Group Package Accounts

James Fleming & Company Limited

Registered number: SC131587

Annual Report

For the year ended 31 December 2020

JAMES FLEMING & COMPANY LIMITED

COMPANY INFORMATION

Directors	D R Amos L H B Lockefeer
Company secretary	D R Amos
Registered number	SC131587
Registered office	Glasgow BS&A Department, BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
Independent auditor	Mazars LLP Chartered Accountants and Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

JAMES FLEMING & COMPANY LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their Strategic report for James Fleming & Company Limited for the year ended 31 December 2020.

Principal activity

The company's principal activity during the year was that of the manufacture of fruit-based food products for sale to the bakery, wholesale and confectionery industries.

Principal risks and uncertainties

The principal risks and uncertainties facing the company include amongst others:

- Possible fluctuations in the price and availability of raw materials.
- Foreign currency exposure to the Euro.
- Post Brexit - implications of trade deal with EU.
- COVID-19 continued pandemic.

The impact of the United Kingdom trade deal with European Union

The company has partnered with an external provider to provide support required to manage changes and increased paperwork linked to the importing and exporting since the UK left the EU. James Fleming is part of the Zeelandia Brexit team who continue to monitor developments with meetings on a monthly basis. Since the end of the transition period, Rules of Origin have become an issue with further changes expected in April 2021 upon the introduction of S&S Controls followed by full border controls in July 2021.

The impact of COVID-19

COVID-19 had a huge impact on the business during 2020, with huge fluctuations in sales, however due to the vaccination program it is hoped that sales will return to normal levels from July 2021.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in commodity prices, exchange rate, liquidity and credit. The company seeks to limit the adverse effects on its financial performance by monitoring the impact of these and addressing them accordingly.

Following the late deal agreed between the EU & UK, it appears that not all of the potential impacts of the deal were foreseen, therefore the company will remain vigilant and continues to:

1. Review supply chain
2. Review stock levels of key raw materials
3. Consult with customers

Financial key performance indicators

The company generated revenue of £14,535,991 in the year to 31 December 2020. Although revenue has decreased by 3.7% against prior year (2019 - £15,101,318), this is still considered to be a significant achievement with the huge impact of COVID-19. The gross profit margin in the year was 21.6%, a slight decrease from 22.8% in the prior year due to the impact of COVID-19. Despite 2020 being a challenging year, profit before tax has increased by 23% during the year to £1,227,770 (2019 - £995,408).

At 31 December 2020, the company had capital and reserves of £7,951,375 (2019 - £7,945,816).

Outlook and future developments

The company will continually look for growth opportunities and remain flexible and innovative to meet future consumer demands. The current trading environment remains, to say the least, difficult and focus must firmly be on operational efficiencies, tight cost control, cash management and customer service.

This report was approved by the board on Apr 6, 2021 and signed on its behalf.

David Amos (Apr 6, 2021 07:26 GMT+1)

D R Amos
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,101,940 (2019 - £874,022).

Dividends of £1,096,381 (2019 - £nil) were declared and paid during the year to the parent company.

Directors

The directors who served during the year were:

D R Amos
M J De Ruiter (resigned 1 June 2020)
L H B Lockefeer (appointed 1 June 2020)

Strategic report

The company has chosen, in accordance with section 414C(11) Companies Act 2006, to set out in the company's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' report. It has done so in respect of principal risks and uncertainties, financial risk management, financial key performance indicators and outlook and future developments.

Research and development activities

The company carries out research and development activities in relation to its principal activity noted on page 1.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on Apr 6, 2021 and signed on its behalf.

DRAmos
David Amos (Apr 6, 2021 07:26 GMT+1)

D R Amos
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES FLEMING & COMPANY LIMITED

Opinion

We have audited the financial statements of James Fleming & Company Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES FLEMING & COMPANY LIMITED

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation and non-compliance with implementation of Government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, manipulation of revenue recognition, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES FLEMING & COMPANY LIMITED

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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

Stephen Brown (Apr 6, 2021 16:31 GMT+1)

Stephen Brown (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: Apr 6, 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	14,535,991	15,101,318
Cost of sales		(11,400,954)	(11,661,744)
Gross profit		3,135,037	3,439,574
Distribution costs		(1,176,669)	(1,148,444)
Administrative expenses		(814,123)	(1,302,699)
Other operating income	5	79,103	-
Operating profit	6	1,223,348	988,431
Interest receivable and similar income	10	4,422	6,977
Profit before tax		1,227,770	995,408
Tax on profit	11	(125,830)	(121,386)
Profit for the financial year		1,101,940	874,022
Total comprehensive income for the year		1,101,940	874,022

The notes on pages 12 to 26 form part of these financial statements.

JAMES FLEMING & COMPANY LIMITED
REGISTERED NUMBER: SC131587

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible fixed assets	13		2,568,468		2,483,671
Investments	14		100,000		100,000
			2,668,468		2,583,671
Current assets					
Stocks	15	1,069,632		951,268	
Debtors: amounts falling due within one year	16	2,646,689		2,384,265	
Cash and cash equivalents	17	4,231,020		3,875,479	
		7,947,341		7,211,012	
Creditors: amounts falling due within one year	18	(2,571,950)		(1,773,761)	
Net current assets			5,375,391		5,437,251
Total assets less current liabilities			8,043,859		8,020,922
Provisions for liabilities					
Deferred tax	19	(92,484)		(75,106)	
			(92,484)		(75,106)
Net assets			7,951,375		7,945,816
Capital and reserves					
Called up share capital	20		3,500,000		3,500,000
Profit and loss account	21		4,451,375		4,445,816
			7,951,375		7,945,816

The financial statements were approved and authorised for issue by the board and were signed on its behalf on Apr 6, 2021

DAmos
David Amos (Apr 6, 2021 07:26 GMT+1)

D R Amos
Director

The notes on pages 12 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	3,500,000	4,445,816	7,945,816
Profit for the year	-	1,101,940	1,101,940
Transactions with owners			
Dividends declared	-	(1,096,381)	(1,096,381)
At 31 December 2020	3,500,000	4,451,375	7,951,375

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	3,500,000	3,571,794	7,071,794
Profit for the year	-	874,022	874,022
At 31 December 2019	3,500,000	4,445,816	7,945,816

The notes on pages 12 to 26 form part of these financial statements.

1. General information

James Fleming & Company Limited is a private company, limited by shares and registered in Scotland. The registered office is Glasgow BS&A Department, BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX. The company's principal place of business is located at Lockett Road, South Lancashire Industrial Estate, Ashton-in-Makerfield, Wigan, Lancashire, WN4 8DE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The company is itself a subsidiary undertaking and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);

the requirements of Section 7 Statement of Cash Flows;

the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);

the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);

the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;

the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and

the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information will be included in the consolidated financial statements of Koninklijke Zeelandia Groep B.V. as at 31 December 2020 and these financial statements may be obtained from the Chamber of Commerce, Kanaalweg 3, 4337 PA Middelburg, The Netherlands.

2. Accounting policies (continued)

2.3 Going concern

The financial statements are prepared on a going concern basis. The COVID-19 pandemic has had significant implications for the industry as whole. In making their assessment, the directors have considered and utilised as appropriate the various Government schemes available to mitigate the impact of COVID-19, as well as preparing and reviewing revised budgets and cash flow forecasts. The company has strong cash reserves of £4,231,020 as at 31 December 2020. The directors consider that the company has sufficient resources to continue to trade and meet its liabilities as they fall due for a period of at least twelve months from the date the financial statements are signed, taking into account their latest assessment of the disruption to business and economic activity that is being caused by the COVID-19 coronavirus.

