Company Registration Number: 05624995

Produce Investments Limited

Report and financial statements

For the year ended 31 August 2020

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PRODUCE INVESTMENTS LIMITED
COMPANY INFORMATION

Directors

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A Burt
M Burt
M R Clarke
G M Urmston

Secretary

G M Urmston

Registered office

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PRODUCE INVESTMENTS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Directors present their strategic report and financial statements for the Produce Investments Limited group for the year ended 31 August 2020.

The company's reporting date was changed from 30 June to 31 August during the previous accounting period; therefore, the comparative period in these financial statements represents a 14 month period to 31 August 2019. The company changed its accounting period to align with its parent company.

Review of the business

The Directors report that revenue decreased to £164.8m (including £6.2m in respect of Linwood Crops Limited) compared to £256.4m in the prior period. The reduction in revenue was primarily because the comparative period was a 14 month period, but also because of tougher trading conditions in the group's potato businesses in Greenvale and The Jersey Royal Company. In Greenvale, revenue was impacted by a loss of volume with a major customer reported in the previous financial statements which became effective from September 2019. In The Jersey Royal Company, trading was impacted by unusually severe disruption caused by weather conditions in the Channel Islands in the Spring and early Summer, which impacted farming and harvesting operations, and then by the impact on consumer behaviour and demand in the mainland UK caused by the impact of Covid-19 and the subsequent lockdown. Cost of goods sold of £106.4m, excluding exceptional items, reduced from £171.6m in the prior period, because of the shorter accounting period and lower volume of activity, caused by the factors mentioned above. In addition, there was a moderate increase in unit labour costs as a result of ensuring that working conditions were adjusted to take account of Covid-19 risks.

As a result of the above factors, the group EBITDA was £3.4m, a reduction from the £11.7m reported in the previous 14 month period. The operating loss before exceptional items was £3.2m compared to a £5.1m operating profit in the previous period. Loss before tax in the current year includes an exceptional charge of £0.2m (14 months ended 31 August 2019: £3.5m charge) which has resulted in a loss before tax of £4.2m compared to a profit of £1.5m in the 14 months ended 31 August 2019. Exceptional items include the costs of restructuring the group's operations and redundancies associated with that programme including the final closure of Swancote Foods, offset by the profit on disposal of the group's investments in Linwood Crops Limited. These items are regarded as exceptional by their nature and incidence.

Working capital (Inventories, Biological assets, Trade receivables, and Trade payables) decreased by £4.9m to £14.6m (2019: £19.5m), which is driven mainly by the reduction in the level of operating activity in the Greenvale businesses and the disposal of Linwood Crops.

Property, plant and equipment decreased by £1.1m to £37.8m, as a result of the disposal of the Linwood Crops Limited business, and typical depreciation charges, offset by the continued investment into our businesses by the group.

Net debt increased to £17.1m (2019: £14.8m) as a result of the operating loss during the year, the continued capital investment across the group and pension contributions, offset partially by the proceeds on disposal of investments.

Directors duty to promote the success of the company

The Directors of the company have a duty to promote the success of the company under section 172 of the Companies Act 2006, such duties summarised as follows.

A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

The Directors have fulfilled their duties in this regard through the following means:

- Annual review of the company's strategy (described elsewhere in this report and financial statements), combined with regular review of delivery of this strategy via monitoring of KPIs and the incorporation of strategic objectives and actions into regular performance management meetings and reports,
- Incorporating the company's people at the centre of its strategy, combined with regular and effective employee engagement,
- Maintaining strong and effective relationships, which is critical to the business, with its customers, suppliers and other stakeholders,

- Ensuring that the company uses its position and actions to create positive change for the people and communities with which it interacts,
- Remaining committed to a reputation for high standards of business conduct, and maintaining a culture within the business that values such high standards,
- Remaining engaged, for example by regular meetings, with members of the company.

Principal risks and uncertainties

Covid – 19 impact

The impact of Covid-19 was explained in the previous consolidated statutory accounts, both the actual impacts up to June 2020 and the potential risks and uncertainties foreseen at that time.

The impact of Covid-19 in the year ended 31 August 2020, and into the new financial year ending 31 August 2021, has been mixed across the group. Most of the core operations have continued to operate due to the nature of our business falling into the 'essential business' category. The one exception was the harvesting and selling of UK grown daffodil flowers where the authorities in Scotland incorrectly deemed the operation non-essential and closed it down on the announcement of lockdown on 23 March 2020. The flower season was circa 80% complete by this point so while there was an impact on financial performance it was less significant than it would have been had lockdown happened earlier in the spring. The seasonal pickers were safely repatriated to either their home countries or alternative seasonal businesses such as soft fruit and asparagus farms. This issue should not repeat in the upcoming season as it has been clarified that flower picking can take place as long as Covid-19 protocols are followed.

The potato packing operations witnessed a significant increase in demand at the onset of Covid-19 lockdown, then demand settled down to more normal levels. The potato planting and harvesting operations on the Island of Jersey (Jersey Royals) and the planting operations in the UK also continued as normal albeit with adherence to the social distancing guidelines stipulated by the relevant governments.

The Restrain technology business, based in Breda, The Netherlands, continued to manufacture new generators during the year ended 31 August 2020 at a level that will see it fulfil its order book after the ban of CIPC as a potato sprout inhibitor came into force in Autumn 2020. Again, this is with the adherence to the social distancing guidelines set by the Dutch authorities.

Employee safety has remained a priority in all operations and the business will continue to do everything it can to ensure the health and wellbeing of all employees, while at the same time meeting the demands of our extensive customer base. New ways of working have been implemented, including:

- Regular Covid-19 updates are circulated to all staff, keeping them updated of any changes to working practices and requirements.
- All production sites (including fields) are operating within strict social distancing guidelines. This includes the wearing of appropriate face coverings and similar precautions.
- All non-production employees are working from home. These employees have continued to perform all duties in an efficient and productive way.
- Colleagues defined by Government as 'vulnerable' have been encouraged to self-isolate.
- A ban on travel and direct contact meetings, unless business-critical, is in place with remote meetings facilitated via Microsoft Teams, conference call or similar. These technologies are working well.
- Most third party visitors to production sites have been stopped, and actively discouraged where feasible; and where a visit is necessary, pre-vetting is being undertaken.
- Robust hygiene practices are in place across all production sites; staff have access to washing facilities, sanitising gel and disposable wipes.

The financial functions of the business continue to operate effectively with cash inflow and outflow continuing uninterrupted.

Looking ahead, the Board remains confident about the ongoing viability of the business and while the impact of Covid-19 may lead to operational challenges in future, the Directors do not envisage that the impact will be materially detrimental to the group. The Board will continue to monitor this situation on an ongoing basis.

Other risk areas

Potential risks affecting the group are continuously reviewed as part of our operational risk self-assessment process and actions to mitigate these risks are identified. The key fundamental risks are set out below.

Risk/Uncertainty	Mitigation
Brexit	
The impact following the UK's decision to leave the EU has now been determined with a deal having been agreed. However, whilst this is welcome news, there remains uncertainty as to how this deal will impact our business in practical terms in a number of areas.	The group is closely monitoring the impact of the changes and continues to work closely with the appropriate regulatory bodies and agencies to ensure all opportunities and challenges are equally met.
The increased bureaucracy associated with cross border movements has yet to be understood fully.	We believe our established links to our grower base, coupled with our reputation in supplying top quality traceable crop, may provide opportunities in the post-Brexit era.
How the various food safety bodies and agencies interact over the coming months and years may well have an impact on our agricultural supply base.	In relation to flow of products across the border (the group both imports and exports products from/to the EU), the group has taken all action within its control to ensure that the product flows continue from 1 January 2021 with the minimum of disruption.
Food safety, food crime and bio security will become increasingly important.	
Protecting and having access to a flexible and internationally diverse workforce.	Historically the group has had no issues with employing sufficient labour resources as we have a high retention and return rate in our two seasonal businesses of The Jersey Royal Company and Rowe Farming. We have a long-standing policy of recruiting directly, offering good terms and favourable working conditions. However, recent political pronouncements indicate a very significant reduction in the number of seasonal workers accessing the UK is a threat to the group, and the group continues to lobby in an attempt to influence this position. Jersey States have sensibly distanced themselves from the UK stance and will continue to allow access to seasonal labour.

Risk/Uncertainty	Mitigation
Interruption or failure of IT system	
Failure to maintain stable business systems in respect of both technical infrastructure platform and operating applications that serve the business requirements.	The group has invested substantially in IT systems. The group's hardware infrastructure (servers) is outsourced to an external third party. This includes disaster recovery contingencies and arrangements with the external provider that allow any possible disruption to be limited and therefore minimise any adverse operational impact. Periodic reviews and tests are undertaken to ensure any manual operating procedures are up to date and effective to ensure the minimum amount of disruption should IT systems become unavailable for a lengthy duration. Robust systems with necessary and appropriate back-up procedures are in place at both third-party providers and on-site. Experienced internal and external support for hardware, and external support for operating systems, are available.
Cyber crime	
Failure to adequately protect the business from cybercrime. At present, the group's main exposure to cybercrime is the misappropriation of data and cash. Cybercrime is an ever-evolving landscape and it is therefore necessary to have multi layers of protection and implement multi-level protection.	The group has invested, and continues to invest, in a significant IT transformation programme to improve both infrastructure and security. In addition, the core business application solution Microsoft Dynamics NAV ("NAV") has been redesigned and upgraded, which brings additional controls and procedures as standard. Further developments in NAV will follow in future. The Board expects such developments to provide further mitigation of the risks of cyber-crime. The security of the group's IT equipment is regularly reviewed. All equipment is installed with anti-virus/malware software designed to maximise protection. All equipment is regularly updated with leading anti-virus software. All inbound emails are subjected to multivendor scan before being allowed into our network. Our cloud-based infrastructure is protected by our Cloud provider's choice of anti-virus software. Policies and procedures are continuously reviewed and updated to cover the evolving landscape with appropriate communication and updates installed in real time.

