VITACRESS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Company Registration Number 06544254 (England and Wales)

Directors	V Santos R T Bastos T J Brinsmead S D Rothwell PhD A J Cooper
Secretary	A J Cooper
Company registration number	06544254
Registered office	Lower Link Farm St Mary Bourne Andover Hampshire SP11 6DB United Kingdom
Independent auditors	Ernst & Young LLP Grosvenor House Grosvenor Square Southampton Hampshire SO15 2BE United Kingdom
Bankers	Deutsche Bank AG, London
Trading subsidiaries	Vitacress Salads Limited Vitacress Kent Limited Vitacress Portugal SGPS SA VAISA Agricultura Intensiva SA Vitacress Portugal SA Euralface Agricultura Limitada Vitacress España SL Vitacress Herbs Limited Vitacress Real BV
Discontinued operations	Vitacress Nurseries (previously known as Wight Salads Group Limited) Margaret Nurseries San Martin SL Vitacress Sales Limited

The Directors have pleasure in presenting their strategic report, Directors' report and the audited consolidated financial statements for the Vitacress Group (the "Group" or "Vitacress") for the year ended 31 December 2020. Vitacress Limited ("the Company") is the RAR Group's holding company for all its fresh produce businesses and also provides certain services to Group companies, especially those in the UK.

Principal activity
The Group's principal activity is the growing, procurement, packing and marketing of fresh produce. The Company provides shared services to the business units in the finance, sales and IT areas and also manages the treasury requirements of all the UK businesses.

Vitacress's main operations are conducted through four businesses, namely; Vitacress Salads (watercress and leafy salads in the UK), Vitacress Portugal (watercress, baby leaf salads and other packaged fresh produce in Portugal and Spain, plus bulk leaf supply to the UK), Vitacress Herbs (fresh herbs in the UK), and Vitacress Real (fresh herbs in Benelux and Germany).

Vitacress also owns a 51% stake in a baby leaf salads grower in Spain (Vitacress España).

Each of the Vitacress companies has the following attributes in common:

- They are based on excellence in farming, whether it is open field farming or under glass in a nursery.
- They set leading standards in terms of product quality, technical skills and environmental stewardship.
- They are leaders in innovation and product quality in their chosen markets.

Review of the business

Given the exceptional circumstances of the pandemic in 2020 the overall performance of the Group was pleasing and robust throughout the year. However, the pandemic affected parts of our business in different ways. In Portugal, Vitacress supplies both retail and food service customers and whilst the retail sector performed broadly well, food service was affected by the contraction of the hospitality sector. Conversely, the pandemic caused a significant increase in home cooking which had a positive effect on our fresh herb businesses particularly in the UK, Netherlands and Germany. The continued focus on delivering the best in quality, service and ethical standards, together with our investment in our colleagues and their safety, underpinned a strong operational performance throughout the year. We also launched new products and started serving new markets during a challenging year which enabled the business to grow.

The Directors use a number of measures to monitor and benchmark the performance of the Group. They regard the following as the key financial indicators of performance:

- Revenue and revenue growth (2020: £139,099,000; 2019: £130,811,000, 6% increase from 2019).
- EBITDA (Operating profit before RAR Management Charge and depreciation and amortisation) – measuring the cash generating potential of the Group's operations (2020: £17,975,000; 2019: £18,426,000).
- Net cash flow from operating activities – measuring the performance in translating operating profit into cash flow through management of working capital (shown in Statement of Cash Flows on page 18).

The table below presents consolidated revenue and Earnings Before Interest, Tax, Depreciation and Amortisation charges ('EBITDA') data as reported to senior management during the year. The EBITDA in both years excludes the impact of certain management charges from the Group's parent company; RAR. Otherwise, the numbers can be reconciled with these statutory accounts. These are the key financial measures used in assessing performance during the year.

	Revenue		**EBITDA**	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Salads	50,638	51,122	6,536	7,902
Portugal	25,937	27,773	2,888	3,762
Herbs	41,726	36,488	4,914	4,334
Real	20,752	15,328	2,356	1,725
Other operations	46	100	1,281	703
Total	139,099	130,811	17,975	18,426

The fresh herbs business based in Runcton in the south of England maintained its position as the market leader in the UK and demonstrated high product quality, customer service and product innovation in new categories to deliver a strong operational performance.

Fresh cut herbs are also packed in the Netherlands at our partnership company Vitacress Real, where the business continued to grow its strong relationships with retail and food service partners across Belgium, Germany, the Netherlands and expanding into France during 2020.

Salad crops are grown in southern England, Portugal and Spain for packing all year round as "ready to eat" products at the company's facilities at St Mary Bourne in England. The facility continues its development and investment programme to ready it for the future of fresh produce preparation. We also continue to build on our responsibilities as stewards of conservation and the environment, through enhancing existing habitats and the creation of new ones, including the introduction of a naturalised chalk stream on site and the Vitacress Farm Excellence programme in partnership with LEAF, which develops our sustainable farming techniques. The long-term strategic investment in our UK Salad packing facility continued throughout 2020, whilst also maintaining the high levels of product quality and customer service.

Leafy salads, watercress and fresh herbs grown in the Alentejo and Algarve regions are also sold to customers in Portugal and Spain. Iberian sales performed well and the Vitacress brand continued its development as the market leader in Portugal in both bagged salads and in ready to eat vegetables. During 2020 the business has continued with its expansion of its farming footprint.

Growing salads and herbs in the Murcia region of Spain, where Vitacress has a 51% shareholding in Vitacress Espana, provides the group with a range of sourcing options to enable year-round supply of consistent, high quality products regardless of the season.

Market value of land and buildings
The market and net book values of land and buildings, including glasshouses, is disclosed in notes 14.

Results and movements in equity
The consolidated income statement for the year is set out on page 12. The Group profit after taxation amounted to £5,725,000 (2019: £4,702,000). Total equity at 31 December 2020 was £55,848,000 (2019: £49,209,000) and the movements are set out on page 16.

Future developments
The Group will continue to invest in capital and innovation, while focusing on quality, service and efficiency, with an overarching commitment to health and safety.

Stakeholders
The Board of Directors, in line with their duties under s172 of the Companies Act 2006, recognises that the long-term sustainable success of the company is dependent on the way it interacts with a large number of stakeholders.

At Vitacress we recognise that operating responsibly is a critical foundation to fostering our vision; to provide the freshest, tastiest, healthiest and most exciting produce throughout the year. This foundation is created through our shared values:

- One team one goal – Everyone understands their role and listens, supports and challenges constructively.
- Pioneering - Constantly innovating in all our activities and celebrating getting there first.
- Be trusted - We are accountable for our actions and deliver on our promises.
- We care - We make decisions for sustainable growth and are determined to leave things better than we found them.

Our responsibilities extend to our customers, colleagues, suppliers, the local community and the environment around us. We engage with our stakeholders in a variety of ways, including:

Our customers
- Working together to develop fresh, healthy and innovative product ranges to drive consumer demand.
- Supporting customer reviews and site visits conducted in open and transparent way through our customer focussed technical and commercial teams.

Our colleagues
- The Group employs almost 1,500 staff across the UK, Portugal, Netherlands and Spain. We are committed to supporting our people, establishing and developing practices that attract and retain our workforce.
- We continue to implement programmes that support skills development and career progression in all the markets in which we operate through apprenticeship schemes, leadership programmes and professional development courses.
- Company forums on each site and an intranet.
- Subsidised staff canteen and investment in our facilities.

Our suppliers
- The Group is committed to the protection of individual rights and we make sure our suppliers share our core principles. through the membership of key ethical platforms and professional bodies.
- Collaborating with our suppliers to promote innovation, ethical trading, sustainability, health & safety and the protection of human rights.
- We conduct regular visits of suppliers to ensure standards are achieved across our supply chain.

Our communities
- The Group supports employee volunteering schemes that give back to local charities and good causes.
- Employees raise money to help provide for community groups and charities.

Our environment
- The Group sponsoring initiatives that will help the environment for now and the future.
- Working together with the Vitacress Conservation Trust, supporting the investment in research and development for sustainable farming. The organisation also helps to educate on the importance of wildlife and habitats associated with watercress and other salad crops.

Risk management objectives and policies

Operating risks
Vitacress operates in a challenging economic climate, in which inflationary pressure on costs must be balanced against the price expectations of our customers and competition within the market. The nature of the business, being the growing, procurement and supply of fresh produce, means the Group is always faced with the uncertainties of the weather and its impact upon both supply of product and the demand of the ultimate consumers. Accordingly, the Directors assess the key risks to the business as:

- Poor weather, reducing demand and depressing supply.
- Continued weakness of Sterling against the Euro.
- Continued pressure from the market to reduce prices.
- Weakness in demand due to the general economic climate, or other external factors (e.g., consumer trends).
- Higher input prices, increasing costs of production.
- Workplace health and safety.

The Directors are addressing these risks by:

- Continuing to optimise the balance between own-grown and third party procured sources of raw material.
- Hedging foreign currency and energy exposures where forecast.
- Reducing operating costs through capital investment and efficiency improvement initiatives.
- Focusing on the delivery of superior product quality and unique "points of difference" so as to differentiate our products from our competitors.
- Investment in training programmes and Health & Safety systems to develop safer working practices and track risks.

Brexit
The Group also completed its preparations for Brexit, with the UK ending its transition period and formally leaving the EU on 31 December 2020. There were no significant adverse impacts in the weeks leading up to the 31st December and the business moved smoothly into 2021 adjusting to the new administrative requirements with the supply chain functioning robustly throughout.

Financial risks
The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and market risk (specifically, interest rate risk and exchange rate risk). The Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group.

Credit risk
The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The Group continually monitors existing customer accounts and takes appropriate action where necessary to minimise any potential credit risk. In Vitacress Portugal, credit insurance is used to mitigate credit risk. Due to the dependence of the other businesses on a small number of large, stable retail customers, credit insurance is not an economic option there.

Liquidity risk
The Group retains sufficient cash and overdraft facilities to ensure it has sufficient available funds for operations and planned expansions. The Group also has access to longer term funding if required. The Group uses a combination of term loans and overdrafts to manage its working capital requirements, which are strongly seasonal in nature.

Interest rate risk
The Group has interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, all of which earn interest at a floating rate. Interest bearing liabilities are all at floating rates.

Foreign exchange risk
The Group has a policy of covering forward its estimated net currency exposure on a rolling basis. These transactions are designated as hedging instruments and are deemed effective in cash flow hedge relationships, and are accounted for in line with the policy for derivatives and hedge accounting detailed in note 3.19.

Operating risks associated with Covid-19

Various measures have been taken to mitigate the potential risks and impact of the Covid-19 outbreak on the business. At the same time, the Group is currently seeing continued demand from customers for its products.

The Group identified the following risks associated with the Covid-19 pandemic:
- Credit Risk from customers whose own income reduces, for example the food service sector.
- Supply Chain – dependency on materials either originating from a high risk country or unable to be supplied due to demand outstripping supply.
- Workforce availability – wellbeing of staff impacted by the virus leading to higher staff absence rates.

The Directors are addressing these risks by:
- The Group already operates with policies and procedures to monitor existing accounts and minimise any potential credit risk. The majority of our customers are large, stable supermarket retailers who are facing unprecedented levels of demand and higher than normal volumes.
- We have a diversified portfolio of suppliers from a range of countries and have maintained a balance of own-grown raw material.
- We will continue to limit the unnecessary exposure of staff through a combination of measures which are consistent with Government guidelines in the markets in which we operate. Vitacress already operates a high care environment which means high levels of hygiene are adhered to daily.

Approved by the board and signed on their behalf on: 15 June 2021

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A Cooper
Director

Directors
The Directors who held office during the year and up to the date of signing these financial statements are shown on page 1 of these financial statements.