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP and amounts are rounded to the nearest £.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2. Accounting policies (continued)

2.5 Revenue

Revenue recognised in the year is in relation to the company's principal activity which is the manufacture of fruit-based food products for sale to the bakery, wholesale and confectionery industries.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

2.6 Operating leases: lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the period of the lease.

2.7 Research and development

Research and development costs are recognised as an expense when incurred.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Pensions

The company makes payments to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund in respect of the year.

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Land is not depreciated. Assets under the course of construction are not depreciated until they come into use, at which point they are transferred to the fixed asset category to which they relate.

Depreciation is provided on the following basis:

Buildings	- 2%
Plant and equipment	- 10 - 20%

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount in reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.18 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgments, estimates and assumptions about the carrying amount of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account for estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The directors consider that there are no significant judgments, estimates or assumptions made in preparing the financial statements.

4. Turnover

Analysis of turnover by country:

	2020 £	2019 £
United Kingdom	13,324,250	13,798,687
Rest of Europe	1,211,741	1,302,631
	14,535,991	15,101,318

The whole of the turnover in the current and prior year is attributable to the sale of sugar based food products to the bakery, wholesale and confectionery industries.

5. Other operating income

	2020 £	2019 £
Government grants receivable	79,103	-

6. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Research and development costs	15,960	9,977
Exchange differences	(19,673)	(12,323)
Operating lease rentals	98,800	84,004
Depreciation	186,876	179,560

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	19,250	17,500
All other services	1,750	1,600

8. Employees

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	1,656,365	1,685,871
Social security costs	145,856	149,422
Cost of defined contribution pension scheme	92,329	92,819
	1,894,550	1,928,112

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Manufacturing	60	62
Selling	3	2
Administration	5	6
	68	70

9. Directors' remuneration

The directors received no remuneration in the current or prior year. They are remunerated through other group undertakings.

10. Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	4,422	6,977

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	172,538	128,489
Adjustments in respect of previous periods	(64,086)	(17,311)
Total current tax	108,452	111,178
Deferred tax		
Origination and reversal of timing differences	8,511	4,587
Adjustments in respect of prior periods	27	5,621
Effect of changes in tax rates	8,840	-
Total deferred tax	17,378	10,208
Taxation on profit on ordinary activities	125,830	121,386

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	1,227,770	995,408
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	233,276	189,128
Effects of:		
Expenses not deductible for tax purposes	10,299	69
Tangible fixed asset differences	-	9,773
Other differences	-	(541)
Adjustments to tax charge in respect of prior periods	(64,059)	(11,690)
Group relief	(62,526)	(65,353)
Tax rate changes	8,840	-
Total tax charge for the year	125,830	121,386

The UK Budget 2020 announced that the corporation tax rate was to be held at 19% rather than reduced to 17% with effect from 1 April 2020 as previously enacted. Hence the deferred tax liability as disclosed in note 19 of the financial statements has been calculated at a rate of 19%.

Factors that may affect future tax charges

Subsequent to the reporting date, it was announced in the UK Budget on 3 March 2021 that the rate of corporation tax would be increased to 25% with effect from 1 April 2023. The effect of this change would be to increase the deferred tax liability at 31 December 2020 by £29,205. Legislation is intended to be included in the Finance Bill 2021 to effect this change.

Aside from this and the availability of group relief, there are no other factors that may affect future tax charges.

12. Dividends

	2020 £	2019 £
Dividends declared	1,096,381	-

13. Tangible fixed assets

	Land and buildings £	Plant and equipment £	Assets under the course of construction £	Total £
Cost				
At 1 January 2020	2,929,246	1,540,293	31,130	4,500,669
Additions	-	37,218	234,455	271,673
Transfers between classes	26,782	64,671	(91,453)	-
At 31 December 2020	2,956,028	1,642,182	174,132	4,772,342
Depreciation				
At 1 January 2020	1,170,834	846,164	-	2,016,998
Charge for the year	52,098	134,778	-	186,876
At 31 December 2020	1,222,932	980,942	-	2,203,874
Net book value				
At 31 December 2020	1,733,096	661,240	174,132	2,568,468
At 31 December 2019	1,758,412	694,129	31,130	2,483,671

Included within land and buildings is freehold land, which is not depreciated, of £338,351 (2019 - £338,351).

14. Fixed asset investments

	Investment in subsidiary company £
Cost	
At 1 January 2020	100,000
At 31 December 2020	100,000

14. Fixed asset investments (continued)

Subsidiary undertaking

The following was a dormant subsidiary undertaking of the company:

Name	Registered office	Class of shares	Holding
W.T. Mather Limited	England and Wales	Ordinary	100%

15. Stocks

	2020 £	2019 £
Raw materials	842,343	641,531
Finished goods and goods for resale	227,289	309,737
	1,069,632	951,268

16. Debtors

	2020 £	2019 £
Trade debtors	2,023,752	1,860,392
Amounts owed by group undertakings (note 26)	25,776	323,126
Other debtors	597,161	200,747
	2,646,689	2,384,265

Amounts owed by group undertakings are interest free and repayable on demand.

17. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	4,231,020	3,875,479

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	963,794	513,413
Amounts owed to group undertakings (note 26)	100,982	202,590
Corporation tax	134,097	85,645
Other taxation and social security	46,140	46,775
Accruals and deferred income	1,326,937	925,338
	2,571,950	1,773,761

Amounts owed to group undertakings are interest free and repayable on demand.

19. Deferred taxation

	2020 £
At beginning of year	(75,106)
Movement in the year	(17,378)
At end of year	(92,484)

The deferred tax liability, which is calculated based on a tax rate of 19% (2019 - 17%), is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(93,883)	(76,420)
Short term timing differences	1,399	1,314
	(92,484)	(75,106)

The UK Budget 2020 announced that the corporation tax rate was to be held at 19% rather than reduced to 17% with effect from 1 April 2020 as previously enacted.

20. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
3,500,000 (2019 - 3,500,000) Ordinary shares of £1 each	3,500,000	3,500,000

The company has one class of ordinary shares which carry voting rights but no right to fixed income.

21. Reserves

Profit & loss account

This reserve includes all current and prior period retained profits and losses net of dividends paid.

22. Contingent liabilities

On 24 December 2018, the company's immediate parent undertaking entered into a secured loan agreement with Lloyds Bank plc for a loan in the principal amount of £2,110,500 at a variable annual interest rate of 1.95% plus base rate. As at 31 December 2020, the outstanding balance was £1,934,523 (2019 - £1,998,170). The obligation is secured by all of the assets of the immediate parent undertaking and is guaranteed jointly and severally by James Fleming & Company Limited and its subsidiary undertaking, W.T. Mather Limited.

23. Pension commitments

The company makes payments to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund in respect of the year.

The total pension charge in the year amounted to £92,329 (2019 - £92,819). Contributions totalling £10,793 (2019 - £11,626) were payable to the defined contribution pension scheme fund at the reporting date and are included in accruals and deferred income.

24. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	96,472	99,214
Later than 1 year and not later than 5 years	196,580	278,596
	293,052	377,810

25. Other financial commitments

At the reporting date, the company had a commitment to purchase raw materials to the value of £2,061,863 (2019 - £907,696).

26. Related party transactions

The company has taken advantage of the exemption relating to the disclosure of related party transactions with other group undertakings conferred by FRS 102 on the grounds that it and the other companies are wholly owned subsidiaries of Koninklijke Zeelandia Groep B.V., the company's ultimate parent undertaking during the year.

27. Post balance sheet events

There have been no significant events affecting the company since the year end.

28. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Zeelandia Holdings (UK) Limited, a company registered in England and Wales.

The company's ultimate parent undertaking and controlling party is Koninklijke Zeelandia Groep B.V., a company incorporated in The Netherlands.