Risk/Uncertainty	Mitigation
Impact of adverse weather	
The group's operations are influenced by the volume and quality of the UK potato crop.	The geographically diverse spread of third-party procurement and the group's own growing operations, covering the main potato growing regions of the UK, reduces the risk to the group of crop failure in any specific region.
In the event of a poor UK potato crop owing to adverse weather conditions, the group is likely to suffer from an increased price for a proportion of its potato supplies.	
The group's exposure to adverse weather conditions is increased due to its own growing operations, including Rowe Farming and Jersey Royals grown in Jersey.	There is some exposure to price volatility albeit more potato volume is now contracted with many of these contracts being supported by key customers. Daffodils are slightly less susceptible to variances in growing conditions, but the harvest can be impacted when conditions make it difficult for manual pickers to operate.
Staff recruitment, development and retention	
Our people are our biggest asset and are key to the future success of the group.	The group has a rolling development programme in place to allow employees to improve learning and skills and to facilitate career progression. Individual performance reviews and assessments are routinely undertaken with all managers across the group which focuses on individual development plans. Succession plans are in place and regularly reviewed for key management.
The loss or failure to attract, develop and retain key individuals and staff would have a detrimental effect on the group's ability to operate and achieve its strategic objectives.	The group also has several incentive schemes in place linked to performance criteria for both business unit and the group which are designed to be competitive and help retention of key individuals.
	Regular reviews are undertaken to benchmark "total benefits" against external market environment to ensure these remain competitive.
Debt funding availability and liquidity	
The group's strategic objective is to grow and develop the group, which might require increased debt funding and, in any event, relies on the continued availability of sufficient liquidity. This could be affected by prolonged periods of market volatility or lack of liquidity in credit markets.	Regular and on-going dialogue is maintained with existing and potential funders to ensure that appropriate levels of funding are available based on the current market conditions. The group seeks to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. The group also manages liquidity risk via revolving credit facilities and long-term debt. For significant, sustained debts the group will consider fixing interest rate payments using interest rate swaps and caps, pending commercial terms available in the market.
Due to the inherent volatility in the results of the group mainly from its growing operations, compliance with banking covenants can be a risk.	The group mitigated near-term liquidity risks by refinancing the group's main debt facilities with HSBC in May 2020. After the year end, the group further improved the flexibility and cost of its liquidity by arranging a new £5m overdraft facility within the terms of its existing revolving credit facility.

Risk/Uncertainty	Mitigation
Competition	
The group operates in a highly competitive market.	The group continually monitors and reviews market prices and undertakes regular customer reviews to ensure required service levels are being achieved. There is a constant pipeline of innovation within the product range as well as new product development meetings with all key customers. We continue to focus and review operational efficiencies to ensure that the group remains competitive in challenging market conditions.

Going concern

Funding requirements for the group are reviewed on a regular basis by the group's Chief Executive Officer and Chief Financial Officer and are reported to the Board at each Board meeting, as well as on an ad hoc basis, if requested. The current analysis has been prepared through to 30 June 2022 and takes into account that the Group renewed and extended its banking facilities with HSBC on 7 May 2020 for a period of 3 years.

The COVID-19 pandemic has affected most businesses during 2020. The impact of this on our group has been explained within this Strategic Report. In the year ended 31 August 2020, Covid-19 had a substantial impact on the group via the effect on demand for Jersey Royal potatoes, given the change in consumer behaviour and spending patterns during the lockdown, combined with the negative impact on timing of the crop caused by the weather in the Channel Islands. Neither effect is expected to repeat: first, because the weather patterns in Jersey were particularly extreme; second, because the changes in consumer shopping habits (with regard to impulse purchases and heavily-promoted items) are not expected to repeat in 2021.

Further, given the essential nature of the majority of the group's products, and the industry itself, the Directors believe that the group is better placed than many other businesses to cope with the impact of the virus.

The group's forecasts have been updated to reflect the impact of COVID-19. In addition, downside scenarios have been modelled reflecting business interruption risks mainly associated with labour availability. Significant headroom remains in terms of liquidity and against financial covenants under the scenarios modelled, particularly after the group's bank confirmed its ongoing support by relaxing the financial covenant tests for the current financial year.

In summary, the Directors have considered their obligations in relation to the assessment of the going concern basis for preparation of the financial statements of the group and the company and have reviewed the current budget, cash forecasts and assumptions, as well as the main risk factors facing both the group and company as set out in this strategic report. Based on this review they have concluded that the group and the Company will be able to continue trading as a going concern, discharge its debts as they fall due, and ensure that the group and company are able to meet their contractual obligations to their clients. They have therefore concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Key performance indicators

The Board assesses performance using several financial and non-financial key performance indicators (KPIs). These are regularly reviewed as to their appropriateness and measured continuously to monitor performance and comparative efficiencies across the group.

The principal financial KPIs monitored by the Board are the group EBITDA (operating profit before interest and similar charges, tax, depreciation and amortisation, and before exceptional items) and operating profit. This enables the Board to monitor overall segment profitability. Profitability of the business is considered further in the review of the business at the start of the strategic report.

Non-financial KPIs are principally related to volumes measures of sales. Overall total volumes of potatoes sold in the year decreased by 27% to 431,000 tonnes (14 month period ended 31 August 2019: 586,000 tonnes) because of the longer comparative period (14 months) and the impact of competitive pressures in the Greenvale business and the impact of Covid-19 on impulse purchases, which disproportionately affected the Jersey Royal business. Overall total volume of bunches of daffodils sold in the Rowe business decreased by 10% to 39,600 bunches (14 month period ended 31 August 2019: 44,200 bunches).

Approved on behalf of the Board

A Armstrong
Director
26 May 2021

PRODUCE INVESTMENTS LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

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

Principal activities

The principal activities of the group are the growing, sourcing, packing and marketing of fresh potatoes, daffodil bulbs and flowers, and the supply of Restrain storage and ripening technology to growers and processors. The principal activity of the company is that of a holding company.

Future developments

The 2020 potato harvest is now successfully completed and the UK potato crop has yielded an estimated 5.4m tonnes which sees supply and demand reasonably well matched. The group's UK growing business has had a successful season with decent yields and good quality overall, and with the majority of the crop on fixed price contracts the group remains confident about the performance of this business.

The Restrain business, with its potato storage technology, is now taking advantage of changes in EU and UK legislation whereby the Annex I approval for its main competitor technology, CIPC, has been withdrawn. During the 2020/21 season CIPC can no longer be used to support the storage of potatoes so Restrain is now working with an enlarged grower base to provide a viable and economically efficient alternative.

The group has continued to develop its new software platform Crop4sight, a technology which is proven to provide accurate crop development predictions and yield data. The system has been rolled out commercially during the 2020 growing season and has assisted growers maximise the marketable yield of their crops and provide supply chain companies with cumulative yield and size fraction data from a large variety of crops. Further enhancements to the Crop4sight technology are now in development and these will improve the user insights and experience during the 2021 growing season.

Post balance sheet events

On 8 September 2020, Rowe Farming Limited completed a joint venture, UK Daffodils Limited, with JZ Flowers International Limited. Rowe Farming Limited will contribute to the new joint venture its export business in daffodils, via contracts and sales agreements in the future. The export daffodil sales of Rowe Farming Limited will be sold to the joint venture company; JZ Flowers International Limited will provide the export packing facility and will contribute its own daffodil export business and administer the joint venture company on a day-to-day basis. Both parties will have responsibility for crop procurement. The joint venture is owned 50/50 by the joint venture partners and each party will retain all existing assets, liabilities, operations and employees relating to its business.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Executive Directors:

A Armstrong
A Burt
M Burt
M R Clarke
G M Urmston

Results and dividends

The loss after tax for the year was £3.810,000 (14 months ended 31 August 2019: profit after tax £3,211,000).

The Directors declared and paid a dividend of £1,896,000 during the year (14 months ended 31 August 2019: £621,000).

Research and development

Research continues in three major areas: developing new and improved potato varieties with increased resistance to diseases in conjunction with the James Hutton Institute; treatments and products to assist in the storage of potatoes and the development of crop prediction technology which will provide accurate crop data for growers and processors alike.

Employee involvement and engagement

The Directors recognise the benefits which arise from keeping employees informed of the group's progress and through their participation in the group's performance. The group is therefore committed to provide its employees with information on a regular basis and, to consult them so that their views may be taken into account in making decisions which may affect their interests and to encourage their participation in schemes through which they will benefit from the group's progress and performance improvement.

One means of engaging with employees is a regular business update, open to all employees, to enable employees to engage directly with the business, its directors and senior management, understand business performance and strategy and to ask questions of, and make comments to, senior personnel. The group also conducts regular staff surveys and employs similar feedback and consultation processes to ensure that employee interests are considered in decision-making. This resulted in employee welfare and feedback responses influencing the group's efforts to redesign working practices during the Covid-19 pandemic.

The company places people at the heart of its strategy, such that the contribution of its people, and its impact on employees, is critical to forming strategy.

Directors and Officers insurance

The group has purchased insurance against Directors and Officers liability for the benefit of the Directors and Officers of the group (including its subsidiaries).

Disabled persons

It is the group's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities are based on a realistic assessment of their aptitudes and abilities. Wherever possible, the group will continue the employment of persons who become disabled during their employment with the group through retraining, acquisition of special aids/equipment or the provision of alternative employment.