Principal activity and results for the period
The principal activity of the Group and Company and the results for the period have not been presented in the Directors' report as they have been presented in the Strategic Report set out on pages 2-5.

Statement of directors' responsibilities
The Directors are responsible for preparing the strategic report, 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 prepared the Group and Parent Company Financial Statements in accordance with International Accounting Standards in conformity with Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Accounting Standards in conformity with Companies Act 2006 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and Group's financial position and financial performance;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Accounting Standards in conformity with Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

UK greenhouse gas emissions and energy use for 2020
The Group is required to report publicly on its UK energy use and Greenhouse Gas ("GHG") emissions under the Streamlined Energy & Reporting guidelines published by HM Government in 2019. The Group is focussed on energy efficiency as part of its broader environmental strategy. The Directors methodology for the reporting of GHG emissions data has used the following guidance: (i) HM Government Reporting Guidelines (2019); (ii) GHG Reporting Protocol – Corporate Standard; and (iii) 2020 UK Government Conversion Factors. The chosen intensity measurement ratio is total gross emissions in metric tonnes (CO_2e) per £1,000 revenue reported in the year. This is the Group's first energy and carbon report, therefore no comparative figures are reported.

The Group are constantly looking at ways to improve efficiency and reduce consumption, including the installation of LED lighting with smart technology, encouraging the use of electric vehicles through the provision of charging points, and the replacement of manufacturing equipment with newer equipment that is more efficient in its electricity consumption.

Energy consumption used to calculate emissions (kWh)	71,138,637
Scope 1 emissions in metric tonnes CO_2e	12,455
Scope 2 emissions in metric tonnes CO_2e	2,432
Total gross emissions in metric tonnes CO_2e	14,887
Intensity ratio tonnes CO_2e per total £'000 revenue	0.16

Events after the reporting period
In the period since year end, the COVID-19 global pandemic continued to have a significant impact on the wider UK and global economy.

The Group's operations have not been materially impacted by the Covid-19 pandemic. As mentioned in the strategic report, various measures have been taken by the Directors to mitigate the potential risks and the impact of the Covid-19 outbreak on the business. In the period since the balance sheet date, the Group has seen continued demand from customers for its products and has been able to meet this demand.

Going Concern
At the year end, the Group's assets exceeded its liabilities by £55.8m.

In addition, in preparing the financial statements the Directors have had regard to the fact that the Company generated a pre-tax profit on continuing operations of £7,179,000 in the financial year ended 31 December 2020 (2019: £6,257,000). The Group's turnover has not been materially affected by the national lockdown measures applied in its markets during 2020, as demand for our products from our customers has continued. Our retail customers have sold more during the COVID-19 pandemic with other food channels closed. The Group maintains a diversified supply chain, with raw material originating from several countries, as a result there was little disruption to supply during the pandemic.

In the period since the balance sheet date, the Company's and Group's operations have not been materially impacted by the COVID-19 pandemic and the Group is still growing, packing and marketing fresh produce during the most recent lockdown restrictions in all its markets. The Directors have revisited existing forecasts and have also considered downside scenarios including loss of production due to infection or supply issues and reduced year on year demand due to economic factors. A material impact from these events is considered remote when taking into account the measures taken by management to protect employees and Group operations during 2020. The Group also has headroom for additional funding and could also take advantage of the Government support schemes, if necessary, to provide further working capital.

Therefore, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in business and meet its liabilities as they fall due for the foreseeable future, with the Directors reviewing the going concern assessment prepared for the period ending 30 June 2022.

Dividends
A final dividend for 2020 has not been proposed prior to the approval of these financial statements and there is no intention to declare such a dividend (2019: £nil).

Directors' and officers' indemnity insurance
The Company has taken out insurance to indemnify, against third party proceedings, the Directors of the Company whilst serving on the board of the Company and of any subsidiary. This cover also indemnifies those employees of the Group who serve on the boards of subsidiaries. The cover subsisted throughout the year and remains in place at the date of this report.

Employees
The Group's policy is to encourage employee involvement, thereby improving Group performance through regular meetings. Information on matters of concern to employees is given through staff newsletters, employee forums, management meetings and regular team briefings, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Political and charitable donations
During the financial year the Group made donations to UK and Portuguese registered charities of £54,291 (2019: £60,900).

Disclosure of information to auditors
In so far as the Directors in office at the date of approval of this report are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors
The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the board and signed on their behalf on: 15 June 2021

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A Cooper
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITACRESS LIMITED

Opinion

We have audited the financial statements of Vitacress Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes 1 to 36, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group and parent company's ability to continue as a going concern for a period until 30 June 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

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 this report, we do not express any form of assurance conclusion thereon.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those relating to the reporting framework (International Accounting Standards and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the group has to comply with laws and regulations relating to its domestic and overseas operations, including employee legislation, health and safety, data protection, anti-bribery and corruption.
- We understood how Vitacress Limited is complying with those frameworks by making enquiries with management to understand how the group maintains and communicated its policies and procedures in these areas, and corroborated this by reviewing minutes of the Board meetings held, verifying employee policies, employee handbooks and communication with the employees. We also reviewed correspondence with HMRC regarding tax compliance.
- We assessed the susceptibility of the group and the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and assessed overstatement of revenue to meet targets to be a fraud risk. Our procedures to address management override involved testing journals identified by specific risk criteria. We also incorporated data analytics into our testing of manual journals and revenue recognition, along with gross margin analysis and performed cash anchor testing. We tested specific transactions back to source documentation, ensuring appropriate authorisation of the transactions.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included a focus on compliance with the accounting and regulatory frameworks and other relevant legislations through obtaining sufficient audit evidence in line with the level of risk identified, in conjunction with compliance with relevant legislation including tax computations and returns and corroborated that dividend payments complied with the relevant legal requirements.

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

Use of our report

This report is made solely to the 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.

Ernst & Young LLP

Nikki Forster (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton
Date: 18 June 2021

Consolidated income statement for the year ended 31 December 2020

	Notes	2020	2019
		£'000	£'000
Continuing operations			
Revenue	5	139,099	130,811
Raw materials and consumables used		(46,196)	(45,014)
Changes in inventories		(866)	(117)
Changes in fair value of bearer and biological assets		(511)	38
External supplies and services		(37,646)	(34,453)
Depreciation, amortisation expenses and impairment	14, 15, 17	(8,946)	(10,232)
Employee expenses	6	(39,163)	(36,105)
Other operating expenses		(911)	(906)
Total operating expenses		(134,239)	(126,789)
Other operating income	8	3,078	3,300
Operating profit		7,938	7,322
Financial expenses	10	(917)	(1,146)
Financial income	11	158	81
Profit before tax from continuing operations		7,179	6,257
Income tax expense	13	(1,404)	(1,498)
Profit after tax for the year from continuing operations		5,775	4,759
Discontinued operations			
Loss after tax for the year from discontinued operations	12	(50)	(57)
Profit for the year		5,725	4,702
Attributable to:			
Owners of the Company		5,174	4,150
Non-controlling interests		551	552
		5,725	4,702

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income for the year ended 31 December 2020

	Group 2020	Group 2019
	£'000	£'000
Profit for the year	5,725	4,702
Other comprehensive income		
Items that will not be reclassified to profit or loss (net of tax)		
Revaluation on non-current assets	-	8,152
Items that may be subsequently reclassified to profit or loss (net of tax)		
Exchange differences on translating foreign operations	843	(678)
Deferred tax on revaluation of non-current assets	(265)	-
Cash flow hedging	336	(560)
Other comprehensive income, net of tax	914	6,914
Total comprehensive income for the year, net of tax	6,639	11,616
Total comprehensive income for the year attributable to:		
Owners of the parent	5,985	11,140
Non-controlling interest	654	476
	6,639	11,616

The income tax relating to each component of other comprehensive income is disclosed in note 28.

All total comprehensive income is attributable to equity shareholders.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 December 2020

	Notes	2020	2019
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	*14*	64,460	59,143
Right-of use assets	*15*	8,066	8,519
Other investments		85	79
Goodwill	*16*	17,198	17,198
Other intangible assets	*17*	1,372	1,511
Deferred tax assets	*28*	831	1,075
Other non-current assets		353	208
Total non-current assets		92,365	87,733
Current assets			
Inventories	*19*	6,026	5,160
Biological assets	*20*	4,286	3,774
Loans to Group companies	*26*	3,073	2,440
Trade and other receivables	*21*	13,352	12,620
Cash and cash equivalents	*22*	5,344	3,444
Total current assets		32,081	27,438
Total assets		124,446	115,171
Equity and liabilities			
Capital and reserves			
Share capital	*23*	(49,942)	(49,942)
Revaluation reserve	*24*	(7,646)	(8,152)
Cash flow hedge reserve	*24*	186	522
Other reserve	*24*	(315)	(315)
Foreign currency translation reserve	*24*	(1,767)	(1,024)
Retained loss		5,981	11,393
Total equity attributable to owners of the parent		(53,503)	(47,518)
Non-controlling interests		(2,345)	(1,691)
Total equity		(55,848)	(49,209)
Non-current liabilities			
Borrowings	*26*	(25,504)	(27,303)
Deferred tax liabilities	*28*	(4,413)	(3,920)
Other non-current liabilities	*26*	(243)	(288)
Total non-current liabilities		(30,160)	(31,511)
Current liabilities			
Borrowings	*26*	(13,893)	(13,002)
Trade and other payables	*27*	(24,319)	(20,823)
Derivative financial instruments	*26*	(226)	(626)
Total current liabilities		(38,438)	(34,451)
Total liabilities		(68,598)	(65,962)
Total equity and liabilities		(124,446)	(115,171)

The accompanying notes form an integral part of these consolidated financial statements. The financial statements were approved by the board of directors and authorised for issue on ……15 June…….. 2021 and were signed on its behalf by:

....
A Cooper
Director
Vitacress Limited
Registered number: 06544254

Company statement of financial position as at 31 December 2020

	Notes	2020	2019
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	*14*	91	27
Right-of-use assets	*15*	210	355
Investments	*18*	65,757	65,757
Intangible assets	*17*	306	497
Loans to Group companies	*26*	105	103
Deferred tax assets	*28*	11	13
Total non-current assets		66,480	66,752
Current assets			
Loans to Group companies	*26*	17,813	21,909
Trade and other receivables	*21*	5,987	1,174
Cash and cash equivalents	*22*	2,231	1,962
Corporation tax	*26*	37	52
Derivative financial instruments	*31*	-	2
Total current assets		26,068	25,099
Total assets		92,548	91,851
Equity and liabilities			
Capital and reserves			
Share capital	*23*	(49,942)	(49,942)
Cash flow hedge reserve	*24*	9	(2)
Retained earnings		(11,417)	(7,936)
Total equity		(61,350)	(57,880)
Non-current liabilities			
Borrowings	*26*	(19,753)	(21,564)
Total non-current liabilities		(19,753)	(21,564)
Current liabilities			
Borrowings	*26*	(9,782)	(10,940)
Trade and other payables	*27*	(1,652)	(1,467)
Derivative financial liability	*31*	(11)	-
Total current liabilities		(11,445)	(12,407)
Total liabilities		(31,198)	(33,971)
Total equity and liabilities		(92,548)	(91,851)

The accompanying notes form an integral part of these financial statements. The financial statements were approved by the board of directors and authorised for issue on ......15 June...... 2021 and were signed on its behalf by:

....