The financial statements for Koninklijke Zeelandia Groep B.V. can be obtained from the Chamber of Commerce, Kanaalweg 3, 4337 PA Middelburg, The Netherlands. The largest and smallest group in which the results of the company are consolidated is that headed by Koninklijke Zeelandia Groep B.V.

SWORN TRANSLATION

Koninklijke Zeelandia Groep B.V.
Zierikzee

Annual report and accounts 2020

13 April 2021

Koninklijke Zeelandia Groep B.V. SWORN TRANSLATION
Zierikzee

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Koninklijke Zeelandia Groep B.V.
Zierikzee

SWORN TRANSLATION

Report of the Supervisory Board

The annual report of the Supervisory Board is available for inspection at the company's offices.

Financial statements

SWORN TRANSLATION

Consolidated balance sheet as at 31 December 2020

(before profit appropriation)	Note	31.12.2020		31.12.2019	
			€ 000		€ 000
Fixed assets					
Intangible fixed assets:	1				
Goodwill		16,502		18,730	
Other intangible assets		4,911		4,049	
			21,413		22,779
Tangible fixed assets:	2				
Land and buildings		45,111		48,361	
Plant and machinery		23,922		23,486	
Other tangible fixed assets		8,792		11,505	
Tangible fixed assets under construction		6,210		7,987	
			84,035		91,339
Financial fixed assets:	3				
Other participations		31,587		29,151	
Shareholders and pasrticipations		183		396	
Deferred tax asset		2,321		1,900	
Other financial fixed assets		292		970	
			34,383		32,417
			139,831		146,535
Current assets					
Stocks:	4				
Raw materials and consumables		24,063		22,110	
Finished goods and goods for resale		23,603		24,744	
			47,666		46,854
Receivables:	5				
Trade debtors		54,279		60,899	
Shareholders and participations		2,432		3,315	
Other receivables and prepayments		12,088		12,459	
			68,799		76,673
Cash and cash equivalents	6		59,351		58,384
			315,647		328,446

	Note	31.12.2020		31.12.2019	
			€ 000		€ 000
Group equity	7				
Share of the entity in the group equity		230,337		238,942	
Third-party share in the group equity		298		490	
			230,635		239,432
Provisions	8				
Employee benefits		5,717		5,903	
Deferred tax liabilities		2,442		2,970	
			8,159		8,873
Long-term liabilities	9				
Credit institutions		6,143		5,743	
Other long-term liabilities		23		52	
			6,166		5,795
Short-term liabilities	10				
Credit institutions		6,701		6,769	
Trade creditors		36,992		37,415	
Shareholders and participations		14		14	
Taxes and social security contributions		6,643		8,832	
Other payables, accruals and deferred income		20,337		21,316	
			70,687		74,346
			315,647		328,446

Consolidated profit and loss account for 2020

	Note	2020	2019
		€ 000	€ 000
Net turnover	11	413,214	471,978
Cost of sales		274,061	305,127
Gross turnover result		139,153	166,851
Selling costs		76,093	84,893
General management costs	12	54,541	58,775
Sum of the costs		130,634	143,668
Net turnover result		8,519	23,183
Depreciation of goodwill		(2,546)	(2,532)
Operating result		5,973	20,651
Share in result of non-consolidated participations	3	3,849	3,956
Financial income		899	2,685
Financial expenses		(2,697)	(696)
Result before tax		8,024	26,596
Taxes	13	(2,488)	(7,386)
Consolidated result after tax		5,536	19,210
Of which third-party interest	7	(117)	(3)
Result attributable to the legal entity		5,653	19,213

Consolidated cash flow statement for 2020

	2020	2019
	€ 000	€ 000
Operating result	**5,973**	**19,349**
Adjustments to arrive from the operating result to the cash flow from business operations:		
Depreciation and additional impairment of intangible assets	3,330	3,194
Depreciation and additional impairment of tangible fixed assets	10,178	12,759
Movements provisions	36	(123)
Movements in the working capital:		
Stocks	(3,300)	1,807
Operating receivables	4,602	(617)
Operating payables	402	(5,047)
Cash flow from operations	**21,221**	**31,322**
Other operating activities:		
Interest income received	899	2,604
Interest expense paid	(2,034)	(483)
Taxes paid	(4,326)	(5,634)
Dividends received	365	793
Cash flow from other operating activities	**(5,096)**	**(2,720)**
Cash flow from operating activities	**16,125**	**28,602**
Investment activities		
Acquisition group companies	(778)	(1,183)
Capital contributions to participations	0	(3,683)
Investments in intangible fixed assets	(1,091)	(1,604)
Investments in tangible fixed assets	(9,883)	(11,858)
Disposals of tangible fixed assets	600	1,496
Disposals of financial fixed assets	0	7,088
Movements in financial fixed assets	520	(517)
Cash flow from investment activities	**(10,632)**	**(10,261)**
Subtotal	**5,493**	**18,341**

	2020	2019
	€ 000	€ 000
Transport subtotal	**5,493**	**18,341**
Financing activities		
Capital contributions by third parties	0	11
Drawing long-term loans credit institutions	1,502	1,831
Repayment of long-term loans credit institutions	(285)	(456)
Movement of short-term loans credit institutions	(145)	(5,488)
Dividend paid	0	(8,490)
Cash flow from financing activities	**1,072**	**(12,592)**
Change in cash and cash equivalents	**6,565**	**5,749**

Balance as at 1 January	58,384	52,551
Change in cash and cash equivalents	6,565	5,749
Exchange differences	(5,598)	84
Balance as at 31 December	59,351	58,384

Statement of comprehensive income 2020

	2020	2019
	€ 000	€ 000
Consolidated net profit after tax attributable to the legal entity	5,653	19,213
Exchange results of foreign participating interests	(14,283)	1,462
Total comprehensive income of the legal entity	(8,360)	20,675

Explanatory notes to the consolidated financial statements

General

Activities

The activities of Koninklijke Zeelandia Groep B.V., with its registered office in Zierikzee (Poststraat 11, 4301 AA Zierikzee, listed under the register number 22043788), and its group companies are mainly aimed at developing, manufacturing and selling high-quality ingredients for bread and pastry.

Group structure

Koninklijke Zeelandia Groep B.V. heads a group of legal entities. An overview of the data required on the basis of Sections 379 and 414 of Book 2 of the Dutch Civil Code has been included in this report. During the financial year, the group company Zeelandia Holding Sweden AB, based in Lerum, Sweden, was liquidated.

Mergers and acquisitions

During 2020, an expansion of the interest in Zeelandia Gida Sanayi ve Ticaret Anonim Sirketi with its registered office in Turkey took place. The remaining shares were acquired for €1. The acquisition has been accounted for using the carry-over method as at 1 December 2020.

Furthermore, one acquisition took place during the financial year. A package of assets and liabilities worth €0.8 million was acquired. The acquisition has been accounted for using the purchase accounting method as at 1 October 2020.

Impact coronavirus

Since the spring of 2020, the Netherlands has been affected by the Covid-19 pandemic, which has major consequences for the global economy. Compared to the previous financial year, this resulted in a decrease in turnover and EBITDA in 2020. The company monitors the developments on a daily basis and takes timely decisions to keep the impact as manageable as possible and to guarantee the continuity of production and deliveries. At the time of drafting the annual accounts, the exact impact of Covid-19 on the future operational activities is not yet entirely clear, as there is uncertainty on how the virus will develop and which (government) measures will be necessary in that context. Covid-19 is not expected to have an impact on the accounting policies.

Basis of consolidation

The consolidated financial statements of Koninklijke Zeelandia Groep B.V. include the financial data of the companies belonging to Koninklijke Zeelandia Groep B.V. and other legal entities over which control can be exercised or central management is exercised.