Streamlined Energy and Carbon Reporting (SECR)

The Directors of the company consider their energy and climate change obligations, in relation to reducing energy use and carbon emissions, as critical to the company's values and strategy.

The Directors have implemented a programme of measures, known as "Green20", which has the objectives to: first, reduce greenhouse gas (GHG) emissions by 30% by the end of 2020 from the base year 2014; and, second, to obtain 35% of energy from renewable sources by the same time.

The company has implemented numerous energy efficiency actions during the year ended 31 August 2020. In the mainland UK businesses, these include the optimisation of the temperature of chilled water that passes through the processing plants at both main sites in the Greenvale business and the installation of LED lighting upgrades across numerous sites.

The group's energy and carbon use are driven by the Greenvale businesses, which accounts the substantial majority of the group's revenue, activities and operations. Therefore, the energy and carbon use key metrics are driven by the Greenvale businesses, and are as follows:

Energy consumption and associated CO2 emissions	12 mths 31/08/2020	12 mths 31/08/2019	Change Volume	Change %
Consumption				
Total Energy consumption (electricity) (kWh)	6,688,529	9,732,878	(3,044,349)	(31.3%)
Total renewable Electricty generated/consumed	2,990,978	2,746,937	244,041	8.9%
Total Energy consumption (Nat gas and LPG) (kWh)	3,401,716	10,877,634	(7,475,918)	(68.7%)
Total Energy Consumption, incl. vehicles (Gas oil, Kerosene) (Litres)	871,370	1,010,563	(139,193)	(13.8%)
Emissions				
Total Annual Gross Emissions (TCO2e)	4,583	7,326	(2,743)	(37.4%)
Annual GHG intensity measure (TCO2/Tonne)				
GHG emissions TCO2e/Tonne	0.025	0.028	(0.003)	(10.7%)

Note: the company reports a large reduction in energy consumption of natural gas and LPG in the year ended 31 August 2020 partly because of the closure of the Swancote processing operation.

The methodology used to record this data is from invoices from energy suppliers and comparing data across periods using historical profiles. Energy and fuel consumption has been converted to carbon (TCO2e) using the DEFRA published conversion factors. Fuel for Transportation has been converted using statistical data sets published by Department of Transport.

Financial risk management, objectives and policies

The group operates treasury policies to ensure no unnecessary risks are taken with the group's assets. The Board considers the primary risks relate to credit risk and liquidity risk.

Credit risk

The group had long established policies and procedures for controlling customer credit risk. Credit limits are established for all customers based on internal rating criteria, and by reference to an external credit rating agency, and are regularly reviewed and updated in accordance with the customer's latest financial position.

Liquidity risk

Liquidity risk refers to the risk that the group may not be able to fund its day to day payment obligations as they fall due. The group manages liquidity risk by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The group also monitors the drawdown of debt against the available banking facilities and reviews the level of reserves.

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor was unaware. Each of the Directors have confirmed that they 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 it has been communicated to the auditor.

Auditor

RSM UK Audit LLP, Statutory Auditor, has indicated its willingness to continue to act as auditor.

Approved on behalf of the Board

Gary Urmston

G Urmston
Director
20 May 2021

PRODUCE INVESTMENTS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

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

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

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 those financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company 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 corporate and financial information included on the Produce Investments Limited website at www.produceinvestments.co.uk.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

PRODUCE INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRODUCE INVESTMENTS LIMITED
FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the financial statements of Produce Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://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.

RSM UK Audit LLP

MICHAEL THORNTON (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Fifth Floor, Central Square
29 Wellington Street
Leeds
LS1 4DL

26 May 2021

PRODUCE INVESTMENTS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

		Year ended 31 August 2020			14 month period ended 31 August 2019		
	Notes	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Turnover	3	164,769	-	**164,769**	247,407	8,944	**256,351**
Cost of sales		(106,411)	-	**(106,411)**	(167,278)	(4,348)	**(171,626)**
Gross profit		58,358	-	**58,358**	80,129	4,596	**84,725**
Administrative expenses		(61,536)	-	**(61,536)**	(74,221)	(5,410)	**(79,631)**
Operating (loss) / profit before exceptional items		(3,178)	-	**(3,178)**	5,908	(814)	**5,094**
Exceptional items	11	(208)	-	**(208)**	(2,041)	(1,395)	**(3,436)**
Operating (loss)/ profit		(3,386)	-	**(3,386)**	3,867	(2,209)	**1,658**
Interest payable and other similar expenses	8			**(920)**			**(816)**
Interest receivable and other similar income	9			**73**			**-**
Fair value adjustment in respect of trade investment	18			**30**			**668**
Share of result of associate	18			**(12)**			**-**
(Loss) / profit before tax	10			**(4,215)**			**1,510**
Taxation	13			**404**			**1,701**
(Loss) / profit after tax				**(3,811)**			**3,211**
Attributable to:							
Owners of the parent				**(4,097)**			**2,588**
Non-controlling interests				**286**			**623**
				(3,811)			**3,211**

PRODUCE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Year ended 31 August 2020 £'000	14 month period ended 31 August 2019 £'000
(Loss) / profit for the period		(3,811)	3,211
Other comprehensive income:			
Actuarial (loss) in respect of pension scheme	7	(1,727)	(4,889)
Deferred tax movement on actuarial gain	13	328	831
Other comprehensive income for the period		(1,399)	(4,058)
Total comprehensive income for the period		(5,210)	(847)
Attributable to:			
Owners of the parent		(5,496)	(1,470)
Non-controlling interests		286	623
		(5,210)	(847)

PRODUCE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	31 August 2020 £'000	31 August 2019 £'000
FIXED ASSETS			
Goodwill	15	4,548	5,135
Other intangible assets	16	25	35
Total intangible assets		4,573	5,170
Tangible fixed assets	17	37,831	38,966
Investments	18	201	974
		42,605	45,110
CURRENT ASSETS			
Stocks	21	5,938	6,508
Biological assets	22	8,754	8,745
Debtors due within one year	23	19,394	24,113
Cash at bank and in hand		3,946	5,317
		38,032	44,683
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	24	(21,122)	(29,923)
NET CURRENT ASSETS		16,910	14,760
TOTAL ASSETS LESS CURRENT LIABILITIES		59,515	59,870
Creditors: amounts falling due after more than one year	25	(18,186)	(11,725)
Provisions for liabilities	27	-	-
NET ASSETS EXCLUDING PENSION LIABILITY		41,239	48,145
Defined benefit pension scheme liability	7	(11,123)	(9,822)
NET ASSETS INCLUDING PENSION LIABILITY		30,206	38,323
CAPITAL AND RESERVES			
Called up share capital	29	-	293
Share premium account	30	-	24,224
Merger reserve	30	4,001	4,001
Profit and loss reserves	30	25,329	8,273
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		29,330	36,791
NON-CONTROLLING INTERESTS		876	1,532
TOTAL EQUITY		30,206	38,323

The financial statements on pages 15 to 49 were approved by the board of directors and authorised on and signed on its behalf by:

26/5/21

G Urmston
Director

PRODUCE INVESTMENTS LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	31 August 2020 £'000	31 August 2019 £'000
FIXED ASSETS			
Investments	19	48,509	49,346
		48,509	49,346
CURRENT ASSETS			
Debtors due within one year	23	18,999	20,922
Cash at bank and in hand		469	5
		19,468	20,927
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	24	(29,544)	(36,785)
NET CURRENT LIABILITIES		(10,076)	(15,858)
TOTAL ASSETS LESS CURRENT LIABILITIES		38,432	33,488
Creditors: amounts falling due after more than one year	25	(17,001)	(11,000)
NET ASSETS		21,432	22,488
CAPITAL AND RESERVES			
Called up share capital	29	-	293
Share premium account	30	-	24,224
Profit and loss reserves	30	17,431	(6,030)
Merger reserve	30	4,001	4,001
Other reserve	30	-	-
TOTAL EQUITY		21,432	22,488

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's profit for the period and total comprehensive income was £841,000 (14 months ended 31 August 2019: loss of £1,358,000).

The financial statements on pages 15 to 49 were approved by the board of directors and authorised on 26/5/21 and signed on its behalf by:

Gary Urmston

G Urmston
Director

PRODUCE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Called up share capital *(Note 29)* £'000	Share premium account *(Note 30)* £'000	Merger reserve *(Note 30)* £'000	Profit and loss reserves *(Note 30)* £'000	Total controlling interests £'000	Non-controlling interest £'000	Total Equity £'000
At 1 July 2018		274	22,098	10,228	4,060	36,660	1,139	37,799
Profit for the year		-	-	-	2,588	2,588	623	3,211
Other comprehensive income:								
Actuarial gain in respect of pension scheme	7	-	-	-	(4,889)	(4,889)	-	(4,889)
Deferred tax on actuarial gain	13	-	-	-	831	831	-	831
Total comprehensive income for the year		-	-	-	(1,470)	(1,470)	623	(847)
Transactions with owners:								
New shares issued during year	29	19	2,126	-	-	2,145	-	2,145
Share-based payment transactions	6	-	-	-	138	138	-	138
Transfer of merger reserve				(6,227)	6,227	-	-	-
Equity dividends paid	14	-	-	-	(682)	(682)	(230)	(912)
At 1 September 2019		**293**	**24,224**	**4,001**	**8,273**	**36,791**	**1,532**	**38,323**
Loss for the year		-	-	-	(4,097)	(4,097)	286	(3,811)
Other comprehensive income:								
Actuarial loss in respect of pension scheme	7	-	-	-	(1,727)	(1,727)	-	(1,727)
Deferred tax on actuarial loss	13	-	-	-	328	328	-	328
Total comprehensive income for the year		-	-	-	(5,496)	(5,496)	286	(5,210)
Transactions with owners:								
Share re-organisation during year	29	(293)	(24,224)	-	24,516	-	-	-
Disposal of interests during the year		-	-	-	(69)	(69)	(942)	(1,011)
Equity dividends paid	14	-	-	-	(1,896)	(1,896)	-	(1,896)
At 31 August 2020		-	-	4,001	25,329	29,330	876	30,206