A Cooper
Director
Vitacress Limited
Registered number: 06544254

VITACRESS LIMITED

Consolidated statement of changes in equity for the year ended 31 December 2020

	Share capital	Revaluation reserve	Cash flow hedge reserve	Other reserve	Foreign currency translation reserve	Retained loss	Total attributable to owner of parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2019	**49,942**	**-**	**38**	**315**	**1,626**	**(15,543)**	**36,378**	**1,215**	**37,593**
Profit for the year	-	-	-	-	-	4,150	4,150	552	4,702
Other comprehensive income /(cost):									
Cash flow hedging	-	-	(664)	-	-	-	(664)	-	(664)
Deferred tax on cashflow hedging			104				104		104
Revaluation of non-current assets	-	8,152	-	-	-	-	8,152	-	8,152
Exchange differences on translating foreign operations	-	-	-	-	(602)	-	(602)	(76)	(678)
Total other comprehensive income/(loss) for the year	-	8,152	(560)	-	(602)	-	6,990	(76)	6,914
Balance at 31 December 2019	**49,942**	**8,152**	**(522)**	**315**	**1,024**	**(11,393)**	**47,518**	**1,691**	**49,209**
Profit for the year	-	-	-	-	-	5,174	5,174	551	5,725
Other comprehensive income/(cost):									
Cash flow hedging	-	-	400	-	-	-	400	-	400
Deferred tax on cashflow hedging			(64)				(64)		(64)
Reserves transfer	-	(238)	-	-	-	238	-	-	-
Deferred tax on revaluation of non-current assets	-	(265)	-	-	-	-	(265)	-	(265)
Exchange differences on translating foreign operations	-	(3)	-	-	743	-	740	103	843
Total other comprehensive income/(loss) for the year	-	(506)	336	-	743	238	811	103	914
Balance at 31 December 2020	**49,942**	**7,646**	**(186)**	**315**	**1,767**	**(5,981)**	**53,503**	**2,345**	**55,848**

The accompanying notes form an integral part of these consolidated financial statements.

Company statement of changes in equity for the year ended 31 December 2020

	Share capital	Cash flow hedge reserve	Retained earnings	Total parent equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2019	**49,942**	**-**	**5,197**	**55,139**
Profit for the year*	-	-	2,739	2,739
Other comprehensive income:				
Cash flow hedging	-	2	-	2
Balance at 31 December 2019	**49,942**	**2**	**7,936**	**57,880**
Profit for the year*	-	-	3,481	3,481
Other comprehensive income:				
Cash flow hedging	-	(11)	-	(11)
Balance at 31 December 2020	**49,942**	**(9)**	**11,417**	**61,350**

The accompanying notes form an integral part of these financial statements.

*As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income and related notes to the financial statements have not been presented. The Company's profit for the period was £3,481,000 (2019: profit £2,739,000).

Statement of cash flows for the year ended 31 December 2020

	Group 2020	Group 2019	Company 2020	Company 2019
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Receipts from customers	144,310	135,915	-	-
Payments to suppliers	(86,983)	(83,171)	(1,516)	(1,385)
Payments related to employees	(37,906)	(35,254)	(3,187)	(2,573)
Net (payments to)/receipts from Group companies	(1,066)	(1,620)	2,619	2,322
Operating cash flow	18,355	15,870	(2,084)	(1,636)
Tax (payments)/receipt	(863)	(1,279)	92	74
Net cash generated from/(used in) operating activities	17,492	14,591	(1,992)	(1,562)
Cash flows from investing activities				
Purchase of property, plant and equipment	(9,842)	(7,816)	(1)	(5)
Purchase of intangible assets	(600)	(468)	(267)	(410)
Proceeds from sale of property, plant and equipment	2	1,445	-	-
Proceeds from sales of intangible assets	-	132	-	-
Interest and similar income from Group companies	-	-	473	500
Dividends received	-	-	3,000	3,000
Loans granted to Group companies	(633)	(2,400)	(3,000)	(3,034)
Net cash (used in)/generated from investment activities	(11,073)	(9,107)	205	51
Cash flows from financing activities				
Payment of lease liabilities *	(3,121)	(2,787)	(149)	(137)
Loans obtained from Group companies	2,453	-	5,858	4,214
Loan repayments to Group companies	-	(2,590)	(96)	(1,930)
Loans obtained from external parties	-	1,701	-	-
Loan repayments to external parties	(3,172)	-	(3,000)	-
Interest and similar costs to Group companies	(96)	(105)	(165)	(189)
Interest and similar costs to external parties	(706)	(783)	(392)	(564)
Net cash generated from/(used in) financing activities	(4,642)	(4,564)	2,056	1,394
Net increase/(decrease) in cash and cash equivalents	1,777	920	269	(117)
Cash and cash equivalents at the beginning of the year	3,444	2,714	1,962	2,079
Effect of exchange rates on cash and cash equivalents	123	(190)	-	-
Cash and cash equivalents at the end of the year	5,344	3,444	2,231	1,962

*The Group has classified both principal portion and interest portion of lease payments within financing activities in accordance with IFRS16.50 and the company's policy on classification of interest paid.

1. General information and statement of compliance with IFRS

Vitacress Limited (the "Company") is a limited company incorporated and domiciled in the UK. The principal activity of the Company and its subsidiaries (the "Group") is the growing, procurement, packing and marketing of fresh produce.

The Consolidated financial statements of the Group have been prepared in accordance with International Accounting Standards in conformity with Companies Act 2006, International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006.

On publishing the Parent company financial statements together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes as part of these approved financial statements.

The address of the registered office is set out on the Company information page 1.

2. New and change in accounting policy

2.1 New and amended standards adopted by the Group

There are no standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2020 that would be expected to have a material impact on the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

At the date of authorisation of these Financial Statements, the following amendments were effective:
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 16 Covid-19 Related Rent Concessions
- Amendments to IFRS 3: Definition of a Business

These amendments have no impact on the Financial Statements of the Group for the year ended 31st December 2020.

3. Significant accounting policies

3.1 Basis of preparation

The Consolidated Financial Statements are presented in the currency GBP, which is also the functional currency of the Company. The functional currency of the entities in the Group has remained unchanged during the reporting period. All financial information presented in GBP has been rounded to the nearest thousand.

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain properties and land, biological assets and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. A summary of the Group accounting policies, which have been consistently applied across the Group, is set out below.

Going concern
In preparing the financial statements the Directors have had regard to the fact that the Group generated a profit before tax from continuing operations in the financial year ended 31 December 2020 of £7,179,000 (2019: £6,257,000). A key judgment is the appropriateness of using the going concern basis in preparing the financial statements. The directors are confident that the Group has adequate funding in place to support its future operations.

In the period since the balance sheet date, the COVID-19 global pandemic continued to have a significant impact on the wider UK and global economy.
In the period since the balance sheet date, the Company's and Group's operations have not been materially impacted by the COVID-19 pandemic and the Group is still growing, packing and marketing fresh produce during the most recent lockdown restrictions in all its markets. The Directors have revisited existing forecasts and have also considered downside scenarios including loss of production due to infection or supply issues and reduced year on year demand due to economic factors. A material impact from these events is considered remote when taking into account the measures taken by management to protect employees and Group operations during 2020. The Group also has headroom for additional funding and could also take advantage of the Government support schemes if necessary, to provide further working capital.
Therefore, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in business and meet its liabilities as they fall due for the foreseeable future, with the Directors reviewing the going concern assessment prepared for the period ending 30 June 2022.

3. Significant accounting policies – continued

3.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Vitacress Limited obtains and exercises control through more than half the voting rights for all its subsidiaries. All subsidiaries have a reporting date of 31 December.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance, based on their respective ownership interests.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation of wholly owned subsidiaries.

3.2.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.3 Business combinations

Business combinations are accounted for using the acquisition method under the revised IFRS 3 Business Combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed, including contingent liabilities, in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

3.4 Goodwill

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount is recognised immediately in the income statement as negative goodwill.

Differences between the cost of acquisition of investments in foreign subsidiaries and the fair value of their identifiable assets and liabilities as at the date of acquisition are recorded in their functional currencies and translated to the Group's functional currency at the exchange rates as of the Statement of Financial Position date. Exchange differences arising on this translation are recorded in equity as 'Translation reserves'.

Where the fair value of the identifiable assets and liabilities of Group companies exceeds the cost of the investments in these companies as of the date of their acquisition, the difference is recognised directly in the income statement or Statement of Comprehensive income.

3. Significant accounting policies – continued

3.4 Goodwill - continued

Goodwill is not amortised but is subject to impairment tests at least annually. Impairment losses identified are immediately recorded in the income statement and are not subsequently reversed.

Goodwill arising on acquisitions prior to the date of transition to IFRS is maintained at the amounts recorded. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 Foreign currency translation

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate and forward contracts). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in the income statement.

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with a functional currency other than GBP (the Group's presentational currency) are translated into GBP upon consolidation.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentational currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit and loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate.

3.6 Revenue recognition

The Group is in the business of providing watercress, baby leaf salads and other packaged fresh produce. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. The company has concluded that it is the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer.

3.6.1 Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 60 days upon invoicing.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

The Group is in the business of growing, procurement, packing and marketing of fresh produce. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has concluded that it is the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer.

3. Significant accounting policies – continued

3.6 Revenue recognition - continued

3.6.2 Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of salads provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Right of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates
The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

3.7 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of any identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, the same as useful economic lives of property, plant and equipment in in note 14.1.

If ownership of the lease asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section *3.14.*

3. Significant accounting policies – continued

3.7 Leases - continued

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in borrowings (see Note 26).

iii) Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. If lease contracts include extension and termination options, the Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

iv) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that met the low-value exemption criteria. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Rental income from the operating leases of the Group's properties is recognised on a straight-line basis over the term of the relevant lease.

3.8 Borrowing costs

Borrowing costs on loans obtained are recognised in the income statement on an accruals basis at the implicit interest rate.

3.9 Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to an expense item are recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Government grants related to the purchase, construction or acquisition of non-current assets are recognised as deferred revenue in the Consolidated Statement of Financial Position and transferred to the income statement in proportion to the depreciation of the subsidised property, plant and equipment.

3. Significant accounting policies – continued

3.10 Retirement benefit costs

The Group provides post-employment benefits through defined contribution retirement benefit plans. Payments to defined contribution retirement benefit plans are recognised as an expense when the relevant employees have rendered service entitling them to the contributions.

3.11 Taxation

Income tax expense is determined based on the taxable income of the companies included in the consolidation and includes deferred taxation.

3.11.1 Current tax

Current tax is based on taxable profit/loss for the year (which differs from accounting profit/loss) of the companies included in the consolidation. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.11.2 Deferred tax

Deferred tax is calculated using the Statement of Financial Position method and reflects the timing differences between the carrying amounts of assets and liabilities for financial reporting and their income tax bases. Deferred tax assets and liabilities are not recognised on timing differences resulting from goodwill and from the initial recognition of assets or liabilities unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only when there is reasonable expectation that there will be sufficient future taxable income against which to use them. The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in Other Comprehensive Income (such as the revaluation of land) or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.12 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in the income statement to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in the income statement. There is an annual transfer between the revaluation reserve and retained earnings of the additional depreciation arising from the revaluation. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated. All other classes of property, plant and equipment excluding land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

3. Significant accounting policies - continued

3.12 Property, plant and equipment - continued

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful economic lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

3.13 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives when the asset is brought into use. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.14 Impairment of tangible and intangible assets other than goodwill

Assets are assessed for impairment at each Statement of Financial Position date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement.

The recoverable amount of an asset is the higher of its net realisable value and its value in use. Net realisable value is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable parties, less costs of sale. Value in use is the present value of future cash flows from the continued use of an asset and its sale at the end of its useful life.

Impairment losses recognised in prior years are reversed when there are indications that the impairment losses no longer exist or have decreased. The reversal of impairment losses is recorded in the income statement. However, reversal of an impairment loss is recognised up to the amount that would have been recognised (net of depreciation or amortisation) had no impairment loss been recognised for that asset in prior years.