The consolidated financial statements are prepared in accordance with the accounting policies of Koninklijke Zeelandia Groep B.V.
The financial data of the group companies are fully included in the consolidated financial statements, with the elimination of interrelationships and transactions.
Third-party interests in the equity and results of group companies are reported separately in the consolidated financial statements.

The results of the group companies are consolidated as of the acquisition date.
On that date, assets and liabilities are measured at fair value. The goodwill paid is capitalised and depreciated over its economic life.
The results of divested participations are included in the consolidation until the moment the group link is terminated.

The financial data of Koninklijke Zeelandia Groep B.V. have been included in the consolidated financial statements so that, in accordance with Section 402 of Book 2 of the Dutch Civil Code, an abridged profit and loss account in the separate financial statements will suffice.

General principles for the preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the provisions of Title 9 of Book 2 of the Dutch Civil Code.

The valuation of assets and liabilities and the determination of the result are based on historic costs, unless stated otherwise.

Income and expenses are allocated to the year to which they relate. Profits are only recognised to the extent that they have been realised on the balance sheet date.
Liabilities and potential losses arising before the end of the year under review are taken into account if they are known before the preparation of the financial statements.

Financial instruments

Financial instruments include both primary financial instruments, such as receivables and payables, and financial derivatives.

In the notes to the various items in the balance sheet, the fair value of the relevant instrument is explained if it differs from the carrying amount. If the financial instrument is not included in the balance sheet, the fair value information is given in the notes to the 'Off-balance sheet rights and obligations'.

Primary financial instruments

For the accounting principles on primary financial instruments, reference is made to the handling per balance sheet item.

Financial derivatives

Financial derivatives for which the underlying value is not listed on the stock exchange are stated at cost. If, at the balance sheet date, the fair value is lower than the cost price or has a negative value, the derivative is written off to the profit and loss account at the lower fair value. In determining the lower fair value, the effect of accrued interest is not taken into account.

Hedge accounting

The group does not apply hedge accounting.

Conversion of foreign currency

Receivables, liabilities and obligations in foreign currencies are converted at the exchange rate on the balance sheet date. Transactions in foreign currencies during the reporting period are included in the financial statements at the exchange rate applicable on the date of the transaction. The exchange differences resulting from the conversion are included in the profit and loss account.

Various foreign group companies and non-consolidated participations qualify as operating abroad with a functional currency other than that of the company. For the conversion of the financial statements of these foreign operations, the closing rate is used for the balance sheet. The average exchange rate is used for the profit and loss account. The conversion differences that occur are directly credited or debited to the group equity and included in the conversion differences.

Estimates

Estimates have been used in the preparation of various items in the financial statements. The elements of estimation have been applied to the following items: intangible non-current assets, property, plant and equipment, provisions and other short-term liabilities. Results may differ from the estimates made. The estimates and underlying assumptions are reviewed on a regular basis. The main estimates relate to purchase price allocation, depreciation of non-current assets, obsolescent stock, bad debts, provisions and accrued expenses.

As a result of the influence of the coronavirus, the estimation uncertainty has increased. The corona virus affects the nature and reliability of the information available to support estimates. As a result of the coronavirus, the bandwidth of reasonably possible assumptions underlying these estimates is large. For Koninklijke Zeelandia Groep, for instance, this may have an impact on the provision for bad debts.

A change in accounting estimate occurs when a previous estimate is revised. A change in accounting estimate is recognised in the period in which it occurs and in future periods if the change affects both the current and future periods.

Principles of valuation of assets and liabilities

Intangible fixed assets

Intangible fixed assets are valued at the amount of the costs incurred, less cumulative depreciation, which is calculated on a straight-line basis, and, if applicable, impairments. The annual depreciation amounts to a fixed percentage of the costs incurred, as further specified in the notes to the balance sheet. The expected economic life and the depreciation method are reassessed at the end of each financial year.

Tangible fixed assets

Tangible fixed assets are valued at acquisition price, less accumulated depreciation and, if applicable, impairments. Depreciation is based on estimates of the economic life of the various objects and is calculated on the basis of a fixed percentage of the acquisition price, taking into account any residual value. Depreciation is applied from the time of commissioning. Land is not depreciated.

Costs for regular major maintenance are capitalized according to the component approach. Hereby, the total expenditure is allocated to the constituent parts.

Tangible fixed assets of which the company and its group companies hold the economic ownership under a finance lease agreement are capitalised. The obligation arising from the finance lease is recognised as a liability. The interest included in the future lease instalments is charged to the result during the term of the finance lease.

Financial fixed assets

The non-consolidated participation in which significant influence is exercised on the business and financial policy are valued at net asset value. This value is calculated on the basis of the same principles that Koninklijke Zeelandia Groep B.V. applies to the valuation and determination of the result.

Participating interests with a negative net asset value are valued at nil. A provision is formed when the company is wholly or partly responsible for the debts of the participating interest in question or has the actual obligation to enable the participating interest (for its share) to pay its debts.

In determining the size of this provision, account is taken of provisions for bad debts already deducted from receivables from the participating interest.

Receivables included under financial fixed assets are initially recognised at fair value and subsequently valued at amortised cost, which is equal to the nominal value, after deduction of provisions deemed necessary.

The financial fixed assets include deferred tax claims, if and to the extent that it is probable that the tax claim will be realised in due course. This deferred tax claim is valued at nominal value and is mainly of a long-term nature.

Stocks

Stocks of raw materials, consumables and commercial goods are valued at the acquisition price or lower net realisable value. This lower net realisable value is determined by an individual assessment of the stocks. The valuation of stocks of raw materials and consumables is carried out on the basis of FIFO.

Stocks of finished products are valued at manufacturing price or lower net realisable value. This lower net realisable value is determined by an individual assessment of the stocks. The manufacturing price includes direct consumption of materials, direct labour and machine costs and other costs that can be directly attributed to the production, and a surcharge for indirect manufacturing costs.

Stocks of commercial goods are individually valued at the acquisition price or lower net realisable value. Where necessary, stocks have been written down to a lower net realisable value. This lower net realisable value is determined by an individual assessment of the stocks.

The net realisable value is based on an expected selling price, less costs to be incurred for completion and sale.

Receivables including prepayments

Receivables are initially recognised at fair value and subsequently valued at amortised cost, which is equal to the nominal value, less any provisions deemed necessary to cover the risk of irrecoverability. These provisions are determined on the basis of an individual assessment of the receivables.

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. If funds are not freely available, this is taken into account in the valuation.

Third-party share in group equity

Third-party share in group equity are minority interests in the equity of consolidated companies. The third-party share in the results of consolidated companies is deducted from the group result in the profit and loss account.

If the losses attributable to the minority interest of third parties exceed the minority interest in the equity of the consolidated companies, the difference and any further losses are fully charged to Koninklijke Zeelandia Groep B.V., unless and to the extent that the minority shareholder has the obligation, and is able, to absorb those losses. If the consolidated companies subsequently return to profit, these profits are fully credited to Koninklijke Zeelandia Groep B.V. until the losses incurred by Koninklijke Zeelandia Groep B.V. have been recovered.

Provisions

Provisions for employee benefits:

The group has various pension schemes. The Dutch schemes are financed by payments to pension providers, i.e. insurance companies, and are defined contribution schemes. The pensionable salary is capped at the annual salary on which a fiscally favourable pension can be built up. The annual premium to be paid by the employer is based on the tax contribution tables.

The foreign pension schemes that are comparable to the way in which the Dutch pension system is organised and functions are valued in accordance with the Dutch schemes. The pension obligations of both the Dutch and foreign schemes are valued according to the 'liability under the pension administration approach'. In this approach, the premium to be paid to the pension provider is recognised as an expense in the profit and loss account.