PRODUCE INVESTMENTS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Called up share capital *(Note 29)* £'000	Share premium account *(Note 30)* £'000	Profit and loss reserves *(Note 30)* £'000	Merger reserve *(Note 30)* £'000	Other reserve *(Note 30)* £'000	Total £'000
At 1 July 2018		274	22,098	(10,559)	10,228	342	22,383
Loss and total comprehensive income for the period		-	-	(1,358)			(1,358)
Transfer of merger reserve	30	-	-	6,227	(6,227)	-	-
Transactions with owners:							
New shares issued during year	29	19	2,126	-	-	-	2,145
Transfer of other reserve	29	-	-	342	-	(342)	-
Equity dividends paid	14	-	-	(682)	-	-	(682)
At 1 September 2019		**293**	**24,224**	**(6,030)**	**4,001**	**-**	**22,488**
Profit and total comprehensive income for the year		-	-	841	-	-	841
Transactions with owners:							
Share re-organisation during year	29	(293)	(24,224)	24,517	-	-	-
Equity dividends paid	14	-	-	(1,896)	-	-	(1,896)
At 31 August 2020		**-**	**-**	**17,431**	**4,001**	**-**	**21,432**

PRODUCE INVESTMENTS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

	Year ended 31 August 2020 £'000	Period ended 31 August 2019 £'000
OPERATING ACTIVITIES		
(Loss) / profit after tax for the period	(3,810)	3,211
Adjustments to reconcile (loss) / profit after tax for the period to net cash flow from operating activities:		
Depreciation of tangible fixed assets	6,008	5,999
Amortisation of intangible assets	615	680
Other exceptional items	(27)	1,847
(Gain) on disposal of tangible fixed assets	(200)	(155)
Interest payable and other similar expenses	-	816
Difference between pension contributions paid and amounts recognised in profit and loss	(602)	(231)
Interest receivable and other similar income	(73)	-
Share of result of associates	12	(668)
Taxation	732	(1,700)
	2,656	9,799
Movements in working capital:		
Decrease in trade and other debtors	1,404	15,302
Decrease / (increase) in stock and biological assets	561	5,753
(Decrease) in trade and other creditors	(6,903)	(10,024)
Cash flows generated from operating activities	**(2,281)**	**20,830**
Income taxes paid	(50)	(865)
Net cashflow from operating activities	**(2,331)**	**19,965**
INVESTING ACTIVITIES		
Proceeds on disposal of tangible fixed assets	946	1,381
Purchase of tangible fixed assets	(4,666)	(8,542)
Proceeds on disposal of businesses (net of cash disposed)	3,789	-
Net cash used in investing activities	**69**	**(7,161)**
FINANCING ACTIVITIES		
Bank loans repaid during the period	(2,250)	(2,875)
Invoice finance movement during the period	(4,409)	(9,905)
New bank loans during period	8,250	713
Hire purchase financing	43	(250)
Interest paid	(744)	(666)
Dividends paid	-	(912)
Net cash used in financing activities	**891**	**(13,896)**
Net decrease in cash and cash equivalents	(1,371)	**(1,092)**
Cash and cash equivalents at beginning of period	5,317	6,409
Cash and cash equivalents at end of period	**3,945**	**5,317**

1 Accounting policies

General information

The Company is a private company limited by shares and is registered and incorporated in the UK. Its registered office is 7 The Forum, Minerva Business Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FT.

The Company and its subsidiaries is a leading operator in the fresh potato and daffodil sectors. The group has vertically integrated activities covering seed and bulb development, seed and bulb production, farming, processing/packing, and supply of produce to the major retailers. The company's subsidiaries are listed in note 20.

Rounding

The financial statements and notes to the financial statements are rounded to the nearest £000. As a result, tables in these financial statements may not cast due to rounding.

Basis of preparation

These company and group financial statements have been prepared in accordance with FRS 102 'The Financing Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008. The financial statements have been prepared under the historical cost convention modified to include certain financial instruments at fair value. The financial statements are prepared in sterling (£) and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

Reduced disclosures

In accordance with FRS 102, the company has taken advantage of exemptions from following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measures at amortised cost or cost less impairment; interest income/expense and net gains/losses for financial instruments measured at amortised cost, loan defaults or breaches, and descriptions of hedging relationships.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Reporting Period

The company's accounting reference date changed from 30 June to 31 August during the period ended 31 August 2019. Consequently, the previous financial statements were presented for the 14 month period ended 31 August 2019. The prior period financial statements presented in these accounts are the 14 month period ended 31 August 2019. Therefore, the comparatives presented in the financial statements (including related notes) are not entirely comparative.

Basis of consolidation

The consolidated financial statements incorporate those of the company and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 August.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated on consolidation unless the transaction provides evidence of an impairment of the asset transferred.

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

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Any non-controlling interest in the acquiree is recognised at the non-controlling interest's share of the acquiree's net identifiable assets, liabilities and provisions for contingent liabilities recognised at the acquisition date.

1 Accounting policies (continued)

Provisional fair values

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Loss of control

A subsidiary is no longer consolidated when control is lost. The difference between any disposal proceeds and the carrying amount of the subsidiary's net assets (including related goodwill) is recognised in profit or loss as a gain or loss on disposal.

Change in interest where control is not obtained or lost

Where an interest in a subsidiary is increased or reduced, but control is not obtained or lost, the difference between the fair value of any consideration paid or received and the change to the non-controlling interest is recognised directly in equity and attributed to owners of the parent.

Company statement of comprehensive income

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income as it prepares group accounts and the company's individual statement of financial position shows the company's profit or loss for the financial period.

Going Concern

Funding requirements for the Group are reviewed on a regular basis by the Group's Chief Executive Officer and Chief Financial Officer and are reported to the Board at each Board meeting, as well as on an ad hoc basis, if requested. The current analysis has been prepared through to 30 June 2022 and takes into account that the Group renewed and extended its banking facilities with HSBC on 7 May 2020 for a period of 3 years.

The COVID-19 pandemic has affected most businesses during 2020. The impact of this on our Group has been explained within this Strategic Report. In the year ended 31 August 2020, Covid-19 had a substantial impact on the group via the effect on demand for Jersey Royal potatoes, given the change in consumer behaviour and spending patterns during the lockdown, combined with the negative impact on timing of the crop caused by the weather in the Channel Islands. Neither effect is expected to repeat: first, because the weather patterns in Jersey were particularly unusual; second, because the changes in consumer shopping habits (with regard to impulse purchases and heavily-promoted items) are not expected to repeat in 2021.

Further, given the essential nature of the majority of the Group's products, and the industry itself, the Directors believe that the Group is better placed than many other businesses to cope with the impact of the virus.

The Group's forecasts have been updated to reflect the impact of COVID-19. In addition, downside scenarios have been modelled reflecting business interruption risks mainly associated with labour availability. Significant headroom remained in terms of liquidity and against covenants under the scenarios modelled, particularly after the financial covenant tests have been substantially relaxed for the forthcoming financial year.

In summary, the Directors have considered their obligations in relation to the assessment of the going concern basis for preparation of the financial statements of the Group and the Company and have reviewed the current budget, cash forecasts and assumptions, as well as the main risk factors facing the both the Group and Company as set out in this strategic report. Based on this review they have concluded that the Group and the Company will be able to continue trading as a going concern, discharge its debts as they fall due, and ensure that the Group and Company are able to meet their contractual obligations to their clients. They have therefore concluded that it remains appropriate to prepare the financial statements on a going concern basis.

1 Accounting policies (continued)

Foreign currency

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the group entities in their respective functional currency at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange ruling at the reporting date. All differences are taken to profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the initial transactions and not subsequently re-translated. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated using the exchange rate at the date when the fair value is determined.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes (e.g. Value Added Tax) or duty. The group assesses its turnover arrangements against specific criteria to determine if it is acting as principal or agent. The group has concluded that it is acting as a principal in all of its turnover arrangements.

The following specific recognition criteria must also be met before turnover is recognised:

- Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Usually the risks and rewards of ownership transfer on despatch of the goods, however, for some customers, the risks and rewards of ownership pass to the buyer when the goods arrive with the buyer. Turnover from the sale of potatoes, daffodil flowers and bulbs to retailers and processors, is recognised on despatch. Turnover from the sale of seed potatoes is recognised on confirmed delivery. Given that goods are principally fresh food products that arrive with the buyer within hours of despatch, the date of despatch and the date of arrival are typically the same.
- Royalty income in relation to the right to use certain group technology assets is on an accruals basis in accordance with the substance of the relevant agreement.
- Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. Rentals paid in advance are recognised as deferred income.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense as incurred.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies (continued)

Pensions and other post-employment benefits

The group operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund. From 31 October 2007 the defined benefit plan ceased to accrue benefits going forward and accordingly there are no current service costs. The group will continue to fund the scheme to ensure that it can meet its obligations. The cost of providing benefits under the defined benefit plan is determined using the Projected Unit Credit method, calculated by an independent actuary every three years, and updated on an annual basis. Actuarial gains and losses are recognised directly in equity and included as part of other comprehensive income.

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised.

