Crop Demetra Limited

Consolidated Financial Statements

For the year ended 31 August 2020

Crop Demetra Limited

Report and consolidated financial statements
for the year ended 31 August 2020

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Directors

Juli Jessen
Olivier Deneufbourg
Dominic Lamb

Secretary and registered office

Highlands House, Basingstoke Road, Spencers Wood, Reading, Berkshire, England, RG7 1NT

Company number

08199763

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Crop Demetra Limited

Strategic report
for the year ended 31 August 2020

The Directors present their strategic report for the year ended 31 August 2020.

Business review

The consolidated net profit attributable to the controlling interest for the year, after taxation, amounted to €14,311,000 (2019 - €9,173,000).

The overall turnover grew from €160,251,000 to €187,626,000. This growth is due to increases in the efficacy of our products, along with portfolio diversification which has resulted in gained market share in various countries.

This growth in profit has been achieved despite the continued significant costs incurred associated with product registration, new project costs and regulation in the current year. In the current year these costs amounted to €16,876,000 (2019 - €14,875,000). These registrations are vital to the business but there is a gap between the costs being incurred and earning of new product revenue streams.

The net profit is inclusive of amortisation and impairment of intangible assets of €7,105,000 (2019 - €4,352,000), which is a non-cash item.

During the year ended 31 August 2020, the world has been impacted by the COVID-19 virus pandemic and this has adversely affected the United Kingdom and the global economy in general. The group has to date adapted well to the change in working practices as a result of the COVID-19 restrictions imposed across the globe. Whilst staff are working from home there has been limited impact on productivity or the ability of the group to meet demand requirements from customers. Although the potential macroeconomic and microeconomic impacts of COVID-19 are at this stage unquantifiable management are continuing to monitor the situation and any risks posed to best protect the interests of the group. Further details of the impact on the group and company are disclosed in the Report of the Directors on page 6.

Key performance indicators

The group's key performance indicators during the year were turnover, gross profit margin, operating profit before amortisation and product regulatory and registration costs, percentage of accounts receivable overdue and current assets as a percentage of current liabilities.

Turnover has been commented on in the business review section above.

Gross margin has increased from the prior year, and stands at 41.8% (2019 – 37.0%).

Group operating profit before amortisation and impairment of intangible assets, product regulatory, new project costs and registration costs amounts to €45,649,000 (2019 - €32,837,000). The principal reason for the increase in adjusted Group operating profit is the increase in sales, and therefore increase in gross profits.

The group's current assets as a percentage of current liabilities at the year end was 109%, and has decreased from 160% in 2019, principally due to the group taking on new loans.

The products manufactured and sold by the group have minimal environmental impact. However, the board believes that good environmental practices support the board's strategy by enhancing the reputation of the company, the efficiency of production and the quantity of products. Consequently, the group continues to put environmental responsibilities high on the agenda. Improvements have been made by continuing to invest in new product formulations.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are broadly summarised as - competitive, weather dependent, legislative and financial instrument risk.

Competitive risks

Throughout Europe and South America there is competitive pressure particularly in the current economic climate. The group seeks to mitigate this by being selective in its chosen markets, only competing in markets where it has sufficient knowledge and expertise.

Weather dependent risks

As the group's activities are focused on the manufacture, supply and sales of crop protection products, its customer base is dependent on weather, which can affect crop growth and yields. Weather can impact on sales of products. The group seeks to mitigate this by continuing to diversify its product range as well as providing products which are suited to differing types of weather.

Legislative risks

In the UK and Europe, products must conform to EU standards and must be registered. These standards are subject to revision and any new Directive may have a material impact on the ability of the company to manufacture and supply products at a profit. The product registration process is unpredictable in the length of time it takes to obtain and delay could result in missing out on the supply in a particular season.

In addition, compliance imposes costs and failure to comply with the standards could materially affect the group's ability to operate.