On the basis of the Implementation Agreement, it is assessed whether and, if so, which obligations exist on the balance sheet date in addition to the payment of the annual premium owed to the pension provider. These additional obligations, including any obligations from recovery plans of the pension provider, result in expenses for the group and are included in the balance sheet as a provision.

The valuation of the obligation is the best estimate of the amounts necessary to settle it at the balance sheet date. If the effect of the time value of money is material, the liability is valued at the present value. Discounting takes place on the basis of interest rates on high-quality corporate bonds.

Additions to and releases from liabilities are charged or credited to the profit and loss account.

A pension receivable is recognised in the balance sheet when the group has power of disposal over the pension receivable, when it is probable that the future economic benefits embodied in the pension receivable will accrue to the group, and when the pension receivable can be reliably determined.

Provision for deferred tax liabilities:

A provision is formed for deferred tax liabilities in respect of future tax payments arising from differences between the balance sheet values for financial reporting purposes and for tax purposes, equal to the sum of these differences multiplied by the applicable tax rate. This provision is reduced by the amount of tax to be set off in the future in respect of available tax losses carried forward, to the extent that it is probable that the future taxable profits will be available for offsetting.

The provision for deferred tax liabilities is valued at nominal value.

Other provisions

If the effect of the time value of money is material, the other provisions are measured at the present value of the expenditures that are expected to be necessary to settle the relevant liabilities. If the effect of the time value of money is not material, the other provisions are measured at nominal value.

Long-term and short-term liabilities

Loans and borrowings are initially recognized at fair value and subsequently measured at amortised cost.

Principles for determining the result

Net turnover

Net turnover includes the income from goods supplied in the year under review, less discounts and taxes levied on turnover.

Revenue from the sale of goods is recognised when all significant rights to economic benefits as well as all significant risks have been transferred to the buyer. The cost of these goods is allocated to the same period.

Cost of sales

Cost of sales comprises the cost of goods sold and delivered, consisting of direct consumption of materials, direct labour and machinery costs and other direct and indirect costs attributable to manufacturing.

Share in the result of non-consolidated companies in which the company has a participating interest

The result of participating interests in which significant influence is exercised on business and financial policy is included in the share in the result of these participating interests accruing to the company. This result is determined on the basis of the accounting principles for valuation and determination of results applicable at Koninklijke Zeelandia Groep B.V.

Taxes

Corporate income tax is calculated at the applicable rate of the various countries on the result of the financial year, taking into account permanent differences between the profit calculation according to the financial statements and the profit calculation for tax purposes, and whereby deferred tax assets are only valued to the extent that it is probable that they will be realised.

For the group companies included in the tax entity, the corporate income tax is calculated as if they were independently liable to pay tax. Any advantages or disadvantages of the tax entity shall be borne by the parent company.

Consolidated cash flow statement accounting principles

The consolidated cash flow statement has been prepared using the indirect method.

The cash in the cash flow statement consists of cash and cash equivalents.

Cash flows in foreign currencies are translated at an estimated average exchange rate. Exchange differences relating to cash are shown separately in the cash flow statement.

Tax on profits, interest received and paid and dividends received are included in the cash flow from operating activities. Dividends paid are included in the cash flow from financing activities.

The acquisition price of acquired group companies is included in the cash flow from investment activities, to the extent that payment has been made in cash. Cash in these group companies is deducted from the purchase price.

Transactions that do not involve an exchange of cash, including financial leasing, are not included in the cash flow statement. The payment of the lease instalments under the financial lease contract is regarded as expenditure on financing activities for the part relating to the repayment and as expenditure on operational activities for the part relating to the interest.

Explanatory notes to the various items of the consolidated balance sheet

1) Intangible fixed assets

Goodwill:

	2020	2019
	€ 000	€ 000
Book value as at 1 January	18,730	20,912
Acquisitions	318	350
Depreciation	(2,546)	(2,532)
Book value as at 31 December	16,502	18,730
Historical cost as at 31 December	99,877	99,559
Cumulative depreciation and impairments as at 31 December	(83,375)	(80,829)

Depreciation of capitalised goodwill relating to acquired equity interests takes place over a period of five or 15 years. The goodwill is depreciated in line with its estimated economic life. The goodwill that is depreciated over 15 years relates to the acquisition of activities that, in view of their nature and size, are part of the group for a very long time.

Depreciation and any impairments have been accounted for separately in the profit and loss account.

Other intangible assets:

	2020	2019
	€ 000	€ 000
Book value as at 1 January	4,049	2,627
Acquisitions	-	3
Investments	2,096	2,210
Disposal	(327)	(3)
Deconsolidation	-	(145)
Exchange rate differences	(122)	19
Depreciation	(785)	(662)
Book value as at 31 December	4,911	4,049
Historical cost as at 31 December	7,175	5,086
Cumulative depreciation as at 31 December	(2,264)	(1,037)

The other intangible assets relate to software and trademark and patent rights. Depreciation takes place over a period of five years. Depreciation is included in general administrative expenses in the profit and loss account.

2) Tangible fixed assets

The acquisition values, depreciation and book value of these assets show the following movements in 2020:

	Land and buildings	Plant and machinery	Other tangible fixed assets	Tangible fixed assets under construction	Total
	€ 000	€ 000	€ 000	€ 000	€ 000
Book value as at 1 January 2020	48,361	23,486	11,505	7,987	91,339
Investments	160	1,942	1,173	6,655	9,930
Put to use	599	5,193	1,599	(7,391)	-
Disposal	(4)	(13)	(1,308)	-	(1,325)
Depreciation	(1,731)	(4,616)	(3,735)	-	(10,082)
Reversal Impairment	633	-	-	-	633
Impairment	(188)	(190)	-	(351)	(729)
Exchange rate differences	(2,719)	(1,880)	(442)	(690)	(5,731)
Book value as at 31 December 2020	45,111	23,922	8,792	6,210	84,035
As at 1 January 2020					
Acquisition value	90,432	108,488	53,100	7,987	260,007
Cumulative depreciation	(42,071)	(85,002)	(41,595)	-	(168,668)
As at 31 December 2020					
Acquisition value	87,505	110,971	50,273	6,525	255,266
Cumulative depreciation	(42,393)	(87,048)	(41,480)	(315)	(171,231)
Depreciation rate	0-10	10-20	10-20	0	

Part of the land and buildings with a book value of € 6.2 million serves as security for mortgage loans.

3) Financial fixed assets

Other participations:
Movements in the balance sheet value of the non-consolidated participations in 2020 were as follows:

	2020
	€ 000
Situation as at 1 January	29,151
Results	3,849
Other	(189)
Exchange rate differences	(859)
Dividends paid	(365)
Situation as at 31 December	31,587

A list of group companies and non-consolidated participations is included in the other explanatory notes.

Shareholders and participations:

	2020	2019
	€ 000	€ 000
Situation as at 1 January	600	809
Repayments	(208)	(209)
	392	600
Repayment commitments for the next financial year (included in current receivables)	(209)	(204)
Situation as at 31 December (long-term)	183	396

Deferred tax asset:
The deferred tax asset relates to the difference between the tax treatment and the treatment in the financial statements of balance sheet items and a claim in respect of offsettable losses at foreign group companies. This claim has a predominantly long-term character.

No deferred tax asset has been recognised for the remaining - in principle - offsettable losses at foreign group companies, totalling approximately € 1,253,000 (2019: € 1,641,000), as these losses are not expected to be set off against taxable profits within the limitation period.

Movements in this deferred tax asset were as follows:

	2020	2019
	€ 000	€ 000
Situation as at 1 January	1,900	2,837
Reclassification	292	(181)
Withdrawal from profit or loss	360	(800)
Exchange rate differences	(231)	44
Situation as at 31 December	2,321	1,900

This deferred tax asset can be split into an amount of € 258,000 in respect of loss compensation and € 2,063,000 in respect of differences between commercial and tax valuation.