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and actuarial gains and losses not yet recognised, less the fair value of plan assets out of which the obligations are to be settled. Plan assets are not available to the creditors of the group, nor can they be paid directly to the group. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Asset fair values are based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

In addition to the defined benefit plan, the group operates a stakeholder scheme and a personal pension plan. These are both defined contribution schemes. Contributions payable into these schemes during the period are charged to profit and loss as they fall due. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the group intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries and associates, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

1 Accounting policies (continued)

Exceptional items

The group presents as exceptional items on the face of the income statement those material items of income and expense which, because of their nature and incidence of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in that year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

Intangible assets – goodwill

Goodwill is initially measured at cost being the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity in the acquiree, over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill, is capitalised and written off evenly over 10 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

Intangible assets – other than goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred. All intangible assets of the group are assessed as having finite lives.

Intangible assets are amortised over their useful economic life. The amortisation period and method is reviewed at least at each period end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Amortisation of the asset begins when development is complete and the asset is available for use. Such assets are amortised straight line over 5 years, being the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Patents and licences

Patents are the accumulated costs of applying for patents in the UK. An amortisation period of 5 years (straight line) is used as a conservative estimate of the length of effectiveness of the patent.

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assts are initially measured at cost and subsequently measured at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Cost includes the cost of replacing part of the asset and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of assets are required to be replaced in intervals, the group recognises such parts as individual assets with specific useful lives and depreciation rates. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Buildings	4 to 50 years
- Plant and equipment	5 to 15 years
- Fixtures and fittings	2 to 10 years
- Land	Not depreciated

Assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date and adjusted prospectively, if appropriate.

Impairment of fixed assets including goodwill

At each reporting date, the group reviews the carrying amounts of its fixed assets including goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Impairment losses on goodwill are never reversed.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

1 Accounting policies (continued)

Group as a lessee

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit and loss. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an expense in profit and loss on a straight line basis over the lease term.

Group as a lessor

Leases where the group does not transfer substantially all the risks and benefits incidental to ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Investments in subsidiaries and associates - company

In the separate accounts of the company, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less accumulated impairment losses. Interests in subsidiaries and associates are assessed for impairment at each reporting date. Any impairment loss or reversals of impairment losses are recognised immediately in profit or loss.

Investments in associates

An associate is an entity over which the group exerts significant influence. In the group accounts, associates are accounted for using the equity method. Under the equity method, the investment in the associate is carried in the statement of financial position at cost, plus post-acquisition changes in the group's share of net assets of the associate. The amount recognised in profit and loss reflects the group's share of the results of the associate. Losses in an associate in excess of the carrying amount of the investment in that associate are not recognised unless the group has incurred obligations or has made payments on behalf of the associate, in which case a provision is recognised. Unrealised gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the interest in the associate. Where necessary, adjustments are made to bring the accounting policies of the associate into line with these used by the group. Dividends received from the associate reduce the carrying amount of the investment.

The share of result of associates is shown on the face of the statement of comprehensive income.

Other investments

Trade investments are equity investments over which the group has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit and loss when transaction costs are expensed to profit and loss as incurred. Trade investments are subsequently measured at fair value through profit and loss, or cost less impairment if fair value cannot be measured reliably. The fair value of trade investments quoted on a recognised stock exchange is the quoted bid price. The fair value of unlisted investments is measured using valuation techniques which include turnover multiple, earnings multiple, net assets or discounted cash flows, as appropriate, based on the nature and circumstances of the investment.

Stocks

Stocks are carried at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials - purchase cost on a first in, first out basis.
- Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1 Accounting policies (continued)

Biological assets and agricultural produce

The group's operations include activities which are agricultural in nature and are subject to the recognition, measurement and disclosure requirements of FRS 102 Section 34 – 'Specialised Activities'. The group has identified its potato and daffodil bulb crops in the ground as biological assets and applies the cost model. Under the cost model, biological assets are recognised at cost less any accumulated impairment losses. Agricultural produce harvested from the group's biological assets is measured at the point of harvest at the lower of cost and estimated selling price less costs to complete and included in stock.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Financial Instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 in full, to all its financial instruments.

Recognition and measurement of financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors and other debtors (including accrued income) are initially measured at the transaction price including transaction costs and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Financial liabilities

Trade creditors and other creditors (including accruals) are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

1 Accounting policies (continued)

Borrowings

Borrowings which include bank loans are initially recognised at transaction price, including transaction costs and subsequently measured at amortised cost using the effective interest method. Under the effective interest method, the interest expense is recognised at the effective interest rate which is the rate that exactly discounts future discounted payments through the expected life of a loan and is included in interest payable and other similar expenses.

Derivatives

Derivatives, including foreign currency forward contracts and options to acquire property, are initially recognised at fair value on the date the derivative contact is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss.

Derecognition

A financial asset (or part thereof) is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some (but not substantially all) risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

2 Judgements and key sources of estimation uncertainty

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

Critical accounting estimates and assumptions

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

Biological assets are carried on the balance sheet at cost and are analysed in note 22 between potato crops and daffodil bulb crops. The cost of daffodil bulbs relates to bulbs planted and farmed over multiple periods. The cost of planting and farming the related daffodil bulb is therefore the subject of estimation. The Directors believe that the life cycle of a bulb's daffodil production varies depending on variety. Accordingly, costs incurred on daffodil production are spread for up to 10 years, in line with the expected economic benefit of those costs. Potato crops are also stated at cost. They only relate to the current season with the exception of seed stock farmed in Jersey for subsequent periods of production. Determining the cost of the Jersey seed stock is also subject to estimation as the Directors have to allocate costs of farming in Jersey between the current year harvest and the maintenance of seed stock for future periods.

The measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate. Defined benefit pension obligations at the reporting date were valued at £11.1m (2019: £9.8m) - see note 7 for further details.

Critical areas of judgement

The group reviews whether intangible assets are impaired on an annual basis, this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate. No impairment charge or impairment reversal was recognised in the current year, nor in the previous period. Intangible assets at the reporting date had a carrying value of £4.6m (2019: £5.1m) - see notes 15 and 16 for further details.

3 Turnover

An analysis of the group's turnover by class of business is as follows:

	Year ended 31 August 2020 £'000	14 months ended 31 August 2019 £'000
Fresh	129,344	195,555
Processing	-	8,944
Agri-Tech	4,687	2,882
Other	30,738	48,971
	164,769	256,351

The Agri-Tech segment is a new segment disclosed for the year ended 31 August 2020. Agri-Tech relates to the Crop4Sight, PSOL (professional services) and Restrain businesses within the group. These businesses provide value-added, technology-led services to customers that have a different risk-reward profile to the remainder of the group.

An analysis of the geographical location of the group's turnover is as follows:

	Year ended 31 August 2020 £'000	14 months ended 31 August 2019 £'000
United Kingdom	148,655	238,666
EU countries	10,088	12,188
Rest of the world	6,026	5,497
	164,769	256,351

4 Employees

The average number of persons (including Directors) employed by the group during the period was:

	2020 Number	2019 Number
Production and warehouse	784	1,026
Management and administration	145	168
	929	1,193

The aggregate payroll costs of the above were:

	2020 £'000	2019 £'000
Wages and salaries	30,538	45,105
Social security costs	2,431	3,188
Pension costs	1,102	1,163
Share based payment expense	-	138
	34,071	49,594

Wages and salaries costs include agency labour amounting to £2,414,000 (14 months ended 31 August 2019: £4,952,000).

5 Directors' remuneration

The aggregate amount of remuneration paid to directors, who are considered to be the only key management personnel, by the group during the period was:

	Year ended 31 August 2020 £'000	14 months ended 31 August 2019 £'000
Emoluments for qualifying services	727	755
Social security	70	115
Non-executive directors' fees	-	90
	797	960

There was one Director (2019: no Directors) in the current year that was (were) accruing retirement benefits.

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	Year ended 31 August 2020 £'000	14 months ended 31 August 2019 £'000
Emoluments for qualifying services	347	332
Social security	43	53
Pension costs	-	-
	391	385

The Directors did not receive any remuneration from the company for their services to the company in the current year or prior period. The company is unable to separately identify the proportion of the remuneration the Directors receive from other group companies that is attributable to their services performed in the company.

During the year no directors (2019: two directors, including the highest paid director), exercised share options.

6 Share-based payments

The group has previously operated a number of incentive schemes, all of which terminated at the time when the group was acquired in 2018. For details of these schemes, please refer to previous accounts. No further share-based incentive schemes exist within the group or company.

7 Retirement benefits

Group

The group operates a defined contribution stakeholder scheme and personal pension plan for various employees, the assets of which are held separately from those of the group in independently administered funds. Contributions to these defined contribution pension plans for the period amounted to £1,102,000 (14 months ended 31 August 2019: £938,000).

The group also operates a Defined Benefit Scheme, the Greenvale Produce Pension Plan. The benefits provided by the plan are final salary defined benefits with the contributions paid by the group on a balance of cost basis. The plan is run by the Trustees of the plan who ensure that the plan is run in accordance with the Trust Deed & Rules of the plan and complies with legislation. The Trustees are required by law to fund the plan on prudent funding assumptions under the Trust Deed & Rules of the plan. The contributions payable by the group to fund the plan are set by Trustees after consulting the group. The assets of the plan are invested in managed funds with Legal & General Investment Management. The Plan closed for future accrual on 31 October 2007.

The Trustees use the defined accrued benefits method for determining funding. This method is suitable for funding a scheme that is closed for future accrual. During the year ended 31 August 2020, the group paid contributions of £602,000 (14 months ended 31 August 2019: £677,470). In addition, the group pays the costs of administering the plan and any levies required by the Pensions Protection Fund and the Pensions Regulator.