3.15 Biological assets

Growing crops are valued at fair value less costs to sell. Fair value is based on market prices of each crop less transport and other costs necessary to get the crop to market.

Biological assets are non-depreciable and the fair value changes are included in the income statement. These assets are classified as current assets because their life cycle is less than 12 months.

3.16 Inventories

Raw materials are stated at the lower of cost and net realisable value. Cost is determined using a weighted average cost method and includes the purchase price and all the expenses incurred to their reception into the warehouse.

Work in progress and Finished goods are valued at the lower of production cost and net realisable value. Cost includes the cost of raw materials incorporated, direct labour and production overheads.

Net realisable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses. Accumulated inventory impairment losses reflect the difference between cost and net realisable value of inventories, as well as estimated impairment losses due to slow turnover, obsolescence and deterioration of inventories.

3. Significant accounting policies - continued

3.17 Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition and management expect to complete a sale within one year from the date of classification. Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.18 Investments

Investments in subsidiary companies are stated at cost less any provision for impairment in value. Dividends have been accounted in the statement of profit and loss.

3.19 Financial assets and liabilities

3.19.1 Financial assets

3.19.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

3.19.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

In the current period the Group only holds financial assets at amortised costs, financial assets at fair value through OCI and financial assets at fair value through profit and loss.

3. Significant accounting policies – continued

3.19 Financial assets and liabilities - continued

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to Group companies.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

3.19.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. Significant accounting policies – continued

3.19 Financial assets and liabilities – continued

3.19.1.4 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.19.2 Financial liabilities

3.19.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and derivative financial instruments.

3. Significant accounting policies – continued

3.19 Financial assets and liabilities – continued

3.19.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

3.19.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3. Significant accounting policies – continued

3.20 Carbon emissions allowances

The Group has energy activities that are subject to the European carbon emissions trading scheme and is allocated carbon emissions allowances by the UK government. Where actual carbon emissions in the period are less than the allowances received (adjusted for allowances traded in the year), the unused allowances are recognised on the Statement of Financial Position at the lower of their original market value at the date of grant and their value at the date of the Statement of Financial Position and income to that value is recognised in the income statement. Where actual carbon emissions exceed the granted allowances in the year (adjusted for allowances traded in the year), a liability is recognised based on the fair value at the date of the Statement of Financial Position of the additional allowances required and is shown in the income statement as an expense. Sales during the year of allowances are recorded in the financial statements in 'Other income'.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

4.1.1 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern considering that the Group has profitable operations and have adequate resources, including funding, to supports its future operations. Accordingly, going concern assumption is appropriate, also refer note 3.1.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Fair value of biological assets

The fair value of the Group's biological assets is comprised of three elements:
1. The estimated net sales value of those assets;
2. Less an estimate of the costs to bring those assets to maturity and the costs of harvesting them; and
3. Less an estimate of wastage due to a part grown crop not reaching maturity or not proving saleable for other reasons.

4. Critical accounting judgements and key sources of estimation uncertainty - continued

4.2 Key sources of estimation uncertainty - continued

4.2.1 Fair value of biological assets- continued

Discounted cash-flow techniques have not been applied as the time from planting to harvesting is typically very short, and always less than one year. Separate valuation models have been used for watercress, other leaf crops and herbs. The significant assumptions made in determining the fair value of the Group's biological assets are:

- The expected yield, the length of the growing cycle, the build-up of costs within the growing cycle, wastage levels and the costs to harvest the crop.
- The expected yield is based upon agronomic experience of the growing conditions of specific crops in specific locations. Due to the short growing cycle these will be based on recent data. Where new crops are grown, yields are based upon general experience.
- All crops have a growing cycle which is dependent upon the intensity and length of the daylight. This means that there are different assumptions regarding the length of the growing cycle in different countries within the Group. The growing cycle for watercress is between six weeks and four months. For other leaf crops it is between five and ten weeks. The growing cycle for herbs is between four weeks to four months.
- The build-up of costs within the growing cycle is based upon past experience.
- The assumptions regarding wastage are based upon detailed experience of the losses experienced within the growing operations. No distinction is made between losses due to sales volatility, inclement weather or losses and disease within the farm.
- The costs to harvest are based upon past experience.
- For all crops, except for pot herbs, the sales price is the price of a bulk product of the appropriate crop. For pot herbs, the sales price is the average sales price across the customer base of a unit of the respective pot herb. An estimate for packing and distribution of these pots is then deducted.

4.2.2 Fair value of derivatives and other financial instruments

As described in note 31, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 31 provides information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions. The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

4.2.3 Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3.4. The recoverable amount of the cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of estimates (note 16.1).

4.2.4 Recoverability of trade receivables

For trade receivables and contract assets, the Group applies a simplified approach in calculating Expected Credit Loss (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

4.2.5 Revaluation of land and buildings

The Group carries both land and buildings at revalued amounts. These are updated periodically, using qualified independent Chartered Surveyors. During 2019, the management of Vitacress initiated the scheduled revaluation reviews of land and buildings by qualified independent Chartered Surveyors and adjusted values accordingly (note 14).

4.2.6 Leases – estimating the incremental borrowing rate

In calculating the present value of the lease payments, the Group uses the incremental borrowing rate (IBR) if the implied rate is not easily determined. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar economic environment.

5. Revenue

The following is an analysis of the Group's revenue for the year.

	2020	2019
	£'000	£'000
Revenue from the sale of goods in the UK	92,363	87,611
Revenue from the sale of goods in Continental Europe	46,736	43,200
	139,099	130,811

6. Employee benefit expense

Employee benefit expense is made up as follows:

	2020	2019
	£'000	£'000
Wages and salaries	32,326	30,140
Social security cost	4,280	3,843
Pension contributions	928	901
End of contract compensation	79	14
Other personnel costs	1,550	1,207
	39,163	36,105

	2020	2019
Number of employees	Number	Number
Management and administration	185	181
Production and packing	1,179	1,142
Selling and distribution	79	67
Average monthly number of staff employed by the Group	1,443	1,390

7. Directors' emoluments

	2020	2019
	£'000	£'000
Salary payments and other short-term employee benefits	930	730
Company contributions to defined contribution schemes	18	31
Total directors' emoluments	948	761

Three of the directors' emoluments were paid through Vitacress Limited in the year (2019: three). Two of the directors (2019: two) consider their services to the Group are incidental to their other activities within the wider RAR Group. Accordingly, their emoluments are paid by the intermediate parent company, RAR - Sociedade de Controle (Holding) SA. It is not possible to determine a specific allocation for services rendered to Vitacress Group, and consequently their emoluments are not shown in the table above.

The aggregate emoluments of the highest paid director were £724,063 (2019: £534,458).

8. Other operating income

	2020	2019
	£'000	£'000
Operating lease rental income	452	397
Gain on sale of property, plant and equipment	50	69
Operational exchange gains	2	4
Government grants	147	133
Other income	2,427	2,697
	3,078	3,300

9. Fees to auditors

	2020	2019
	£'000	£'000
Audit of company financial statements	(26)	(25)
Audit of subsidiary financial statements	(287)	(191)
Provision of taxation compliance services	(42)	(73)
Fees paid for other services	(7)	(19)
	(362)	(308)

10. Financial expenses

	2020	2019
	£'000	£'000
Interest expense:		
On bank borrowings at amortised cost	(355)	(507)
On lease liabilities	(171)	(170)
On intercompany loans	(83)	(121)
Other	(126)	(148)
Bank charges	(169)	(165)
Other financial expenses	(13)	(35)
	(917)	(1,146)

11. Financial income

	2020	2019
	£'000	£'000
Interest income:		
On intercompany loans	58	22
Finance exchange gains	100	59
	158	81

12. Discontinued operations

On 30 May 2018, the Group entered into a sale agreement to dispose of Horticilha – Agro Industria SA, which carried out all of the Group's activities of growing vegetables and nursery products in Portugal. The disposal was completed on 31 May, 2018, on which date control of Horticilha – Agro Industria SA passed to the acquirer. At the end of May 2018 the Group also sold the essential assets of Margaret Nurseries San Martin, S.L. The disposal was completed on 31 May 2018, on which date the entity ceased trading.

Both disposals were effected as part of the Group's continued focus on salads and herbs. As a result, Margaret Nurseries San Martin, S.L. and its direct parent Vitacress Nurseries Limited have been classified as a discontinued operation in these financial statements.

Vitacress Sales Limited ceased trading by the end of reporting period of 2017 and has been continually considered as a discontinued operation.

The results for the discontinued operations are as follows:

	2020	2019
	£'000	£'000
Revenue	-	-
Expenses	(14)	(63)
Operating loss	(14)	(63)
Finance cost	(5)	(121)
Loss before tax from discontinued operations	(19)	(184)
Income tax credit:		
Related to pre-tax (loss)/profit	(31)	127
Loss after tax for the year from discontinued operations	(50)	(57)
Total loss from discontinued operations	(50)	(57)

Notwithstanding the one-line presentation for profit after tax for the year from discontinued operations on the face of the consolidated income statement, discontinued operations remain consolidated in the Group financial statements, i.e. transactions between discontinued and continuing operations are eliminated as usual in the consolidation.

During the year, there was no intercompany trading between continuing and discontinued operations (2019: Nil), which resulted in no impact on the amounts recognised in operating profit for the year from continuing operations.

The net cash flows incurred by the discontinued operations are as follows:

	2020	2019
	£'000	£'000
Operating	(11)	121
Investing	-	-
Financing	10	(1)
Net cash inflow	(1)	120

13.Income tax expense

13.1 Income tax recognised in the income statement

	2020	2019
	£'000	£'000
Current tax expense		
Current year	(1,631)	(1,427)
Adjustments in respect of prior years	565	6
Total current tax expense	(1,066)	(1,421)
Deferred tax (credit)/charge		
Current year	(337)	48
Adjustments in respect of prior years	(8)	(8)
Movement on change of rate of tax	(24)	10
Total deferred tax (expense)/ credit	(369)	50
Total income tax expense recognised in income statement	(1,435)	(1,371)

13.2 Reconciliation of tax charge

The income tax (expense)/credit for the year can be reconciled to the accounting profit/(loss) as follows:

	2020	2019
	£'000	£'000
Profit before tax from continuing operations	7,179	7,638
Loss before tax from discontinued operations	(19)	(184)
Income tax expense calculated at UK average corporation tax rate of 19.00% (2019: 19%)	(1,360)	(1,416)
Non-deductible expenses	(715)	(704)
Income not taxable	593	625
Adjustment in respect of prior years – current tax	470	(99)
Adjustment in respect of prior years – deferred tax	(380)	211
Movement on change of rate of tax	(25)	(3)
Other tax adjustments	9	116
Overseas taxation	(27)	(101)
Total consolidated income tax expense	(1,435)	(1,371)
Income tax expense recognised in the consolidated income statement	(1,404)	(1,498)
Income tax credit attributable to discontinued operations	(31)	127
Total income tax expense recognised in the consolidated income statement	(1,435)	(1,371)

No provision is made for any additional taxation which might arise on remittance of retained profits of overseas subsidiary companies because there is no intention in the foreseeable future that such profits will be remitted.