Other financial fixed assets:

	31.12.2020	31.12.2019
	€ 000	€ 000
Financing of equipment and other receivables	292	970

Repayment of customer-financed equipment is in proportion to the purchase of products over a maximum period of six years. The average remaining term of the third-party loans is two years. Movements in the financing of equipment and loans to third parties were as follows:

	2020	2019
	€ 000	€ 000
Situation as at 1 January	1,231	1,187
Funding provided	20	320
Repayments	(422)	(280)
Impairment	(186)	-
Exchange rate differences	(11)	4
	632	1,231
Repayment commitments for the next financial year (included in current receivables)	(340)	(261)
Situation as at 31 December (long-term)	292	970

4) Stocks

The carrying amount of stocks valued at a lower net realisable value is € 2.0 million (2019: € 1.1 million). The provision for obsolete stock is € 0.8 million (2019: € 0.5 million) and is deducted from the total stock value.

5) Receivables

Trade debtors:
A provision of € 3.0 million (2019: € 3.0 million) has been deducted from trade debtors.

Shareholders and participations:
This item relates to receivables from other participations in respect of goods supplied. As a result, no security has been provided, no repayment schedules have been agreed and no interest is charged.

Other receivables
The other receivables are considered to be current.

6) Cash and cash equivalents

Cash and cash equivalents are freely available to the group.

7) Group equity

Legal entity's share in the group equity:
For an explanation of the legal entity's share in group equity, reference is made to the explanatory notes to the equity in the separate financial statements.

Third-party share in the group equity:
This concerns the minority interest of third parties in consolidated group companies. Movements were as follows:

	2020	2019
	€ 000	€ 000
Situation as at 1 January	490	655
Decrease in minority interest (due to increase in interest)	(22)	(112)
Capital contribution	-	7
Dividend payment	-	(68)
Profit share	(117)	(4)
Exchange rate differences	(53)	12
Situation as at 31 December	298	490

The decrease of the minority interest in 2020 relates to the increase of the interest in Zeelandia Gida Sanayi ve Ticaret Anonim Sirketi.

8) Provisions

Employee benefits:
Employee benefits can be specified as follows:

	31.12.2020	31.12.2019
	€ 000	€ 000
Pension obligation	3,065	3,125
Other deferred employee benefits	2,652	2,778
	5,717	5,903

Pension obligation:

Movements in the provision for pension obligations were as follows:

	2020
	€ 000
Situation as at 1 January	3,125
Withdrawal	(562)
Addition	627
Exchange rate differences	(125)
Situation as at 31 December	3,065

The expected cash outflows are discounted at an average discount rate of 0.0% (31 December 2019: 0.0%).
The expense for the year is included in the general administrative expenses in the profit and loss account.

Other deferred employee benefits:
Movements in the provision for jubilee benefits were as follows:

	2020
	€ 000
Situation as at 1 January	2,778
Withdrawal	(621)
Addition	592
Exchange rate differences	(97)
Situation as at 31 December	2,652

The provisions for employee benefits are mainly of a long-term nature.

Deferred tax liabilities:
Movements in the provision for deferred taxes were as follows:

	2020
	€ 000
Situation as at 1 January	2,970
Release to the profit and loss account	(451)
Reclassification	292
Exchange rate differences	(369)
Situation as at 31 December	2,442

The provisions for taxes are mainly of a long-term nature.

9) Long-term liabilities

Credit institutions:
Movements in these loans during 2020 were as follows:

	2020	2019
	€ 000	€ 000
Balance as at 1 January (long-term)	5,743	4,383
Repayment commitments for the financial year	796	612
	6,539	4,995
Funding received	1,198	1,721
Repayments	(243)	(362)
Exchange rate differences	(663)	185
	6,831	6,539
Repayment commitment for the coming year (short-term)	(688)	(796)
Balance as at 31 December (long-term)	6,143	5,743

The interest rate is fixed. The average interest rate for the 2020 financial year was an average of 6.6% (2019: 7.6%). The relatively high interest rate is mainly caused by the currencies Russian Ruble and South African Rand. The amount of long-term loans with a term of more than five years amounts to € 3.2 million (2019: € 2.4 million).

The following securities have been provided to the credit institutions for the foreign long-term and current liabilities:

- Right of mortgage on immovable property in Great Britain;
- Right of mortgage on immovable property in Italy;
- Pledge of Plant and machinery South Africa;
- Pledge of current assets in the countries concerned;
- Corporate guarantee for the loans in Great Britain and Russia.

10) Short-term liabilities

Credit institutions:
A compte-joint and co-liability agreement between all Dutch group companies of Koninklijke Zeelandia Groep B.V. has been provided as security for an acquired credit facility of up to € 17,500,000 on the balance sheet date. At the end of 2020, an amount of € 4.9 million had been drawn from the credit facility.

In addition to the above facility, credit facilities of up to €3.1 million are available in various countries, secured by local assets. No use was made of these facilities at the end of 2020.

Shareholders and partcipations:
This concerns debts to other participations in respect of purchased goods. As a result, no security has been provided, no repayment schedules have been agreed and no interest is charged.

Taxes and social security contributions:
Of this amount, € 0.7 million (2019: € 1,4 million) relates to corporate income tax payable. Other receivables include an amount of € 2.2 million (2019: € 1.5 million) relating to corporate income tax receivable. The items are not netted out as they relate to different taxes.

Rights and obligations not reflected in the balance sheet

As at 31 December 2020, the bank guarantees issued on behalf of third parties amounted to € 501,000 (31 December 2019: € 462,000).

In the normal course of business, purchase commitments for the purchase of raw materials were entered into in 2020, for the coming financial year.

As at 31 December 2020, the investment commitments entered into amounted to € 0.3 million (31 December 2019: € 1.3 million).

Commitments in respect of rental and lease commitments entered into with third parties, amount to € 7.0 million (31 December 2019: € 7.6 million). Of this amount, € 4.4 million (31 December 2019: € 4.5 million) has a term of more than one year, and an amount of 0.1 million (31 December 2019: 0.4 million) has a term of more than five years.

Financial risks

The group's policy on financial risks is set out below.

General

The main financial risks to which the group is exposed are currency risk, interest rate risk, liquidity risk and credit risk.

In addition to forward currency contracts, the group does not use financial derivatives and does not take speculative positions.

Currency risk

The group's policy is to limit the foreign exchange risks arising from sales and purchases to an acceptable level, to limit the effects of exchange rate and interest rate fluctuations on the result to an acceptable level in the short term and to follow market exchange rates and market interest rates in the long term. The risks arising from currency positions are regularly analysed and, where necessary, hedged by means of forward currency contracts. The main countries causing this currency risk are the countries in which the group has a (majority or minority) participation, in which the local currency is not the euro, and in which the relevant foreign currency is subject to above-average exchange rate fluctuations.

Interest rate risk

A limited number of foreign group companies have taken out loans with credit institutions. The group's interest rate risk is limited.

Liquidity risk

Liquidity budgets are drawn up on a regular basis. Liquidity risks are managed by means of interim monitoring and possible adjustments.

Credit risk

The group limits its credit risk by using credit limits and by periodically assessing the creditworthiness of debtors. On the balance sheet date there were no unacceptable concentrations of credit risk.

Explanatory notes on the various items of the consolidated profit and loss account

11) Net turnover

The net turnover broken down into geographical areas was as follows:

	2020	2019
	€ 000	€ 000
The Netherlands	78,836	84,848
Other European Union	207,510	264,485
Rest of Europe	57,322	38,193
Rest of the world	69,546	84,452
	413,214	471,978

All net turnover is realised within the same business.

