
Charge for year	107,169	278,234	227	385,630
Eliminated on disposal	(3,870)	(488,868)	(165)	(492,903)
Exchange differences	(38,928)	(139,792)	(66)	(178,786)
At 31st December 2020	<u>1,205,853</u>	<u>3,793,656</u>	<u>1,439</u>	<u>5,000,948</u>
<b>NET BOOK VALUE</b>				
At 31st December 2020	<u>4,751,381</u>	<u>1,547,962</u>	<u>96</u>	<u>6,299,439</u>
At 31st December 2019	<u>4,678,692</u>	<u>1,598,153</u>	<u>146</u>	<u>6,276,991</u>

Bank borrowings are secured on land, buildings and machinery.

Cost or valuation at 31st December 2020 is represented by:

	Real estate £	Vehicles and machinery £	Furniture, fittings and equipment £	Totals £
Valuation in 2006	603,248	-	-	603,248
Cost	<u>5,353,986</u>	<u>5,341,618</u>	<u>1,535</u>	<u>10,697,139</u>
	<u>5,957,234</u>	<u>5,341,618</u>	<u>1,535</u>	<u>11,300,387</u>

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

	2020 £	2019 £
Cost	<u>5,353,986</u>	<u>5,216,926</u>
Aggregate depreciation	<u>(1,205,853)</u>	<u>(1,141,482)</u>
Value of land in freehold land and buildings	<u>4,148,133</u>	<u>4,075,444</u>

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

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020

11. INVESTMENTS

	Unlisted investments £
<b>COST</b>	
At 1st January 2020 and 31st December 2020	<u>141</u>
<b>NET BOOK VALUE</b>	
At 31st December 2020	<u>141</u>
At 31st December 2019	<u>141</u>
<b>Company</b>	
	Shares in group undertakings £
<b>COST</b>	
At 1st January 2020 and 31st December 2020	<u>318,763</u>
<b>NET BOOK VALUE</b>	
At 31st December 2020	<u>318,763</u>
At 31st December 2019	<u>318,763</u>

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	2020 £	2019 £
Class of shares:			
Ord Shs	99.99		
Aggregate capital and reserves		<u>1,270,657</u>	<u>907,289</u>
Profit for the year		<u>817,429</u>	<u>523,042</u>

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020

11. INVESTMENTS - continued

Company

Inicia Krt

Registered office: Hungary

Nature of business: Farming

Class of shares: %  
Ord shs holding  
100.00

	2020 £	2019 £
Aggregate capital and reserves	9,016,712	8,970,887
Profit for the year	<u>1,349,469</u>	<u>780,990</u>

12. INVENTORIES

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Raw materials	176,218	171,149	-	-
Growing crops	11,301	10,274	-	-
Produce	<u>714,018</u>	<u>543,727</u>	-	-
	901,537	725,150	-	-
Assets held for sale	<u>7,650</u>	<u>-</u>	<u>7,650</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £1,984,979 (2019 £2,296,501).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Current:				
Trade debtors	327,165	401,647	-	-
Amounts owed by group undertakings	-	-	-	57,055
Other debtors	<u>327,281</u>	<u>296,468</u>	<u>39,900</u>	<u>53,961</u>
	<u>654,446</u>	<u>698,115</u>	<u>39,900</u>	<u>111,016</u>

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020**

**13. TRADE AND OTHER RECEIVABLES - continued**

**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 2020, trade receivables of £49,508 (2019: £31,559) 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 £284,685 (2019: £383,521) up to 3 months and £27,536 (2019: £18,126) over 3 months.

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

	2020	2019
	£	£
UK pound	39,900	53,961
Hungarian forint	585,056	613,155
Euros	29,490	30,999
	<u>654,446</u>	<u>698,115</u>

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

**14. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank deposit account	1,689	1,685	1,689	1,685
Cash at bank	<u>917,337</u>	<u>1,360,479</u>	<u>89,892</u>	<u>142,658</u>
	<u>919,026</u>	<u>1,362,164</u>	<u>91,581</u>	<u>144,343</u>

**15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
2,438,013	Ordinary	£1	2,438,013	2,438,013
85,382	'A' Shares	£0.01	<u>844</u>	<u>844</u>
			<u>2,438,857</u>	<u>2,438,857</u>

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020

16. RESERVES

Group	Retained earnings £	Share premium £	Revaluation reserve £	Other reserves £	Totals £
At 1st January 2020	3,701,220	974,851	133,928	1,125,693	5,935,692
Profit for the year	1,191,809	-	-	-	1,191,809
Dividends	(1,150,577)	-	-	-	(1,150,577)
Deferred tax on revaluation	2,113	-	-	-	2,113
Exchange difference	-	-	-	(429,027)	(429,027)
At 31st December 2020	<u>3,744,565</u>	<u>974,851</u>	<u>133,928</u>	<u>696,666</u>	<u>5,550,010</u>

Company	Retained earnings £	Share premium £	Totals £
At 1st January 2020	(2,693,075)	974,851	(1,718,224)
Profit for the year	331,988	-	331,988
Dividends	(1,150,577)	-	(1,150,577)
At 31st December 2020	<u>(3,511,664)</u>	<u>974,851</u>	<u>(2,536,813)</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.