13.3 Factors affecting future tax charges

The main rate of corporation tax has been 19% since 1 April 2017. The closing deferred tax balances have been valued at 19%. The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. To help strengthen the public finances there will be an increase in the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

14. Property, plant and equipment

Group

	Land and natural resources	Buildings and other constructions	Plant and machinery	Vehicles	Office furniture and fittings	Other tangible assets	Bearer assets	Work in progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
Balance at 1 January 2020	17,542	51,312	56,572	1,352	2,479	877	130	6,930	137,194
Additions	-	54	780	7	4	-	115	8,936	9,896
Disposals	-	-	(135)	(99)	(46)	-	-	-	(280)
Effect of foreign currency exchange differences	535	827	971	36	52	17	7	92	2,537
Transfers	(517)	1,276	2,911	45	333	160	-	(4,342)	(134)
Balance at 31 December 2020	17,560	53,469	61,099	1,341	2,822	1,054	252	11,616	149,213
Accumulated depreciation									
Balance at 1 January 2020	3,874	23,616	46,451	1,224	2,122	665	99	-	78,051
Eliminated on disposals of assets	-	-	(135)	(99)	(46)	-	-	-	(280)
Depreciation expense	26	1,637	3,415	29	234	30	52	-	5,423
Effect of foreign currency exchange differences	142	516	809	29	50	7	6	-	1,559
Balance at 31 December 2020	4,042	25,769	50,540	1,183	2,360	702	157	-	84,753
Carrying amount 31 December 2020	13,518	27,700	10,559	158	462	352	95	11,616	64,460

14. Property, plant and equipment -continued

Group

	Land and natural resources	Buildings and other constructions	Plant and machinery	Vehicles	Office furniture and fittings	Other tangible assets	Bearer assets	Work in progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
Balance at 1 January 2019	14,773	42,016	57,770	1,532	2,418	889	137	4,724	124,259
Additions	-	467	1,497	94	99	29	-	5,626	7,812
Disposals	(1)	(6)	(1,778)	(281)	(35)	(34)	-	-	(2,135)
Revaluation adjustment	3,292	6,203	-	-	-	-	-	-	9,495
Effect of foreign currency exchange differences	(549)	(645)	(855)	(29)	(46)	(15)	(7)	(103)	(2,249)
Transfers	27	3,277	(62)	36	43	8	-	(3,317)	12
Balance at 31 December 2019	17,542	51,312	56,572	1,352	2,479	877	130	6,930	137,194
Accumulated depreciation and impairment									
Balance at 1 January 2019	2,597	21,563	45,001	1,523	2,014	598	53	-	73,349
Eliminated on disposals of assets	-	(6)	(399)	(281)	(34)	(2)	-	-	(722)
Depreciation expense	24	1,467	3,574	12	213	74	50	-	5,414
Impairment	1,381	-	-	-	-	-	-	-	1,381
Effect of foreign currency exchange differences	(128)	(450)	(712)	(30)	(42)	(5)	(4)	-	(1,371)
Transfers	-	1,042	(1,013)	-	(29)	-	-	-	-
Balance at 31 December 2019	3,874	23,616	46,451	1,224	2,122	665	99	-	78,051
Carrying amount 31 December 2019	13,668	27,696	10,121	128	357	212	31	6,930	59,143

14. Property, plant and equipment - continued

Company

	Office furniture and fittings	Total
	£'000	£'000
Cost or valuation		
Balance at 1 January 2020	78	78
Additions	81	81
Disposals	(31)	(31)
Balance at 31 December 2020	128	128
Accumulated depreciation		
Balance at 1 January 2020	51	51
Depreciation expense	17	17
Eliminated on disposals	(31)	(31)
Balance at 31 December 2020	37	37
Carrying amount 31 December 2020	91	91

	Office furniture and fittings	Total
	£'000	£'000
Cost or valuation		
Balance at 1 January 2019	83	83
Additions	5	5
Disposals	(29)	(29)
Transfers	19	19
Balance at 31 December 2019	78	78
Accumulated depreciation		
Balance at 1 January 2019	70	70
Depreciation expense	10	10
Eliminated on disposals	(29)	(29)
Balance at 31 December 2019	51	51
Carrying amount 31 December 2019	27	27

14. Property, plant and equipment – continued

14.1 Useful economic lives

The following useful economic lives are used in the calculation of depreciation.

Buildings and other construction	10 – 50 years
Plant and machinery	3 – 10 years
Vehicles	4 – 7 years
Office furniture and fittings	3 – 10 years
Tools	3 – 7 years
Reusable containers	3 – 7 years
Other tangible assets	3 – 50 years
Bearer assets	2 – 6 years

Work in progress comprises assets that, once complete, will be disclosed within one of the other property, plant and equipment headings, and the assets will be depreciated in line with useful economic life for that heading.

14.2 Freehold land and buildings carried at revalued amounts

An independent valuation of the Group's freehold land and buildings was performed to determine their fair values as at 31 December 2019. Quinton Edwards, external Chartered Surveyors valued the UK freehold land and buildings. Duff and Phelps, external valuers valued the freehold land and buildings in Portugal. The valuations, which conformed to International Valuation Standards, were determined by reference to recent market transactions on arm's length terms.

Management determined that the factory and other properties located at the St Mary Bourne site in the UK are specialist assets based on the nature and characteristics of the site. Fair value of these properties was determined using the depreciated replacement cost method based on BCIS recognised costs to build, the Group's borrowing rates and depreciated in line with the Group's estimated useful lives for St Mary Bourne (25 to 40 years remaining).

The valuation of other UK and Portugal farms was determined by reference to recent market transactions on arm's length terms.

Significant unobservable valuation inputs:

Land value	£10,000 – £600,000 per acre
Buildings value	£3 - £150 per square foot

A net gain from the revaluation of land and buildings of £8,152,000 in 2019 was recognised in OCI.

Included in the Group's land and buildings are assets held at revalued amounts with a net book value of £37,553,000 (2019: £39,181,000).

Had these assets been measured on a historical cost basis, their carrying amount would have been as follows.

	Group 2020	Group 2019
	£'000	£'000
Land and natural resources		
Cost at 31 December	2,319	2,269
Buildings and other constructions		
Cost at 31 December	35,635	35,246
Accumulated depreciation at 31 December	(20,240)	(18,476)
Carrying value at historic cost of buildings and other constructions	15,395	16,770
Total carrying value at historic cost	17,714	19,039

15. Right-of-use assets

15.1 Group as lessee

The Group has lease contracts for various items of lands, buildings, plant, machinery, vehicles and other equipment used in its operations. Lease of land and building generally have lease terms between 2 and 10 years, plant and machinery generally have lease term between 3 and 6 years and motor vehicles and other equipment generally have lease terms between 3 and 5 years.

Set out below are the carrying amounts of right-of-use assets recognised and movements during the period.

Group	**Land and natural resources**	**Buildings and other constructions**	**Plant and Machinery**	**Vehicles**	**Office furniture and fittings**	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
Balance at 1 January 2020	4,083	1,300	1,778	3,634	395	11,190
Additions	950	780	74	205	-	2,009
Revaluation	160	15	15	18	-	208
Effect of foreign currency exchange differences	200	67	81	74	1	423
Disposals	-	(100)	(30)	(45)	(4)	(179)
Balance at 31 December 2020	5,393	2,062	1,918	3,886	392	13,651
Accumulated depreciation						
Balance at 1 January 2020	843	363	200	1,159	106	2,671
Eliminated on disposals of assets	(34)	(66)	(24)	(37)	(5)	(166)
Revaluation	-	-	-	3	-	3
Depreciation expense	1,022	391	309	1,143	121	2,986
Effect of foreign currency exchange differences	41	19	8	23	-	91
Balance at 31 December 2020	1,872	707	493	2,291	222	5,585
Carrying amount 31 December 2020	3,521	1,355	1,425	1,595	170	8,066

15. Right-of-use assets -continued

15.1 Group as lessee

Group	Land and natural resources	Buildings and other constructions	Plant and Machinery	Vehicles	Office furniture and fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
Balance at 1 January 2019	4,083	1,283	501	3,004	331	9,202
Additions	-	17	1,537	410	64	2,028
Disposals	-	-	-	(40)	-	(40)
Transfers	-	-	(260)	260	-	-
Balance at 31 December 2019	4,083	1,300	1,778	3,634	395	11,190
Accumulated depreciation						
Balance at 1 January 2019						
Eliminated on disposals of assets	-	-	-	(3)	-	(3)
Depreciation expense	862	372	203	1,173	106	2,716
Effect of foreign currency exchange differences	(19)	(9)	(3)	(11)	-	(42)
Balance at 31 December 2019	843	363	200	1,159	106	2,671
Carrying amount 31 December 2019	3,240	937	1,578	2,475	289	8,519

15. Right-of-use assets - continued

15.1 Company as a lessee

Company	**Vehicles**	**Office furniture and fittings**	**Total**
	£'000	£'000	£'000
Cost or valuation			
Balance at 1 January 2020	152	332	484
Revaluations	(2)	-	(2)
Balance at 31 December 2020	150	332	482
Accumulated depreciation			
Balance at 1 January 2020	44	85	129
Depreciation expense	44	99	143
Balance at 31 December 2020	88	184	272
Carrying amount 31 December 2020	62	148	210

Company	**Vehicles**	**Office furniture and fittings**	**Total**
	£'000	£'000	£'000
Cost or valuation			
Balance at 1 January 2019	127	277	404
Additions	34	55	89
Disposals	(9)	-	(9)
Balance at 31 December 2019	152	332	484
Accumulated depreciation			
Eliminated on disposals of assets	(3)	-	(3)
Depreciation expense	47	85	132
Balance at 31 December 2019	44	85	129
Carrying amount 31 December 2019	108	247	355

15. Right-of-use assets – continued

15.1.1 Lease liabilities included in the statement of financial position at 31 December

	Group 2020	Company 2020	Group 2019	Company 2019
	£'000	£'000	£'000	£'000
Current	2,375	125	2,810	220
Non-current	5,731	89	5,773	138
	8,106	214	8,583	358

15.1.2 Amounts recognised in profit or loss

	Group 2020	Company 2020	Group 2019	Company 2019
	£'000	£'000	£'000	£'000
Interest on lease liabilities	171	7	170	8
Depreciation expense of right-of-use assets	2,986	143	2,716	132
Expense relating to short-term leases	280	1	148	2
Expenses relating to leases of low-value assets	1	-	13	-
	3,438	151	3,047	142

15.1.3 Amount recognised in the statement of cash flows

	Group 2020	Company 2020	Group 2019	Company 2019
	£'000	£'000	£'000	£'000
Total cash outflow for leases	3,121	149	2,696	137
	3,121	149	2,696	137

The future cash outflows relating to leases are disclosed in Note 29.

16. Goodwill

The Company has no goodwill. Details of the goodwill relating to the Group is as follows:

	Group 2020	Group 2019
	£'000	£'000
Cost		
Balance at 1 January	17,198	17,198
Carrying amount at 31 December	17,198	17,198

16. Goodwill - continued

16.1 Annual impairment review

For the purposes of annual impairment testing, goodwill is allocated to the following cash-generating units (CGUs), this Grouping aligns the units expected to benefit from the synergies of the business combination with the associated goodwill.

	2020	2019
	£'000	£'000
Vitacress Salads Limited	8,927	8,927
Vitacress Herbs Limited	6,675	6,675
Vitacress Real	1,596	1,596
	17,198	17,198

The recoverable amount of the CGUs were determined based on pre-tax value-in-use calculations, covering a detailed five year forecast, followed by an extrapolation of expected pre-tax cash flows for the each CGU's remaining useful life using the growth rates stated below. The growth rates reflect the long-term average growth rates for the industries in which the CGUs operate. Management's key assumptions included stable profit margins based on past performance and its expectations of market development. The pre-tax discount rate used reflects the specific risks relating to the Vitacress Group at those points in time.