As a result of Brexit, the turnover from activities in the United Kingdom has been included in the 'Rest of Europe' category this year, whereas last year it was 'Other European Union'.

12) General management costs

The salaries included in the costs amount to € 73,149,000 (2019: € 80,817,000). Social security costs amount to € 20,380,000 (2019: € 21,078,000). This includes an amount of € 4,973,000 (2019: € 4,408,000) in pension charges.

The average number of employees (expressed in FTEs) in 2020 was: 2,545 (2019: 2,625).

	2020	2019
The Netherlands	400	395
Other European Union	988	1,124
Rest of Europe	438	340
Rest of the world	719	766
	2,545	2,625

As a result of Brexit, the number of FTEs working in the United Kingdom has been included in the 'Rest of Europe' category this year, whereas last year it was 'Other European Union'.

The amounts referred to in Section 383(1) of Book 2 of the Dutch Civil Code amount to € 2,086,000 (2019: € 2,018,000) (executive board members), and € 170,000 (2019: € 170,000) (supervisory board members), respectively. The Directors' remuneration for the 2020 financial year includes a one-off payment to a former Director.

The profit and loss account includes an amount of € 13,509,000 (2019: € 15,953,000) in depreciation and write-downs of non-current assets.

The total fees charged to the result for the financial year in the Netherlands for the work of the external auditor and the audit firm amount to € 270,000 (2019: € 268,000).

This amount can be broken down as follows:

	2020	2019
	€ 000	€ 000
Audit of the financial statements	163	165
Other non-audit services	32	4
Tax advice	75	99
	270	268

13) Taxes

The corporate income tax recognised in the profit and loss account can be specified as follows:

	2020	2019
	€ 000	€ 000
Corporate income tax payable	3,299	5,993
Movement deferred tax asset	(360)	800
Movement deferred tax liability	(451)	593
	2,489	7,386

The tax burden for 2020 is 59.6% (2019: 32.6%) of the result before tax (excluding result of participations) and can be specified as follows:

	2020		2019	
	%	€ 000	%	€ 000
Profit before taxes		4,175		22,640
Tax charge based on Dutch nominal rate	25.0	1,044	25.0	5,660
Application of foreign nominal rates	(1.3)	(56)	3.2	733
Non-deductible costs	40.1	1,674	3.6	811
Exempt income	10.6	441	(1.2)	(272)
Income from tax facilities	(0.1)	(2)	(0.3)	(70)
Loss compensation previous years	(3.3)	(138)	(0.6)	(146)
Charges/income resulting from valuation differences	(19.4)	(811)	1.4	312
Non-deductible withholding taxes	2.9	122	-	-
Accrued charges/(income) previous years	5.1	214	1.6	358
	59.6	2,488	32.6	7,386

Events after the balance sheet date

In the new financial year, a fire occurred at the subsidiary Emulzint in Brazil, causing significant damage to the production facility. The financial impact of this event could not be reliably estimated at the time the financial statements were prepared.

Overview group companies

(Unless otherwise stated, the interest is 100%)

- Aldia N.V., Oudenaarde (Belgium);
- N.V. Zeelandia, Wommelgem (Belgium);
- Emulzint Ltda., Jundiai (Brazil);
- Zeelandia Colombia S.A.S., Bogotá (Colombia);
- Jung Zeelandia GmbH, Frankfurt am Main (Germany);
- Zeelanco Verwaltungs GmbH, Frankfurt am Main (Germany);
- Zeelandia Jung GmbH & Co. KG, Frankfurt am Main (Germany);
- Zeelandia van Esso GmbH, Trittau (Germany);
- Wigo GmbH Aromen & Backmittel, Trittau (Germany) (80%);
- Zeelandia Holdings (UK) Ltd., Billericay (Great Britain);
- Zeelandia Limited, Billericay (Great Britain);
- Magyar Zeelandia KFT, Budapest (Hungary);
- PT Zeelandia Indonesia, Tangerang (Indonesia);
- PT Seelindo Sejahteratama, Tangerang (Indonesia);
- Novaterra Zeelandia S.p.A., Ossona (Italy);
- Zeelandia East Africa Limited, Nairobi (Kenia) (70%);
- UAB Zeelandia, Klaipedos (Lithuania);
- Erando B.V., Rotterdam;
- Zeelandia-BakeCanto Holding B.V., Zierikzee;
- Zeelandia H.J. Doeleman B.V., Zierikzee;
- Zeelandia International B.V., Zierikzee;
- Zeelandia Nederland B.V., Zierikzee;
- Zeelandia International Holding B.V., Zierikzee;
- Zeelco B.V., Zierikzee;
- LLC Zeelandia, Brovary (Ukraine);
- S.C. Zeelandia, Brovary (Ukraine);
- Zeelandia Sp. zo.o., Poznán (Poland);
- S.C. Zeelandia SRL., Iasi (Romania);
- LLC Zeelandia, Elino (Russia);
- James Fleming & Company Ltd., Glasgow (Scotland);
- Zeelandia s.r.o., Kosice (Slovakia);
- Zeelandia Productos Alimentarios S.A., Santa Margarida I els Monjos (Spain);
- Zeelandia spol. s.r.o., Malsice (Czech Republic);
- Zeelandia Gida Sanayi ve Ticaret Anonim Sirketi (Turkey);
- Zeelandia South Africa (PTY) Ltd, Blackheath (South Africa) (60%);
- Zeelandia Pakistan (Private) Limited (Pakistan) (60%).

The company has issued an article 403 declaration of liability for the Dutch group companies.

Overview non-consolidated participating interests

• Zeelandia Bakery Ingredients (Wuxi) Co. Ltd (China);	(50%)
• Sefco Zeelandia S.A., Athens (Greece);	(50%)
• Fine Zeelandia Private limited company, Mumbai (India);	(50%)
• Prodite Zeelandia Produtos Alimentares Lda, Rio Tinto (Portugal);	(48.8%)
• Zeelandia D.O.O. Beograd (Serbia) (100% participation of Sefco Zeelandia S.A.).	(50%)
• Zeelandia EOOD, Sofia (Bulgaria) (100% participation of Sefco Zeelandia S.A.).	(50%)

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Company-only balance sheet as at 31 December 2020

(before profit appropriation)	Note	31.12.2020		31.12.2019	
			€ 000		€ 000
Fixed assets					
Intangible fixed assets:					
Other intangible assets			1,318		-
Tangible fixed assets:					
Plant and machinery		6		6	
Other tangible fixed assets		54		1,169	
			60		1,175
Financial fixed assets:	1				
Participations		294,278		294,967	
Receivables from group companies		4,004		1,850	
			298,282		296,817
Current assets					
Receivables:	2				
Group companies		6,453		8,807	
Other receivables including prepayments		570		740	
			7,023		9,547
Cash and cash equivalents			4,270		5,660
			310,953		313,199

	Note	31.12.2020		31.12.2019	
			€ 000		€ 000
Equity	3				
Issued capital		368		368	
Share premium reserve		64,688		64,688	
Reserve undistributed profit participactions		18,565		15,160	
Reserve exchange differences		(33,366)		(19,083)	
General reserve		174,429		158,596	
Unappropriated result		5,653		19,213	
			230,337		238,942
Provisions					
Deferred tax liabilities			-		881
Long-term liabilities					
Group companies	4		4,500		14,400
Current liabilities					
Credit institutions		2,141		4,099	
Group companies		72,819		53,447	
Other payables, accruals and deferred income		1,156		1,430	
			76,116		58,976
			310,953		313,199

Company-only profit and loss account for 2020

	Note	2020	2019
		€ 000	€ 000
Share in result of participations	1	13,569	27,700
Other income and expenses after tax		(7,916)	(8,487)
Result after taxes		5,653	19,213

Explanatory notes to the company-only financial statements

The company-only financial statements have been prepared in accordance with the provisions of Title 9 of Book 2 of the Dutch Civil Code.