7 **Retirement benefits (continued)**

The following list is not exhaustive but covers the main risks for the plan. Some of the risks can be reduced by adjusting the funding strategy with the help of the Trustees, for example: investment matching risk. Other risks cannot easily be removed, for example: longevity risk, and the group must be aware of these risks and ask the Trustees to monitor them closely.

Investment Return Risk: If the assets under perform returns assumed in setting funding targets, then additional contributions may be required as subsequent Valuations

Investment Matching Risk: The Plan invests significantly in equity type assets, whereas the solvency target is closely related to the return on bonds. If the equity type assets have fallen in value relative to the matching assets of bonds additional contributions may be required.

Longevity Risk: If future improvements in mortality exceed the assumptions made then additional contributions may be required

Legislative Risk: Government may introduce overriding legislation which leads to an increase in the value of Plan benefits

Solvency Risk: As the funding target is not a solvency target, the assets of the Plan may not be sufficient to provide all members with the full value of their benefits on a Plan wind up.

The group's defined benefit scheme obligations are as follows:

	2020 £'000	2019 £'000
Present value of defined benefit obligations	(42,785)	(42,332)
Fair value of plan assets	31,662	32,510
Plan deficit per statement of financial position	(11,123)	(9,822)

Changes in the present value of the defined benefit obligation are as follows:

	2020 £'000	2019 £'000
Defined benefit obligation at start of period	(42,332)	(35,154)
Interest expense	(771)	(1,112)
Past service cost	-	(446)
Remeasurements of obligation		
- Financials	-	(6,985)
- Demographics	(964)	111
- Experience	-	259
Benefits paid	1,282	995
Defined benefit obligation at the end of the period	(42,785)	(42,332)

Changes in the fair value of plan assets are as follows:

	2020 £'000	2019 £'000
Fair value of plan assets at start of period	32,510	30,140
Interest on plan assets	595	962
Contribution by employer	602	677
Benefits paid	(1,282)	(995)
Actual return on plan assets less interest	(763)	1,726
Fair value of plan assets at the end of period	31,662	32,510

The actual return on plan assets was a £168,000 loss (2019: £2,688,000 gain).

7 **Retirement benefits (continued)**

Amounts recognised in profit and loss are as follows:

	2020 £'000	2019 £'000
Interest cost on obligations	(771)	1,112
Interest on plan assets	595	(962)
Past service cost recognised	-	446
Net finance costs	(176)	596

All plan costs are met directly by the group and form part of staff costs.

The group expects to contribute at least £623,000 to the defined benefit pension plan in the year ended August 2021, assuming no changes to current agreed funding plans.

The analysis of scheme assets at the reporting date were as follows:

	2020 £'000	2019 £'000
Fair Value of plan assets:		
Equities	14,881	16,775
Corporate Bonds	16,781	15,646
Cash	-	89
	31,662	32,510

The plan assets are held exclusively within instruments with quoted market prices in an active market with the exception of cash. The plan does not invest directly in property owned by the group, or in shares issued by the group.

The principal assumptions used in determining pension obligations for the plan are shown below:

	2020 %	2019 %
Discount rate	1.65	1.85
Expected rate of return on assets	1.65	1.85
Future salary increase	n/a	n/a
Future pension increase	2.85	2.95
Inflation (RPI) assumption	2.95	3.10
Inflation (CPI) assumption	2.85	2.95

The underlying mortality assumption is based upon the standard table known as S3NXA with scaling factors of 103% for males and 105% for females and with CMI_2018 projection model with a long term improvement rate of 1.25% p.a. (2019: S3NXA with scaling factors of 103% for males and 105% for females with the CMI_2018 projection model with a long term improvement rate of 1.25% p.a.). This results in the following life expectancies:

	2020 Years	2019 Years
For a male aged 65 now	87	87
For a female aged 65 now	89	89

8 Interest payable and other similar expenses

	2020 £'000	2019 £'000
Interest on bank loans and other finance costs	744	666
Net interest on pension obligations	176	150
	920	816

9 Interest receivable and other similar income

	2020 £'000	2019 £'000
Interest receivable	73	-
	73	-

10 Loss / (profit) before taxation

Loss / (profit) before taxation is stated after charging/(crediting):	2020 £'000	2019 £'000
Depreciation of tangible fixed assets – owned	5,479	5,722
Depreciation of tangible fixed assets - leased	129	150
Research and development expenditure	25	211
Amortisation of intangible fixed assets	28	32
Amortisation of goodwill	587	647
Exchange losses/(gains)	7	(66)
Operating lease rentals	4,940	6,644
Share based payment	-	138

11 Exceptional items

The group has identified a number of transactions in both the current year and prior period which the Directors consider exceptional. The Directors identify exceptional items as being non-recurring and at a value considered significant enough to warrant separate presentation. The exceptional items are analysed below:

		2020 £'000	2019 £'000
Restructuring and redundancy costs	A**	898	-
Profit on disposal of Linwood	B**	(690)	-
Promethean Investments LLP transaction costs	C**	-	1,655
Swancote closure provision	D**	-	1,395
Guaranteed Minimum Pension (GMP) equalisation	E**	-	446
Feasibility study	F**	-	140
Under accrued distribution charges	G*	-	(200)
		208	3,436

11 Exceptional items (continued)

* Included in cost of sales exceptional costs of £nil (2019: £200,000).

** Included in administrative and operating expenses of exceptional costs of £208,000 (2019: £3,236,000).

Exceptionals in 2020

A – Following the closure of Swancote in the previous period, the group has continued to rationalise and restructure its operations. During the year, the group incurred various restructuring costs in the course of this programme, the majority of which were redundancy costs.

B – On 30 January 2020, the group disposed of its interest in Linwood Crops Limited. The group realised a profit of £690,000 on this disposal. During the year Linwood contributed profits of £288,000. The Group received cash consideration of £3,000,000. The net assets at the date of disposal were £3,248,000, and £2,310,000 after the exclusion of minority interests.

Exceptionals in 2019

C – On 11 September 2018 Promethean Investments LLP announced its intention to make an offer to buy the entire issued share capital of Produce Investments plc (PI) and take PI private. An independent committee of the PI Board, which has been advised by Shore Capital (Rule 3 advisors), considers the terms of the offer to be fair and reasonable. As a result of the transaction the Group incurred a range of legal and professional advisory fees.

D – The Group's processing unit, Swancote Foods, experienced a major contamination issue in 2015. Since this time the Group has continued to support and invest in this business unit in the expectation it would return to normal levels of business performance. Despite this support, the business has operated at a loss for several years and the directors concluded that the underlying performance was unsustainable and took the decision to close the facility in August 2019.

E – A High Court judgement handed down in October 2018, relating to defined benefit pension schemes held that the GMP element of pension accrued by men and women should be comparable and any additional obligation required to equalise the members' benefits must be allowed for in the scheme liabilities. The additional obligation is considered a past service cost and recognised through the income statement in accordance with IAS19. As at 31 August 2019, the Group has estimated that the additional obligation required to equalise benefits accrued under the Group's defined benefit pension scheme is £446k and has recognised this amount as an exceptional past service cost in the current year income statement. The tax credit in respect of the total charge is £85k.

F – During the period the directors commissioned a study to look at optimising the long-term operating capabilities of the group. The Group concluded that no further action would be taken following the finalisation of the recommendations.

G – During the 2018 financial year, the group identified an accounting error related to the booking of distribution costs in the group's ERP system of £854,000. The directors regarded these costs as exceptional as, had they been identified at the time, they would have been passed on to the relevant customer, with no change to operating margin. An initial disclosure was made to HMRC and the exceptional costs included a provision to repay this amount along with an estimate in respect of any fines HMRC may have levied. The prior period credit reflects the fact that, having reached a settlement with HMRC, no fines were incurred.

12 Auditor's remuneration

Remuneration paid to RSM UK Audit LLP and its associates by all group companies during the period was as follows:

	2020 £'000	2019 £'000
Audit services:		
Audit of these financial statements	65	90
Audit of financial statements of subsidiaries	47	41
Tax services:		
Compliance services	43	52
Advisory services	7	6
Corporate finance transactions	-	21

13 Taxation

	2020 £'000	2019 £'000
Current tax		
Corporation tax on profit for the current period	-	(386)
Adjustments in respect of prior periods	(11)	206
Total current tax credit / (charge)	(11)	(180)
Deferred tax		
Adjustment in respect of prior years	-	1,442
Origination and reversal of temporary differences	415	439
Total deferred tax credit / (charge)	**415**	**1,881**
Total tax credit / (charge) recognised in profit and loss	**404**	**1,701**

In addition to the amount charged to the profit and loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £'000	2019 £'000
Deferred tax movement on actuarial gain	328	831
Current income tax on actuarial gain	-	-
Total tax credit/ (charge) recognised in other comprehensive income	328	831

The total tax credit / (charge) for the period included in the profit and loss can be reconciled to the result before tax multiplied by the standard rate of tax as follows:

	2020 £'000	2019 £'000
(Loss) / profit before tax	(4,214)	1,511
Expected tax credit / (charge) based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	801	(287)
Effect of:		
Adjustments in respect of prior periods	(11)	1,648
Expenses not deductible in determining taxable profit	16	(363)
Other permanent differences	-	296
Income not taxable for tax purposes	(456)	146
Losses carried back	-	(238)
Other movements	(2)	288
Defined benefit pension scheme	-	98
Share based payments	-	(26)
Overseas profits at differing tax rates	-	139
Deferred tax not recognised	(53)	-
Change in tax rate	109	-
Tax credit for the period	404	1,701

At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%. The deferred tax assets and liabilities reflect these rates.