The key assumptions used for the value-in-use calculations are as follows:

	2020	2019
Long-term growth rate:		
Vitacress Salads Limited	1%	1%
Vitacress Herbs Limited	1%	1%
Vitacress Real	1%	1%
Pre-tax discount rate:		
Vitacress Salads Limited	4.8%	5.2%
Vitacress Herbs Limited	4.8%	5.2%
Vitacress Real	4.8%	5.2%

The directors believe that there are no reasonably foreseeable circumstances in which this goodwill would be impaired.

17. Intangible assets

Group	**Software**	**Software work in progress**	**Intangible on acquisition of VHBU**	**Unused carbon credits**	**Research and development**	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at 1 January 2020	5,172	206	2,866	-	59	8,303
Additions and allocations	-	256	-	-	-	256
Disposals and usages	(10)	-	-	-	-	(10)
Effect of foreign currency exchange differences	58	3	-	-	2	63
Transfers	502	(368)	-	-	-	134
Balance at 31 December 2020	5,722	97	2,866	-	61	8,746
Accumulated amortisation						
Balance at 1 January 2020	3,892	-	2,866	-	34	6,792
Amortisation expense	525	-	-	-	12	537
Disposals	(10)	-	-	-	-	(10)
Effect of foreign currency exchange differences	53	-	-	-	2	55
Balance at 31 December 2020	4,460	-	2,866	-	48	7,374
Carrying amount at 31 December 2020	1,262	97	-	-	13	1,372

	Software	**Software work in progress**	**Intangible on acquisition of VHBU**	**Unused carbon credits**	**Research and development**	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at 1 January 2019	4,815	187	2,866	148	99	8,115
Additions and allocations	64	401	-	-	3	468
Disposals and usages	-	-	-	(148)	(38)	(186)
Effect of foreign currency exchange differences	(51)	(3)	-	-	(5)	(59)
Transfers	344	(379)	-	-	-	(35)
Balance at 31 December 2019	5,172	206	2,866	-	59	8,303
Accumulated amortisation						
Balance at 1 January 2019	3,224	-	2,866	-	27	6,117
Amortisation expense	712	-	-	-	9	721
Effect of foreign currency exchange differences	(44)	-	-	-	(2)	(46)
Balance at 31 December 2019	3,892	-	2,866	-	34	6,792
Carrying amount at 31 December 2019	1,280	206	-	-	25	1,511

17. Intangible assets - continued

Company

	Software	Software work in progress	Total
	£'000	£'000	£'000
Cost			
Balance at 1 January 2020	864	116	980
Additions and allocations	33	154	187
Disposals	(354)	-	(354)
Balance at 31 December 2020	543	270	813
Accumulated amortisation and impairment			
Balance at 1 January 2020	483	-	483
Amortisation expense	34	-	34
Disposals	(10)	-	(10)
Balance at 31 December 2020	507	-	507
Carrying amount at 31 December 2020	36	270	306

	Software	Software work in progress	Total
	£'000	£'000	£'000
Cost			
Balance at 1 January 2019	528	60	588
Additions and allocations	-	411	411
Transfers	336	(355)	(19)
Balance at 31 December 2019	864	116	980
Accumulated amortisation and impairment			
Balance at 1 January 2019	392	-	392
Amortisation expense	91	-	91
Balance at 31 December 2019	483	-	483
Carrying amount at 31 December 2019	381	116	497

Amortisation of software is calculated on the basis of a useful life of between 3 and 7 years.

18. Investments in subsidiaries and joint venture

Company	**2020**	**2019**
	£'000	£'000
Investments balance at 1 January	65,757	65,757
Investments balance at 31 December	65,757	65,757

Investment is subject to impairment tests at least annually. As at 31 December 2020, no impairment losses identified to be immediately recorded in the income statement of profit and loss.

18.1 Investments in subsidiaries and joint venture

The Company holds the following investments in trading subsidiaries and joint ventures (of which only Vitacress Nurseries Limited (previously known as Wight Salads Group Limited), Vitacress Salads Limited, Vitacress Herb Limited and Vitacress Real BV represent direct holdings):

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2020	**2019**
Vitacress Salads Limited	Produce salad crops	England & Wales	100%	100%
Vitacress Kent Limited	Produce salad crops	England & Wales	100%	100%
Vitacress Nurseries Limited (previously known as Wight Salads Group Limited)	Holding company	England & Wales	100%	100%
Vitacress Herbs Limited	Herb growing and packing	England & Wales	100%	100%
VAISA Agricultura Intensiva S.A.	Produce salad crops	Portugal	100%	100%
Vitacress Portugal S.A.	Produce salad crops	Portugal	100%	100%
Euralface Agricultura S.A.	Produce salad crops	Portugal	100%	100%
Vitacress Portugal SGPS S.A.	Holding company	Portugal	100%	100%
Margaret Nurseries San Martin SL	Discontinued	Spain	100%	100%
Vitacress Sales	Discontinued	England & Wales	100%	100%
Vitacress España S.L.	Produce salad crops	Spain	51%	51%
Vitacress Real BV	Herb packing	Netherlands	50.1%	50.1%

19. Inventories

Group	**2020** £'000	**2019** £'000
Raw materials and consumables	5,448	4,658
Work in progress	247	213
Finished goods	331	289
	6,026	5,160

The cost of inventories in the Group recognised as an expense during the year from continuing operations was £46,196,000 (2019: £45,014,000).

The cost of inventories recognised as an expense in the Group includes £Nil (2019: £nil) in respect of write-downs of inventory to net realisable value.

20. Biological assets

	Group 2020 £'000	**Group 2019** £'000
Fair value at 1 January	3,774	3,812
Gain from changes in fair value less costs to sell	18,395	18,819
Increases due to purchases	18,551	17,520
Decreases from harvest	(36,613)	(36,217)
Exchange differences	179	(160)
Fair value at 31 December	4,286	3,774

The fair value of biological assets comprises the following elements:	**Group 2020** £'000	**Group 2019** £'000
Watercress	617	557
Herbs	1,253	1,133
Other leaf	2,416	2,084
	4,286	3,774

The areas under cultivation in hectares were as follows:	**Group 2020**	**Group 2019**
Watercress	39.00	39.00
Herbs	42.51	34.05
Other leaf	183.40	183.53
	264.91	256.58

21. Trade and other receivables

Group	2020	2019
	£'000	£'000
Trade receivables, gross	8,296	8,172
Allowance for doubtful debts	(200)	(172)
Trade receivables	8,096	8,000
Social security and other taxes	1,485	1,185
Other debtors	1,397	1,318
Amounts owed by Group companies – trade (note 32.1)	1,090	618
Prepayments	1,284	1,499
	13,352	12,620

Company	2020	2019
	£'000	£'000
Amounts owed by Group companies – trade (note 32.1)	5,740	972
Prepayments	204	202
Other current debtors	43	-
	5,987	1,174

All amounts are short-term and repayable on demand. The net carrying amount of trade receivables is considered a reasonable approximation of fair value. All of the Group's trade and other receivables have been reviewed for indicators of impairment using the excepted credit loss model. Certain trade receivables were found to be (recovered)/impaired during the period and an allowance for doubtful debts of £68,000 (2019: £46,000) has been recorded within other operating expenses from continuing operations.

Trade receivables disclosed above include amounts that are past due at the end of the reporting year for which the Group has not recognised an additional allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

21.1 Age of trade receivables that are past due but not impaired

	Group 2020	Group 2019
	£'000	£'000
0-90 days	615	1,203
91-180 days	15	72
>180 days	30	14
	660	1,289

21.2 Movement in the allowance for doubtful debts

	Group 2020	Group 2019
	£'000	£'000
Balance at beginning of the year	172	147
Impairment losses recognised on receivables	68	46
Amounts recovered during the year	(49)	(26)
Foreign exchange translation gains and losses	9	5
Balance at end of the year	200	172

21. Trade and other receivables – continued

21.2 Movement in the allowance for doubtful debts – continued

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to £nil (2019: £nil) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

22. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting year as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

Group	**2020**	**2019**
	£'000	£'000
Cash and bank balances (note 26.1)	5,344	3,444
	5,344	3,444

Company	**2020**	**2019**
	£'000	£'000
Cash and bank balances (note 26.2)	2,231	1,962
	2,231	1,962

23. Share capital

Group and Company	**2020**	**2019**
	£'000	£'000
Share capital of £1 each	(49,942)	(49,942)
Issued share capital comprises:		
49,941,593 fully paid ordinary shares	(49,942)	(49,942)

Authorised ordinary share capital, which have a par value of £1, carry one vote per share and carry a right to dividends.

24. Other reserves

24.1 Revaluation reserve

The revaluation reserve arises on the revaluation of freehold land and buildings. When revalued land or buildings are sold, the portion of the revaluation reserve that relates to that asset is transferred directly to retained earnings. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

24. Other reserves – continued

24.2 Cash flow hedge reserve

The cash flow hedge reserve reflects the effective portion of changes in the fair value of foreign currency forward contracts that qualify as hedging derivatives.

24.3 Other reserve

The other reserve represents goodwill on Vitacress Limited's acquisition of Wight Salads Group Limited. Predecessor accounting applied on transition to IFRS with effect from 1 January 2010 does not allow new goodwill to be created as there is no value added in restructuring a Group under common control. This excess sits within equity and will only crystallise on the sale of Wight Salads Group Limited (now named Vitacress Nurseries).

24.4 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy on foreign currency translation.

25. Dividends

A final dividend for 2020 had not been proposed prior to the approval of these financial statements and there is no intention to declare such a dividend (2019: £nil).

26. Financial assets and liabilities

26.1 Categories of financial assets and liabilities

Group

	2020	**2019**
Financial assets	£'000	£'000
Loans and receivables		
Trade receivables (note 21)	8,096	8,000
Social security and other taxes (note 21)	1,485	1,185
Other debtors (note 21)	1,397	1,318
Amounts owed by Group companies – trade (note 32.1)	1,090	618
Loans to Group companies (note 32.1)	3,073	2,440
Cash and cash equivalents (note 22)	5,344	3,444
Derivatives designated as cash flow hedging instruments (carried at fair value)		
Derivative financial instruments (note 26.4)	-	-
Disclosed as:		
Current	20,485	17,005

26. Financial assets and liabilities – continued

26.1 Categories of financial assets and liabilities – continued

Group	**2020**	**2019**
Financial liabilities	£'000	£'000
Financial liabilities measured at amortised cost		
Non-current:		
Borrowings (note 26.3)	(25,504)	(27,303)
Current:		
Borrowings (note 26.3)	(13,893)	(13,002)
Trade payables (note 27)	(15,834)	(13,985)
Social security and other taxes (note 27)	(1,175)	(897)
Other creditors (note 27)	(1,258)	(958)
Current tax liability (note 27)	(403)	(283)
Amounts owed to Group companies – trade (note 27)	(151)	(96)
	(58,218)	(56,524)
Derivatives designated as cash flow hedging instrument (carried at fair value)		
Derivative financial instruments (note 26.4)	(226)	(626)
	(58,444)	(57,150)
Disclosed as:		
Current	(25,504)	(31,127)
Non-current	(32,940)	(26,023)
	(58,444)	(57,150)

26.2 Categories of financial assets and liabilities

Company	**2020**	**2019**
Financial assets	£'000	£'000
Loans and receivables		
Non-current:		
Loans to Group companies (note 32.1)	105	103
Current:		
Loans to Group companies (note 32.1)	17,813	21,909
Amounts owed by Group companies - trade (note 32.1)	5,740	972
Cash and cash equivalents (note 22)	2,231	1,962
Current tax asset (note 3.11)	37	52
	25,926	24,998
Derivatives designated as cash flow hedging instrument (carried at fair value)		
Derivative financial instruments (note 26.4)	-	2
	25,926	25,000
Disclosed as:		
Current	25,821	24,897
Non-current	105	103
	25,926	25,000