Principles

For the general principles for the preparation of the financial statements, as well as for the principles for the valuation of assets and liabilities and the determination of the result and for the explanatory notes to the various assets, liabilities and results, reference is made to the explanatory notes to the consolidated financial statements, unless stated otherwise.

To the extent that the balance sheet items are not disclosed in the consolidated balance sheet, a further explanation is provided below.

Statutory reserve for participations
The statutory reserve for participations is formed equal to the share of Koninklijke Zeelandia Groep B.V. in the results and direct increases of the participations since the first valuation of these participations at net asset value, to the extent that Koninklijke Zeelandia Groep B.V. cannot make a distribution without restrictions. The statutory reserve for participations is determined on an individual basis.

Explanatory notes on the various balance sheet items

1) Financial fixed assets

Participations:
Movements in the balance sheet value of the participations in group companies in 2020 were as follows:

		2020
		€ 000
Situation as at 1 January		294,967
Results	13,569	
Other	25	
Exchange rate differences	(14,283)	
		(689)
Situation as at 31 December		294,278

2) Current assets

Group companies:

No security has been provided for the receivables from group companies of Koninklijke Zeelandia Groep B.V. and no repayment schedule has been agreed. Interest is charged on these receivables.

3) Equity capital

	Issued capital	Share premium reserve	Reserve for undistri-buted profits partici-pations	Reserve exchange differences	General reserve	Undistribu ted result	Total Equity capital
	€ 000	*€ 000*	*€ 000*	*€ 000*	*€ 000*	*€ 000*	*€ 000*
Situation as at 1 January 2019	368	64,688	15,857	(20,545)	149,518	16,762	226,648
Movements 2019							
Profit appropriation	-	-	(697)	-	17,459	(16,762)	-
Dividend paid	-	-	-	-	(8,381)	-	(8,381)
Net result financial year	-	-	-	-	-	19,213	19,213
Changes in exchange rate differences	-	-	-	1,462	-	-	1,462
Situation as at 31 December 2019	368	64,688	15,160	(19,083)	158,596	19,213	238,942
Movements 2020							
Profit appropriation	-	-	3,405	-	15,808	(19,213)	-
Net result financial year	-	-	-	-	-	5,653	5,653
Changes in exchange rate differences	-	-	-	(14,283)	-	-	(14,283)
Other	-	-	-	-	25	-	25
Situation as at 31 December 2020	368	64,688	18,565	(33,366)	174,437	5,653	230,337

Issued capital
The authorised capital is divided into 1,500,000 shares each with a nominal value of € 1.

The issued and paid-up share capital amounts to 367,702 ordinary shares of € 1 each and is held by Houdstermaatschappij H.J. Doeleman B.V. in Zierikzee.

Share premium reserve

The share premium has also been fiscally deposited. There were no movements in the financial years 2020 en 2019.

Profit appropriation for the financial year 2019
The 2019 financial statements were adopted at the general meeting held on14 May 2020.
The general meeting has determined the profit appropriation in accordance with the proposal made for that purpose.

Profit appropriation proposal for the financial year 2020

The Executive Board proposed to appropriate the profit for the financial year 2020 as follows:

		2020
		€ 000
Result after tax		5,653
Movement statutory reserve	1,082	
Movement general reserve	4,571	
		5,653

In deviation from the current dividend policy, it is proposed to distribute a dividend of € 2,750,000 from the general reserve in 2021, in view of the uncertainty regarding the business operations and the financial consequences resulting from the described post-balance sheet event.

The above proposals have not yet been incorporated into the balance sheet as at 31 December 2020.

4) Long-term liabilities

Group companies:

No security has been provided for liabilities to group companies and no repayment schedule has been agreed. Interest is charged on these liabilities.

Rights and obligations not reflected in the balance sheet

Pursuant to Section 403 of Book 2 of the Dutch Civil Code, the company has assumed liability for the debts of its Dutch group companies arising from legal acts.

Koninklijke Zeelandia Groep B.V. and the other Dutch companies belonging to the group form a tax entity for corporate income tax purposes and is therefore jointly and severally liable for the tax liability of this tax entity as a whole.

Bank guarantees issued on behalf of third parties amounted to € 375,000 as at 31 December 2020 (31 December 2019: € 375,000).

Guarantees have been issued in favour of subsidiaries in Russia and Great Britain for outstanding loans with credit institutions.

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Signing of the financial statements

Zierikzee, 13 April 2021

Executive Board:	Supervisory Board:
I.E. Meekma	P. Bennemeer, Chairman
L.H.B. Lockefeer	E.E. Schotte
C.J. van Wees	M.C.G. Iacono
	R. Krist

Other information

Audit opinion of the independent auditor

Reference is made to the audit opinion set out below.

Provision in the articles of association regarding the appropriation of profit

Article 23 of the articles of association contains the following provisions in this respect:

23.1 The general meeting is authorised to allocate the profit as determined by the adoption of the financial statements. If the general meeting does not pass a resolution on the appropriation of the profit prior to or at the latest immediately after the resolution to adopt the financial statements, the profit will be added to reserves.
23.2 The general meeting is entitled to determine distributions. If the company is required by law to maintain reserves, this authority only applies to the extent that the equity exceeds those reserves. A resolution of the general meeting to make a distribution shall have no effect until the Executive Board has given its approval. The Executive Board may only withhold this approval if it knows or should reasonably foresee that the company will not be able to continue to pay its due debts after the distribution.
23.3 For the calculation of the amount to be paid on each share, the nominal amount of the share shall be decisive.

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Independent auditor's report

To the shareholders and the supervisory board of Koninklijke Zeelandia Groep B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2020 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the accompanying financial statements 2020 of Koninklijke Zeelandia Groep B.V., with its registered office in Zierikzee.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Koninklijke Zeelandia Groep B.V. as at 31 December 2020, and of its result for 2020 in accordance with Title 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The consolidated and company balance sheet as at 31 December 2020.

2. The consolidated and company profit and loss account for 2020.

3. The explanatory notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements"-section of our report.

We are independent of Koninklijke Zeelandia Groep B.V. in accordance with the *Wet toezicht accountantsorganisaties* (Wta, Audit firms supervision act), the *Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten* (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the *Verordening gedrags- en beroepsregels accountants* (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the impact of the coronavirus

In the explanatory notes on page 12 and 14 in the financial statements, management disclosed the increased estimation uncertainty as a result of the impact of the coronavirus on the nature and reliability of the information available for management in making estimates. As result of the coronavirus the bandwidth of reasonable assumptions that are the basis of the estimates is high. Our opinion is not modified in respect of this matter.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Management Board's Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Supervisory Board's Report.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Title 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we complied with the requirements of Title 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The procedures performed do not have the same scope as our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Title 9 of Book 2 of the Dutch Civil Code, and the other information as required by Title 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and, where relevant, have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant shortcomings in internal control that we identified during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Middelburg, April 13, 2021

Deloitte Accountants B.V.

Initial for identification purposes:

M.D.M. Egter van Wissekerke

The undersigned, C.A. van Lynden, residing in Rotterdam, sworn translator for the English language and as such admitted by the Rotterdam District Court, listed in the Dutch register of sworn interpreters and translators under number 3869, certifies herewith that the attached document is an accurate and faithful translation of the original document, a copy of which is also attached hereto.

Rotterdam, 6 May 2021 C.A. van Lynden

C.A. van Lynden beëdigd vertaler Engels, Wbtv.nr. 3869