14 Dividends

	2020 £000	2019 £000
Ordinary		
Interim dividend paid in period ended 31 August 2019 (2.49 pence per share)	-	682
Dividend declared and settled during the year ended 31 August 2020	1,896	-
	1,896	-

15 Intangible assets – goodwill

Group

	Goodwill £'000
Cost	
At 1 September 2019 and 31 August 2020	12,907
Amortisation	
At 1 September 2019	7,772
Amortisation	587
At 31 August 2020	8,359
Net book value	
At 31 August 2020	4,548
At 1 September 2019	5,135

The carrying amount of goodwill at 31 August 2020 includes amounts attributable to the following:

- Customer access and processing synergies ("Synergies") arising in the fresh segment resulting from the Swancote Foods acquisition (fresh segment), £3.9m (2019: £4.4m)
- The acquisition of The Jersey Royal Company, which was completed in May 2014 (fresh segment), £0.6m (2019: £0.7m).

16 Intangible assets – other than goodwill

Group

	Customer relationships £'000	Development costs £'000	Patent costs £'000	Total £'000
Cost				
At 1 September 2019	7,868	788	12	8,668
Additions	-	18	-	18
At 31 August 2020	7,868	806	12	8,686
Amortisation				
At 1 September 2019	7,868	753	12	8,633
Amortisation	-	28	-	28
At 31 August 2020	7,868	781	12	8,661
Net book value				
At 31 August 2020	-	25	-	25
At 31 August 2019	-	35	-	35

The customer relationships balance is attributable solely to the acquisition of Swancote Foods and relates to the customers acquired with that business. This is attributable entirely to the Processing segment. The Swancote Foods business was closed during the previous period and the value of the customer relationships was written-down to nil.

The group tests goodwill and the value of customer relationships for impairment at each reporting date where impairment indicators exist, by comparing the carrying value of the cash generating unit (CGU) with its value in use. Value in use is estimated based on future cash flow discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money. An impairment charge arises where the carrying value exceeds the value in use.

17 Tangible fixed assets

Group

	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 September 2019	31,420	43,004	9,994	84,418
Additions	245	5,863	638	6,746
Disposals	(1,456)	(11,391)	(262)	(13,108)
Transfers	-	(4)	4	-
At 31 August 2020	30,208	37,474	10,374	78,056
Depreciation and impairment				
At 1 September 2019	12,993	25,744	6,715	45,452
Depreciation charge	1,185	3,713	711	5,608
Disposals	(968)	(9,687)	(180)	(10,836)
Transfers	-	(45)	45	-
At 31 August 2020	13,210	19,885	7,130	40,224
Net book value				
At 31 August 2020	16,998	17,589	3,244	37,831
At 31 August 2019	18,427	17,260	3,279	38,966

Assets used as security

Land and buildings with a carrying amount of £17.0m (2019: £18.4m) are subject to a first charge security against the group's bank loans (note 26).

18 Investments

Group

	Associates £'000	Trade Investments £'000	Total £'000
Cost or valuation			
At 1 September 2019	213	761	974
Additions	-	-	-
Valuation changes	-	28	30
Share of results of associates	(12)	-	(12)
Disposals	-	(790)	
At 31 August 2020	201	-	201
Provision for impairment			
At 1 September 2019	-	-	-
Impairment losses	-	-	-
Reversals of past impairment losses	-	-	-
Disposals	-	-	-
At 31 August 2020	-	-	-
Carrying amount			
At 31 August 2020	**201**	-	**201**
At 1 September 2019	213	761	974

The investment in BROP s.r.o. was disposed on 17 December 2019 (see note 11). During the year, the group also disposed of its interests in The Little Spud Company Limited (a previous 25% interest) and ABG Biofumigants Limited (a previous 33.3% interest).

As a result, the group has non-controlling investments in one company (2019: four) which are classified as associates or other investments as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Equity interest
Organic Potato Growers (Scotland) Limited	UK	Growing potatoes	Ordinary	33.3

The registered office address is Organic Potato Growers (Scotland) Limited- Johnstone House, 52-54 Rose Street, Aberdeen, AB10 1HA.

18 Investments (continued)

Organic Potato Growers (Scotland) Limited - Associate

The group has a 33.3% interest in Organic Potato Growers (Scotland) Limited, a company incorporated in Scotland which is involved in the growing of potatoes.

Organic Potato Growers (Scotland) Limited is a private entity that is not listed on any public exchange. Organic Potato Growers (Scotland) Limited reports its financial performance with a year end of 31 May. The following table illustrates summarised unaudited financial information of the group's investment in Organic Potato Growers (Scotland) Limited:

	2020 £'000	2019 £'000
Share of the associate's statement of financial position:		
Fixed assets	746	755
Current assets	259	389
Current liabilities	(554)	(526)
Creditors: amounts falling due after more than one year	(250)	(422)
Equity	201	196
Share of the associate's profit and loss:		
Turnover	551	519
Profits	13	40
Carrying amount of the investment	201	213

BROP – Investment

The group owned a 30% interest in BROP until 17 December 2019, when the investment was disposed. BROP is a company incorporated in the Czech Republic which is involved in the growing and selling of potatoes. BROP is a private entity that is not listed on any public exchange. Prior to the disposal, the group did not exert significant influence over this entity and therefore did not regard it as an associate. The group reached this conclusion because there was no group involvement in BROP's day-to-day trading and management, no participation in everyday decisions, no exchanges of personnel between the entities and no essential technical information exchanged between the entities.

19 Investments in subsidiaries

Company

	Shares in subsidiary undertakings £'000
Cost	
At 1 September 2019	62,120
Disposals in the year	(837)
At 31 August 2020	61,283
Impairment	
At 1 September 2019	12,774
Impairments in the year	-
At 31 August 2020	12,774
Carrying value	
At 31 August 2020	48,509
At 1 September 2019	49,346

For details of the disposals of investments, see notes 11 and 18.

20 Subsidiary undertakings

The group's subsidiary undertakings are:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Equity interest (Direct)
Greenvale Holdings Limited *	UK	Holding company	Ordinary	100.0
Greenvale AP Limited *	UK	Buying and selling of potatoes	Ordinary 'B' Preference	100.0
Greenvale Growing Limited *	UK	Growing potatoes	Ordinary	100.0
Restrain Company Limited *	UK	Potato and onion atmosphere regulation	Ordinary	80.0
Rowe Farming Limited *	UK	Growing potatoes & daffodils	Ordinary	100.0
Swancote Foods Limited	UK	Dormant	Ordinary	100.0
The Jersey Royal Company Limited	JE	Growing Potatoes	Ordinary	100.0

*The registered office of these companies is 7 The Forum, Minerva Business Park, Lynch Wood, Peterborough, Cambridgeshire PE2 6FT.

The registered offices of The Jersey Royal Company Limited is PO Box 437, 1st Floor, Kensington Chambers, 46/50 Kensington Place, JE4 0ZE.

Greenvale Growing Limited is applying s479c of The Companies Act 2006 for the purpose of audit exemption.

The investment in Linwood Crops Limited was disposed of in the year (see notes 11 and 18).

21 Stocks

Group

	2020 £'000	2019 £'000
Raw materials	5,781	6,344
Finished goods	157	164
	5,938	6,508

22 Biological assets

Group

	2020 £'000	2019 £'000
Potato crops	5,137	4,987
Daffodil bulb crops	3,618	3,758
	8,754	8,745

22 Biological assets (continued)

	Potato crops £'000	Daffodil bulb crops £'000	Total £'000
At 1 September 2019	4,987	3,758	8,745
Harvested crops transferred to stocks	(4,987)	(2,423)	(7,410)
Growing costs invested in the crop	5,136	2,283	7,419
At 31 August 2020	5,136	3,618	8,754

	Potato crops £'000	Daffodil bulb crops £'000	Total £'000
At 1 July 2018	7,401	3,600	11,001
Harvested crops transferred to stocks	(6,134)	(2,343)	(8,477)
Growing costs invested in the crop	3,720	2,501	6,221
At 31 August 2019	4,987	3,758	8,745

23 Debtors

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	13,298	17,041	-	-
Amounts owed by group undertakings	-	-	18,991	18,991
Other debtors	944	3,231	8	1,896
Prepayments and accrued income	2,425	2,207	-	35
Corporation tax	812	465	-	-
	17,479	22,944	18,999	20,922
Deferred tax (note 27)	1,916	1,169	-	-
	19,394	24,113	18,999	20,922

During the period, the group recognised an impairment loss of £nil (2019: £101,000) in respect of its trade debtors.

24 Creditors: amounts falling due within one year

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade creditors	10,305	12,773	-	-
Corporation tax	-	-	-	-
Other taxation and social security	697	730	-	-
Accruals and deferred income	6,410	7,749	50	-
Bank loans (note 26)	3,492	8,400	2,500	3,000
Other creditors	114	209	-	-
Obligations under finance leases (note 26)	103	62	-	-
Amounts owed to group undertakings	-	-	26,994	33,785
	21,122	29,923	29,544	36,785

Pension commitments at year end relate to the defined benefit scheme (refer to note 7 for further details). The balance outstanding, representing unpaid contributions, at the period end, and included in other taxation and social security above, was £60,000 (2019: £60,000).