26. Financial assets and liabilities – continued

26.2 Categories of financial assets and liabilities - continued

Company	**2020**	**2019**
Financial liabilities	£'000	£'000
Financial liabilities measured at amortised cost		
Non-current:		
Borrowings (note 26.3)	(19,753)	(21,564)
Current:		
Borrowings (note 26.3)	(9,782)	(10,940)
Trade payables (note 27)	(431)	(428)
Social security and other taxes (note 27)	(295)	(209)
Other creditors (note 27)	(20)	(15)
Amounts owed to Group companies – trade (note 27)	(37)	(45)
	(30,318)	(33,201)
Derivatives designated as cash flow hedging instrument (carried at fair value)		
Derivative financial instruments (note 26.4)	(11)	-
	(30,329)	(33,201)
Disclosed as:		
Current	(10,576)	(11,637)
Non-current	(19,753)	(21,564)
	(30,329)	(33,201)

26.3 Borrowings

Borrowings include the following liabilities:

Group	**2020**	**2019**
	£'000	£'000
Financial liabilities measured at amortised cost		
Lease liabilities (note 15 & 29)	(8,106)	(8,583)
Commercial paper (i)	(6,913)	(9,816)
Other loans (ii)	(17,580)	(17,563)
Loans from Group companies (note 32.2)	(6,798)	(4,343)
	(39,397)	(40,305)

	2020	**2019**
Disclosed as:	£'000	£'000
Current	(13,893)	(13,002)
Non-current	(25,504)	(27,303)
	(39,397)	(40,305)

26. Financial assets and liabilities – continued

26.3 Borrowings - continued

Company	2020	2019
	£'000	£'000
Financial liabilities measured at amortised cost		
Lease liabilities (note 15 & 29)	(214)	(358)
Commercial paper(i)	(5,114)	(8,115)
Other loans (ii)	(17,472)	(17,459)
Loans from Group companies (note 32.2)	(6,735)	(6,572)
	(29,535)	(32,504)
Disclosed as:		
Current	(9,782)	(10,940)
Non-current	(19,753)	(21,564)
	(29,535)	(32,504)

(i) This commercial paper is unsecured and renewable in 2021 with maturity on 21 March 2022.
(ii) Among other loans, £17.5m related to unsecured contracts with banks for commercial paper programmes with a maturity of 3 years (2019: 4 years). These loans attract an interest rate of 1-1.4% over the 3 month LIBOR rate.

Year ended 31 December 2020	Due within one year	Due between one and two years	Due between two and five years	Total
Group	£'000	£'000	£'000	£'000
Commercial paper	6,913	-	-	6,913
Other loans	2,000	2,000	13,580	17,580
Total	8,913	2,000	13,580	24,493

Year ended 31 December 2020	Due within one year	Due between one and two years	Due between two and five years	Total
Company	£'000	£'000	£'000	£'000
Commercial paper	5,114	-	-	5,114
Other loans	2,000	2,000	13,472	17,472
Total	7,114	2,000	13,472	22,586

26. Financial assets and liabilities – continued

26.4 Derivative financial instruments

The carrying amount of the Group and Company's financial instruments may be further analysed as follows:

Group

Fair value	**2020** £'000	**2019** £'000
Forward foreign exchange contracts – cash flow hedge	(226)	(626)
Net fair value of derivative financial liabilities	(226)	(626)

Company

Fair value	**2020** £'000	**2019** £'000
Forward foreign exchange contracts – cash flow hedge	(11)	2
Net fair value of derivative financial (liabilities)/assets	(11)	2

The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from highly probable purchases in Euros and US dollars. Such derivative financial instruments are initially recognised at fair value on a date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

All foreign exchange forward contracts have been designated as hedging instruments in cash flow hedges in accordance with IFRS 9. The forecast transactions for which hedge accounting has been used are expected to occur.

There was no significant ineffectiveness of cash flow hedges in 2019 or 2020.

26.5 Changes in liabilities arising from financing activities

	1 January *2020*	**Transfer**	**Cash flows**	**Changes in fair values**	**New leases**	**Others**	**31 December 2020**
Group	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current borrowings (excluding items listed below)	10,192	2,000	(944)	-	-	270	11,518
Current lease liabilities	2,810		(862)	-	-	427	2,375
Non-current borrowings (excluding items listed below)	21,530	(2,000)	225	-	-	18	19,773
Non-current lease liabilities	5,773	-	(2,259)	-	2,009	208	5,731
Derivatives	626	-	-	(400)	-	-	226
Total	40,931	-	(3,840)	(400)	2,009	923	39,623

The 'Others' column includes the effect of foreign exchange rate and the effect of accrued but not yet paid interest on borrowings.

27. Trade and other payables

Group

	2020	2019
	£'000	£'000
Trade payables	(15,834)	(13,985)
Social security and other taxes	(1,175)	(897)
Other creditors	(1,258)	(958)
Amounts owed to Group companies – trade (note 32.1)	(151)	(96)
Other current liabilities	(5,426)	(4,522)
Current tax liability	(403)	(283)
Deferred governments grants	(72)	(82)
	(24,319)	(20,823)

Company

	2020	2019
	£'000	£'000
Trade payables	(431)	(428)
Social security and other taxes	(295)	(209)
Other creditors	(20)	(15)
Amounts owed to Group companies – trade (note 32.1)	(37)	(45)
Other current liabilities	(869)	(770)
	(1,652)	(1,467)

The Group has been awarded a number of government grants conditional upon the construction of packhouses and continuing agricultural development. These grants, recognised as deferred income, are being amortised over the useful life of the assets to which they relate. Other current liabilities include the portion of government grants that will be recognised as income in the next year. Other non-current liabilities consist of the non-current portion of deferred government grants, as follows:

Group

	2020	2019
	£'000	£'000
Current	(72)	(82)
Non-current	(243)	(288)
	(315)	(370)

28. Deferred tax assets and liabilities

28.1 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated Statement of Financial Position:

Group	2020	2019
	£'000	£'000
Deferred tax assets	831	1,075
Deferred tax liabilities	(4,413)	(3,920)
	(3,582)	(2,845)

Company	2020	2019
	£'000	£'000
Deferred tax assets	11	13
	11	13

28. Deferred tax assets and liabilities – continued

28.2 Deferred tax movement

Group	Opening balance	Discontinued operations	Recognised in profit or loss	Recognised directly in OCI	Closing balance
	£'000	£'000	£'000	£'000	£'000
2020					
Deferred tax (liabilities)/assets in relation to:					
Cash flow hedge	40	-	-	(17)	23
Derivative financial instruments	71	-	(6)	(47)	18
Property, plant & equipment	(635)	-	(44)	(3)	(682)
Revaluations	(3,371)	-	(9)	(351)	(3,731)
Other short term timing differences	1,050	(1)	(310)	51	790
	(2,845)	(1)	(369)	(367)	(3, 582)
2019					
Deferred tax (liabilities)/assets in relation to:					
Cash flow hedge	2	-	-	38	40
Derivative financial instruments	11	-	(6)	66	71
Property, plant & equipment	(416)	-	(219)	-	(635)
Revaluations	(2,209)	91	89	(1,342)	(3,371)
Other short term timing differences	920	-	95	35	1,050
	(1,692)	91	(41)	(1,203)	(2,845)

Company	Opening balance	Recognised in profit or loss	Recognised directly in OCI	Closing balance
	£'000	£'000	£'000	£'000
2020				
Deferred tax assets in relation to:				
Property, plant & equipment	11	(4)	-	7
Other short term timing differences	2	-	2	4
	13	(4)	2	11

	Opening balance	Recognised in profit or loss	Recognised directly in OCI	Closing balance
	£'000	£'000	£'000	£'000
2019				
Deferred tax assets in relation to:				
Property, plant & equipment	15	(4)	-	11
Other short term timing differences	1	1	-	2
	16	(3)	-	13

29. Obligations under leases

29.1 Under IFRS16

Maturity analysis – Contractual undiscounted cashflows

	Group 2020	Company 2020	Group 2019	Company 2019
Amounts payable under lease contracts	£'000	£'000	£'000	£'000
Less than one year	2,615	125	2,788	151
One to five years	5,516	89	5,492	223
More than five years	514	-	706	-
	8,645	214	8,986	374

30. Retirement benefit plan

The Group and Company operate defined contribution pension schemes. The assets of the schemes are held separately from those of the Group and Company, in independently administered funds.

The total expense recognised in the consolidated income statement from continuing operations of £928,000 (2019: £901,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2020, contributions of £125,000 (2019: £83,000) due in respect of the year had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting year.

31. Financial instruments

31.1 Financial risk management objectives

The Group is exposed to various risks in relation to financial instruments. The main types of risk are market risk (specifically to currency risk and interest rate risk which result from its operating activities), credit risk and liquidity risk.

The Group's risk management is coordinated at its head office in close cooperation with the subsidiary company boards of directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

31.2 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of net debt (borrowings as detailed in note 26 offset by cash and bank balances) and equity of the Group (comprising issued share capital, reserves, retained earnings and non-controlling interests as detailed in notes 23 to 24).

The Group is not subject to any externally imposed capital requirements.

The Group manages its capital by regularly reviewing internal reports such as short and medium term cash flow forecasts and capital expenditure reports. Management use this information to assess the Group's capital availability against targets set by the Group parent company and manage it in line with the Group's objectives.

31. Financial instruments – continued

31.3 Market risk - foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to fluctuating exchange rates arise. Exchange rate exposures are managed utilising forward foreign exchange contracts.

The carrying amounts of the Group and Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows:

Group	**Assets**		**Liabilities**	
	2020	**2019**	**2020**	**2019**
	£'000	£'000	£'000	£'000
Euro	9,564	6,468	(17,152)	(15,890)
US Dollar	3	2	(1)	(8)

Company	**Assets**		**Liabilities**	
	2020	**2019**	**2020**	**2019**
	£'000	£'000	£'000	£'000
Euro	5,290	4,960	(6,671)	(6,316)
US Dollar	3	2	(1)	(7)

31.3.1 Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and US Dollar currencies.

The following table details the Group and Company's sensitivity to a 5% increase and decrease in the GBP against the Euro and against the US Dollar. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the GBP strengthens 5% against the relevant currency. For a 5% weakening of the GBP against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

Group	**Euro impact**		**US Dollar impact**	
	2020	**2019**	**2020**	**2019**
	£'000	£'000	£'000	£'000
Profit or loss (i)	361	449	-	-
Equity (ii)	1,036	759	-	-

Company	**Euro impact**		**US Dollar impact**	
	2020	**2019**	**2020**	**2019**
	£'000	£'000	£'000	£'000
Profit or loss (i)	-	13	-	-
Equity (ii)	-	-	-	-

(i) This is mainly attributable to the exposure outstanding on Euro and US Dollar denominated receivables and payables in the Group at the end of the reporting year.

(ii) This is as a result of the changes in fair value of derivative instruments designated as hedging instruments in cash flow hedges.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting year does not reflect the exposure during the year. Euro and US Dollar denominated purchases are seasonal, with lower volumes in the mid-quarters of the financial year, resulting in an increase in payables at the end of the reporting year.

31. Financial instruments – continued

31.3 Market risk - foreign currency risk management - continued

31.3.2 Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover highly probable forecast transactions. The total Euro denominated and US Dollar denominated purchases are forecast each month for 6 months ahead. The Group then takes a contract allowing the purchase of that quantity of Euros and US Dollars for a date 6 months ahead at a fixed rate. Although at the time of purchase fixed orders have not been placed, the expected payment profile can be predicted with a high degree of accuracy.