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Current:				
Trade creditors	391,010	241,194	-	-
Amounts owed to group undertakings	-	-	751,619	-
Other creditors	82,822	76,944	-	-
Amounts due to related parties	59,610	106,899	59,610	106,899
Accruals and deferred income	46,687	22,349	36,026	18,775
Deferred government grants	32,866	27,110	-	-
	<u>612,995</u>	<u>475,096</u>	<u>847,255</u>	<u>125,674</u>
Non-current:				
Deferred government grants	<u>1,052,251</u>	<u>1,117,114</u>	-	-
Aggregate amounts	<u>1,665,246</u>	<u>1,592,210</u>	<u>847,255</u>	<u>125,674</u>

Amounts owed to group undertakings total £751,619 (2019 £57,055 owed from group undertakings) which is repayable on demand.

18. FINANCIAL LIABILITIES - BORROWINGS

	Group	
	2020	2019
	£	£
Current:		
Bank loans	<u>26,289</u>	<u>-</u>
Non-current:		
Bank loans	<u>92,453</u>	<u>-</u>

Terms and debt repayment schedule

Group	1 year or less	1-2 years	2-5 years	Totals
	£	£	£	£
Bank loans	<u>26,289</u>	<u>26,289</u>	<u>66,164</u>	<u>118,742</u>

The carrying amounts of the group's borrowings are denominated in the following currencies:

	2020	2019
	£	£
Hungarian forint	<u>118,742</u>	<u>-</u>
	<u>118,742</u>	<u>-</u>



Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020

19. FINANCIAL INSTRUMENTS

At 31 December 2020	Assets held at amortised cost £	Liabilities held at amortised cost £	Financial assets/liabilities measured at fair value £	Total £
Derivative financial assets	-	-	-	-
Trade and other receivables	632,344	-	-	632,344
Cash and cash equivalents	919,026	-	-	919,026
<b>Financial assets</b>	<b>1,551,370</b>	<b>-</b>	<b>-</b>	<b>1,551,370</b>
Trade and other payables	-	(533,442)	-	(533,442)
Derivative financial liabilities	-	-	-	-
<b>Financial liabilities</b>	<b>-</b>	<b>(533,442)</b>	<b>-</b>	<b>(533,442)</b>

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.

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020**

**20. DEFERRED TAX**

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

**Group**

	2020 £	2019 £
Deferred tax assets to be recovered after more than 12 months	(291,405)	(272,185)
Deferred tax liabilities to be recovered after more than 12 months	491,890	459,983
	<u>200,485</u>	<u>187,798</u>
Deferred tax liabilities - net	<u>200,485</u>	<u>187,798</u>

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

	2020 £	2019 £
At 1 January 2020	187,798	197,542
Exchange difference	16,241	43,879
Other comprehensive income credit	(2,113)	(5,898)
Income statement credit	(1,441)	(47,725)
	<u>200,485</u>	<u>187,798</u>
At 31 December 2020	<u>200,485</u>	<u>187,798</u>

**Company**

	2020 £	2019 £
Deferred tax assets to be recovered after more than 12 months	<u>(291,405)</u>	<u>(272,185)</u>

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

**21. RELATED PARTY DISCLOSURES**

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

**Other related parties**

	2020 £	2019 £
Purchases	101,800	157,296
Year end receivables	21,960	43,339
Year end payables	59,610	106,899

**22. ULTIMATE CONTROLLING PARTY**

The directors consider there is no ultimate controlling party.

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st December 2020

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

**Group**

	2020 £	2019 £
Profit for the financial year	1,191,809	730,198
Dividends	<u>(1,150,577)</u>	<u>(1,120,279)</u>
	41,232	(390,081)
Other comprehensive income relating to the year (net)	<u>(426,914)</u>	<u>(820,851)</u>
Prior year adjustment		
<b>Net reduction of shareholders' funds</b>	<b>(385,682)</b>	<b>(1,210,932)</b>
Opening shareholders' funds	<u>8,374,549</u>	<u>9,585,481</u>
<b>Closing shareholders' funds</b>	<b><u>7,988,867</u></b>	<b><u>8,374,549</u></b>

**Company**

	2020 £	2019 £
Profit for the financial year	331,988	616,365
Dividends	<u>(1,150,577)</u>	<u>(1,120,279)</u>
<b>Net reduction of shareholders' funds</b>	<b>(818,589)</b>	<b>(503,914)</b>
Opening shareholders' funds	<u>720,633</u>	<u>1,224,547</u>
<b>Closing shareholders' funds</b>	<b><u>(97,956)</u></b>	<b><u>720,633</u></b>

24. 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 £32,866 (2019: £124,774).

Other financial support received from the government in the form of subsidies has been credited in the income statement amounting to £883,803 (2019: £862,843).

**25. POST BALANCE SHEET EVENTS**

As referred to in the group strategic report, the company has been working towards a resolution of its dispute with the Hungarian Government over the expropriation of 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 late in 2019. The Hungarian government sought an annulment of the award at the last possible moment in early 2020. The presentation of arguments by the government for an annulment and against an annulment by the Company took us into 2021, and an annulment hearing was held on-line in June 2021. The Hungarian annulment request was denied by the tribunal in November 2021, with all the Company costs of defending the annulment awarded against the Hungarian government. Neither the value of the award itself, or the costs reimbursement, have been reflected in these accounts. The Company will now proceed to a settlement of the award and recovery of costs.