25 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans (note 26)	18,184	11,699	17,001	11,000
Obligations under finance leases (note 26)	2	-	-	-
Accruals and deferred income	-	26	-	-
	18,186	11,725	17,001	11,000

26 Borrowings

Bank loans – Group and Company

The group has the following interest-bearing loans and borrowings at the reporting date:

Interest-bearing loans and borrowings 2020	**Interest rate %**	**Maturity**	**Due within one year £'000**	**Due after more than one year £'000**
Facility A	LIBOR+3.10 %	May 2023	1,250	8,750
Facility B	LIBOR+3.10%	May 2023	1,250	8,750
Revolving Credit Facility (Facility C)	LIBOR+3.10%	May 2023	-	-
RBSI Sandhurst Loan	Base rate+0.75%	May 2049	14	684
Invoice Finance Agreements	Base rate+2.30%	May 2023	977	-
Total interest-bearing loans and borrowings			3,492	18,184
Loan arrangement fees and charges			-	(499)
Net interest-bearing loans and borrowings			**3,492**	**17,685**

Interest-bearing loans and borrowings 2019	**Interest rate %**	**Maturity**	**Due within one year £'000**	**Due after more than one year £'000**
Facility A	LIBOR+2.00%	Sep 2020	3,000	1,000
Facility A – Peacock	LIBOR+2.00%	Sep 2020	-	5,000
Revolving Credit – facility B	LIBOR+2.00%	Sep 2020	-	5,000
RBSI Sandhurst Loan	Base rate+0.75%	May 2049	44	699
Invoice Finance Agreements	Base rate+1.40%	n/a	5,386	-
Total interest-bearing loans and borrowings			8,430	11,699

Except for the RBSI Sandhurst loan, all bank loans are secured by a composite cross-guarantee given by all group companies. The borrowings are also secured by first legal charges over land and buildings and debentures over all present and future assets of the group.

The RBSI Sandhurst loan is secured is secured by a first charge over the Sandhurst property, Jersey.

A new bank facility was signed by the group in May 2020. The bank loans outstanding on 31 August 2020, with the exception of the RBSI Sandhurst Loan, are represented by the following:

Facility A: three years to May 2023; £10.0m total facility, with £10.0m outstanding at the reporting date. Interest at 3.10% above LIBOR, depending on a margin ratchet based on leverage (as defined in the facilities agreement). Repayments are £250,000 per quarter starting on 1 September 2020.

Facility B: identical commercial terms to those described in Facility A above.

Revolving Credit Facility (Facility C): three years to May 2023. £5m maximum drawing. Interest at 3.10% above LIBOR, depending on a margin ratchet based on leverage (as defined in the facilities agreement). No amortisation (repayments) of this facility during the term.

Invoice Finance: three years to May 2023. Secured on the trade debtors of Greenvale AP, Rowe Farming and The Jersey Royal Company. £25m maximum drawing. Interest is charged at 2.3% over Base Rate.

Obligations under finance leases – Group

Obligations under finance leases are secured by the related assets and bear finance charges at rates of 0% per annum (2019: 2.54% per annum).

	2020 £'000	2019 £'000
The total future minimum lease payments are payable:		
Less than one year	103	62
Between one and five years	2	-
After five years	-	-
	105	62

27 Provisions for liabilities

Group

The deferred tax included (within "Debtors due within one year") in the statement of financial position is as follows:

	2020 £'000	2019 £'000
Deferred tax liabilities		
Accelerated capital allowances	1,366	1,260
Other	-	-
	1,366	1,260
Deferred tax assets		
Pensions and post-employment obligations	(2,113)	(1,670)
Unused losses – trade	(1,132)	(632)
Other	(36)	(127)
Net deferred tax asset	**(1,916)**	**(1,169)**

The deferred tax liability relating to the excess of tax allowances over depreciation of £1,366,000 (2019: £1,260,000) is expected to reverse within 10 years. The retirement benefit obligations relate to defined benefit pension schemes of £2,113,000 (2019: £1,670,000) and are expected to reverse over the duration of that scheme. Other deferred tax assets of £36,000 (2019: £127,000) are expected to reverse within 12 months.

28 Net debt

	At 1 September 2019 £'000	Cash flows £'000	Disposal of subsidiary £'000	Other non-cash changes £'000	At 31 August 2020 £'000
Cash and cash equivalents:					
Cash	5,317	(675)	(696)	-	3,946
Overdrafts	-	-	-	-	-
Cash equivalents	-	-	-	-	-
	5,317	**(675)**	**(696)**	-	**3,946**
Borrowings:					
Debt due within one year	8,400	(4,908)	-	-	3,492
Debt due after one year	11,699	6,485	-	(499)	17,684
	20,099	**1,578**	-	**(499)**	**21,177**
Finance leases	62	(112)	-	155	**105**
Total Net Debt	**14,719**	**791**	**(696)**	**(344)**	**17,126**

Other non-cash movements relate to loan arrangement fees and charges related to the refinancing of the group's debt facilities in May 2020 and new finance lease agreements in the period.

29 Share capital

Group and Ccompany

Ordinary share capital issued and fully paid

	Group and Company	
	2020	2019
	£'000	£'000
1 (one) (2019: 29,346,185) ordinary 1p shares	-	293
	-	293

During the year ended 31 August 2020 the ordinary share capital of the company was reorganised such that share capital and the share premium accounts were reduced, converted into distributable reserves and replaced with a single share of nominal value of one penny.

During the 14-month period to 31 August 2019 1,944,320 shares were issued for total consideration of £2,101,000.

The company's ordinary shares carry no fixed right to income and carry equal voting rights.

30 Reserves

Group and Company

Called up share capital

Represents the nominal value of shares that have been issued.

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profits and losses, actuarial gains and losses on the defined benefit pension scheme, and dividend payments.

Merger reserve

This is a non-distributable reserve that arose by applying merger relief s612 CA2006 (previously s131 CA85) to shares issued in 2008 in connection with the acquisition of Swancote Foods Limited and Rowe Farming Limited. It was subsequently increased by shares issued to the vendors of Rowe Farming Limited and The Jersey Royal Potato Company, and partially released to the profit and loss reserve in the prior period.

31 Financial commitments, guarantees and contingencies

Group

Operating lease commitments – as lessee

The group has entered into commercial leases on land, plant and equipment, fixtures and fittings and business accommodation. These leases have a life of between one and ten years. There are no restrictions placed upon the group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	2020	2019
	£'000	£'000
Amounts due:		
Within one year	4,713	4,163
Between one and five years	5,646	7,153
After five years	737	22
	11,096	11,338

31 Financial commitments, guarantees and contingencies (continued)

Group

Operating lease commitments – as lessor

The group has entered commercial leases on certain items of plant and equipment which are leased to customers. These non-cancellable leases have a lease term of between one and five years. Where leases are signed for multiple years, revenue is paid in advance and recognised in the period to which it relates, with balances deferred as required.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	2020 £'000	2019 £'000
Amounts due:		
Within one year	14	22
Between one and five years	10	26
	24	48

Group

Capital commitments

At the reporting date, the group had capital commitments of £nil (2019: £2,160,000).

Company

Guarantees

The company has provided a composite cross-guarantee to its bankers in respect of bank borrowings with group companies. At the end of the period the total bank borrowings of the group companies amounted to £21,676,000 (2019: £19,356,000).

32 Related party disclosures

Group

During the period the group entered into the following transactions with the related parties.

Organic Potato Growers (Scotland) Limited (OPG) is a potato grower in which the group owns a 33.3% interest. During the period the group made purchases from OPG of £301,000 (2019: £572,000) and sales to OPG of £31,000 (2019: £21,000). At the reporting date the group was owed £31,000 by OPG (2019: £34,000) and owed OPG £40,000 (2019: £40,000).

Restrain Company Limited is a company in which the group owns an 80% interest. During the period, the group made recharges to Restrain Company Limited of £299,618 (2019: £29,000) and purchased goods and services from Restrain Company Limited totalling £194,000 (2019: £40,000). At the reporting date the group owed Restrain Company Limited £100,000 (2019: £1,428,000).

Linwood Crops Limited is a company in which the group owned a 71% interest, until the investment was disposed on 30 January 2020, see note 11. During the period, the group made sales to Linwood Crops Limited of £537,000 (2019: £2,060,000) and purchased goods and services from Linwood Crops Limited totalling £124,000 (2019: £140,000). At the reporting date Linwood Crops Limited owed the group nil (2019: £646,000) and was owed nil (2019: £43,000) by the group.

April 1983 Bidco Limited is the immediate parent company of Produce Investments Limited. During the period, the group purchased goods and services from April 1983 Bidco Limited totalling £552,000 (2019: £384,000). At the reporting date there was an outstanding balance of balance of £48,000 due to the group from April 1983 Bidco Limited.

At the time of change of ownership, the company advanced £1,896,000 to April 1983 Bidco Limited in relation to the exercise of share options, and this balance remained outstanding as at 31 August 2019. During the year ended 31 August 2020, the balance was extinguished by way of the dividend declared by the company of £1,896,000 (see note 14).

The Directors are considered to be the key management of the group and disclosure in relation to their remuneration has been included within note 5.

33 Controlling party

The immediate parent undertaking is April 1983 Bidco Limited, a company registered in Jersey. The company's ultimate controlling party at the balance sheet date was Promethean 2018 L.P., registered in Jersey.

The largest and smallest group for which consolidated financial statements are prepared, for the period ended 31 August 2020, is headed by Produce Investments Limited, registered in England and Wales, whose address is Produce Investments Limited, 7 The Forum, Minerva Business Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FT.

34 Post balance sheet events

On 8 September 2020, Rowe Farming Limited completed a joint venture, UK Daffodils Limited, with JZ Flowers International Limited. Rowe Farming Limited will contribute to the new joint venture its export business in daffodils, via contracts and sales agreements in the future. The export daffodil sales of Rowe Farming Limited will be sold to the joint venture company; JZ Flowers International Limited will provide the export packing facility and will contribute its own daffodil export business and administer the joint venture company on a day-to-day basis. Both parties will have responsibility for crop procurement. The joint venture is owned 50/50 by the joint venture partners and each party will retain all existing assets, liabilities, operations and employees relating to its business.