Fair value is measured based on the lowest level input that is significant to the fair value measurement. It is categorised in fair value hierarchy level 2 by using valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting year:

Group	**Average exchange rate**		**Foreign currency**		**Notional value**		**Fair value assets (liabilities)**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Cash flow hedges			FC'000	FC'000	£'000	£'000	£'000	£'000
Buy Euro								
Less than 3 months	0.910	0.911	10,000	8,670	9,098	7,897	(138)	(535)
3 to 6 months	0.909	0.862	7,650	8,425	6,952	7,261	(88)	(91)
Buy US Dollar								
Less than 3 months	-	-	-	-	-	-	-	-
							(226)	(626)

Company	**Average exchange rate**		**Foreign currency**		**Notional value**		**Fair value assets (liabilities)**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Cash flow hedges			FC'000	FC'000	£'000	£'000	£'000	£'000
Buy Euro								
Less than 3 months	0.907	0.846	1,000	1,000	907	846	(11)	2
							(11)	2

The Group has entered into contracts to purchase raw materials from suppliers in Europe and the USA. The Group has entered into forward foreign exchange contracts (for terms not exceeding 6 months) to hedge the exchange rate risk arising from these anticipated future purchases, which are designated as cash flow hedges.

For the year ended 31 December 2020, the aggregate amount of profits and losses under forward foreign exchange contracts recognised in other comprehensive income and accumulated in the cash flow hedging reserve relating to these anticipated future purchase transactions is a gain of £400,000 (2019: loss of £662,000). It is anticipated that the purchases will take place during the first 6 months of the next financial year at which time the amount deferred in equity will be included in the carrying amount of the raw materials. It is anticipated that the raw materials will be converted into inventory and sold within 12 months after purchase, at which time the amount deferred in equity will be reclassified to the income statement.

31. Financial instruments - continued

31.4 Market risk - interest rate risk management

The Group is exposed to interest rate risk through Group entities borrowing and lending funds at floating interest rates.

31.4.1 Interest rate sensitivity analysis

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 0.5% (2019: +/- 0.5%). These changes are considered reasonably possible based on observation of current market conditions. The calculations are based on change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. It assumes the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. All other variables are held constant.

Group	**+ 0.5%**		**-0.5%**	
	2020	**2019**	**2020**	**2019**
	£'000	£'000	£'000	£'000
Income statement (i)	121	138	(121)	(138)

(i) This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. Derivative instruments designated as hedging instruments in cash flow hedges are measured at fair value. Refer to the note 31.3.

31.5 Credit risk management

The Group's exposure to credit risk is mainly associated with receivable accounts arising from operational activities. Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss for the Group.

The management of this risk seeks to guarantee an effective collection of its receivables without impact on the Group's financial equilibrium. This risk is controlled on a regular basis with the objective of (i) defining credit limits to customers based on credit checks undertaken, (ii) controlling the level of credit, and (iii) regularly reviewing and analysing accounts receivable. Top five customers represent majority of the trade receivables balance.

Impairment losses on accounts receivable are computed considering (a) the risk profile of the customer, (b) the average collection period, which is different from business to business, and (c) the financial situation of the customer. The movements of these impairment losses during the years ended 31 December 2020 and 2019 are disclosed in note 21.

31.6 Liquidity risk management

Liquidity risk is the risk that the Group cannot meet or settle its obligations on time or at a reasonable price. Due to the existence of liquidity risk, management of liquidity is performed with the objective of ensuring permanent and efficient access to funds to fulfil commitments, minimising the probability of not being able to fulfil its commitments and minimising the opportunity cost of retaining excess liquidity in the short-term.

The Group manages liquidity risk by regularly reviewing internal reports such as daily, weekly and medium term cash flow forecasts and matching the maturity profiles of financial assets and liabilities. Management uses this information to ensure sufficient liquidity is available for the Group's day to day needs, from either the parent companies or third party sources.

31.6.1 Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

31. Financial instruments - continued

31.6 Liquidity risk management - continued

31.6.1 Liquidity risk tables – continued

Group	**Carrying amount**	**Contractual cash flows**	**1 year or less**	**1-5 years**	**5+ years**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
31 December 2020						
Non-derivative financial liabilities						
Commercial paper	(6,913)	(7,092)	(7,092)	-	-	(7,092)
Other loans	(17,580)	(18,020)	(2,187)	(15,833)	-	(18,020)
Loans from Group Companies	(6,798)	(7,145)	(2,705)	(4,440)	-	(7,145)
Amounts owed to Group companies	(151)	(151)	(151)	-	-	(151)
Lease liabilities	(8,106)	(8,645)	(2,615)	(5,516)	(514)	(8,645)
Trade payables	(15,834)	(15,834)	(15,834)	-	-	(15,834)
	(55,382)	(56,887)	(30,584)	(25,789)	(514)	(56,887)
31 December 2019						
Non-derivative financial liabilities						
Commercial paper	(9,816)	(10,102)	(10,102)	-	-	(10,102)
Other loans	(17,563)	(18,892)	(332)	(18,560)	-	(18,892)
Loans from Group Companies	(4,343)	(4,666)	(446)	(4,220)	-	(4,666)
Amounts owed to Group companies	(96)	(96)	(96)	-	-	(96)
Lease liabilities	(8,583)	(8,986)	(2,788)	(5,492)	(706)	(8,986)
Trade payables	(13,985)	(13,985)	(13,985)	-	-	(13,985)
	(54,386)	(56,727)	(27,749)	(28,272)	(706)	(56,727)

Company	**Carrying amount**	**Contractual cash flows**	**1 year or less**	**1-5 years**	**5+ years**	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2020						
Non-derivative financial liabilities						
Commercial paper	5,114	5,140	5,140	-	-	5,140
Other loans	17,471	17,901	2,184	15,717	-	17,901
Loans from Group companies	6,735	7,045	2,605	4,440	-	7,045
Amounts owed to Group companies	37	37	37	-	-	37
Lease liabilities	214	214	125	89		214
Trade payables	431	431	431	-	-	431
	30,002	30,768	10,522	20,246	-	30,768

31. Financial instruments - continued

31.6 Liquidity risk management - continued

31.6.1 Liquidity risk tables – continued

	Carrying amount	Contractual cash flows	1 year or less	1-5 years	5+ years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2019						
Non-derivative financial liabilities						
Commercial paper	8,115	8,256	8,256	-	-	8,256
Other loans	17,459	18,772	328	18,444	-	18,772
Loans from Group companies	6,572	6,621	2,401	4,220	-	6,621
Amounts owed to Group companies	45	45	45	-	-	45
Lease liabilities	358	375	151	224		375
Trade payables	428	428	428	-	-	428
	32,977	34,497	11,609	22,888	-	34,497

32. Related party transactions

The Group's immediate parent company is RAR – Sociedade de Controle (Holding) SA, a company registered in Portugal. Its ultimate parent company and controlling party is SIEL SGPS SA, a company registered in Portugal. SIEL SGPS SA owns 100% of RAR – Sociedade de Controle (Holding) SA. The address of its registered office and principal place of business is Rua Passeio Alegre 624, 4169-002, Porto, Portugal.

RAR – Sociedade de Controle (Holding) SA is both the largest and smallest Group to consolidate these financial statements, and copies of its consolidated financial statements can be obtained from the address above.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

32.1 Loans to related parties

The following balances were outstanding at the end of the reporting period:

Group	**Amounts owed by related parties**		**Amounts owed to related parties**	
	2020	**2019**	**2020**	**2019**
	£'000	£'000	£'000	£'000
Fellow subsidiary	-	-	(13)	(20)
Immediate parent	27	-	(107)	(59)
Ultimate parent	1,063	618	(31)	(17)
	1,090	618	(151)	(96)

Company	**Amounts owed by related parties**		**Amounts owed to related parties**	
	2020	**2019**	**2020**	**2019**
	£'000	£'000	£'000	£'000
Subsidiary	5,740	972	(4)	(5)
Immediate parent	-	-	(33)	(40)
	5,740	972	(37)	(45)

32. Related party transactions - continued

32.1 Loans to related parties - continued

Purchases of goods and services were made on terms equivalent to those that prevail in arm's length transactions. The amounts outstanding are un-secured, interest free trading balances repayable in accordance with the standard terms of trade. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Group	**2020**	**2019**
	£'000	£'000
Immediate parent	3,073	2,440
	3,073	2,440

Loans to related parties within the RAR Group are unsecured and attract interest at a fixed rate of 2.00% (2019: 2.21%) above the 3 months LIBOR ruling in the month preceding the month in which the loan was made. The loans are considered by management to be short-term and are repayable on demand.

Company	**2020**	**2019**
	£'000	£'000
Immediate parent	1,500	1,500
Subsidiary	16,418	20,512
	17,918	22,012

32.2 Loans from related parties

Group	**2020**	**2019**
	£'000	£'000
Ultimate parent	-	(376)
Immediate parent	(6,798)	(3,967)
	(6,798)	(4,343)

Company	**2020**	**2019**
	£'000	£'000
Subsidiary	(2,543)	(2,605)
Immediate parent	(4,192)	(3,967)
	(6,735)	(6,572)

Loans from related parties within the RAR Group are unsecured and attract interest at a fixed rate of 2.00% (2019: 2.21%) above the 3 months LIBOR or EURIBOR ruling in the month preceding the month in which the loan was made. The loans are considered by management to be short-term and are repayable on demand, except for loans granted from RAR Holding to Vitacress Limited that is unsecured and has no fixed repayment date. This loan may be repaid after 1 year with mutual agreement from both parties. RAR Holding have confirmed that it will not seek repayment within 12 months of the signing of these financial statements.

32.3 Key management compensation

Key management comprises the executive directors of the parent and subsidiary companies. The compensation paid or payable to key management for employee services is shown in note 7.

32. Related party transactions – continued

32.4 Other related party transactions

In addition to the above, there were the following non-trading transactions.

	Group 2020	Group 2019	Company 2020	Company 2019
	£'000	£'000	£'000	£'000
Tax losses (claimed)/surrendered	-	-	64	22
Management fee charged to subsidiaries for certain administrative services	-	-	6,751	5,150
Service charge from fellow subsidiaries for certain administrative services	(177)	(172)	(27)	(31)
Management charge from RAR for certain administrative services	(1,066)	(890)	(1,066)	(890)
Dividend received from subsidiaries	-	-	3,000	3,000
Interest received on loans to Group companies	58	22	468	589
Interest paid on loans from Group companies	(83)	(123)	(95)	(122)
	(1,268)	(1,163)	9,095	7,718

34. Commitments for expenditure

As at 31 December 2020 the Group had committed to purchase 543,000 therms of gas in 2021 at a value of £205,863, an average rate of 37.91 pence per therm (2019: 517,000 therms of gas in 2020 at a value of £280,451, an average rate of 54.25 pence per therm).

In addition, the following capital commitments existed at the year end:

	Group 2020	Group 2019	Company 2020	Company 2019
	£'000	£'000	£'000	£'000
For the acquisition of property, plant and equipment	5,241	5,968	-	-

35. Contingent assets and contingent liabilities

The Group has no contingent assets or liabilities (2019: £nil).

36. Events after the reporting period

In the period since year end, the COVID-19 global pandemic continued to have a significant impact on the wider UK and global economy.

The Group's operations have not been materially impacted by the Covid-19 pandemic. As mentioned in the strategic report, various measures have been taken by the Directors to mitigate the potential risks and the impact of the Covid-19 outbreak on the business. In the period since the balance sheet date, the Group has seen continued demand from customers for its products and have been able to meet this demand.

The Group also completed its preparations for Brexit, with the UK ending its transition period and formally leaving the EU on 31 December 2020. There were no significant adverse impacts in the weeks leading up to the 31st December and the business moved smoothly into 2021 adjusting to the new administrative requirements with the supply chain functioning robustly throughout.