The group invests and will continue to invest a significant amount of both time and financial resource into this area in order to ensure that they not only ensure compliance with all revisions in standards but also mean that they are best placed to give their products the best possible chance of success in relation to the registration process.

Exposure to price, credit, liquidity and cash flow risk

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the group's receivables are shown on the face of the balance sheet and in the notes to the financial statements.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the group. The group also manages liquidity risk via bank loans, invoice discounting and term debt particularly in the form of shareholder loans.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, such as future interest payments on a variability rate debt. The group manages this risk, where significant, by achieving a mix of borrowings at fixed interest rates.

The Economy

There are a number of economic factors that affect our customers, partners and suppliers at both the global and national level. The Directors monitor these closely to ensure that the Company is prepared for and can react to changes in the economic environment. We are constantly monitoring developments with Brexit and considering potential impacts, particularly on our supply chain and currency exposure. We have maintained regular discussions with our suppliers and continue to hedge our currency exposure in line with our policy. We will also maintain our agile and collaborative approach to all aspects of our business to ensure that the impacts of Brexit are minimised.

The group, being based in the UK, has maintained routine monitoring of Brexit dialogue and performed a host of background measures to limit supply chain disruption. Webinar based trainings, government and regulatory websites, and multidisciplinary meetings have been primary routes of preparation throughout 2020 and 2021. All raw materials utilised for production have been verified as REACH compliant within the UK, and all finished good routings in and out of the UK have been examined. In some cases, proactive material movements in advance of the 2020 year end were executed, to eliminate chance for unexpected border delays or tariff assessments. All activities are vetted and approved by senior management within the standard monthly Sales & Operations Planning sessions, and none have resulted in undue financial burden or risk for the organisation. The monitoring will continue throughout 2021, and the group will remain abreast of all new or changed regulations, with immediate adoption of practices necessary to remain in full compliance.

For details of the impact on the group and company as a result of the COVID-19 pandemic, see page 6.

Directors' statement of compliance with duty to promote the success of the Group

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of key stakeholders in the Company in their decision making.

Key stakeholders have been identified as shareholders, related parties, customers, employees and suppliers.

Shareholders: Shareholders are communicated with regularly and are party to all key decisions

Customers: The company works closely with Customers to provide them with a wide range of products at competitive prices, maintaining a good relationship and open dialogue in the event of issues. The company has not experienced any issues with non-payment and only extends payment terms in conjunction with the customer when absolutely necessary.

Employees: Employees are essential to the operation of the business and the continued growth has meant the expansion of our employee numbers throughout the year. The company rewards its employees through a competitive renumeration package as well as a generous performance related Bonus scheme.

Suppliers: The company works very closely with its suppliers to ensure products and services are provided timely, contractually and at arms length. The company ensures that sufficient cashflow is available to pay its suppliers according to agreed credit terms

Regular communication with the above key stakeholders ensures the strategic goals of the company are fully understood and any issues with Stakeholders are dealt with promptly and effectively. Information is provided by Directors openly when required.

Crop Demetra Limited

Key decisions in the year;
Specific key decisions made by the Directors in the year ended 31st August 2020 to act in the best interests of the Company included:

- Decisions and actions relating to CoVid 19, providing stakeholders with a safe working environment in line with Government guidelines including risk assessments, general protective equipment and provision for home-working
- Management of Cashflow to ensure Corporate compliance is maintained within the Group by consolidating Bank accounts into one Bank and Loan financing into central Sweep accounts, on-going capital investment where required and settlement of obligations with suppliers as per agreed Credit terms.
- The Directors continue to invest in extending its portfolio to provide its customers with more products and engaging with new customers in new geographical markets
- Acquisitions during the course of the year were merged effectively into the operational running of the business according to Gowan's operational model
- Mergers of existing companies were undertaken to better align the operations of the business becoming more efficient and financially stable.

Post statement of financial position events

Subsequent events are disclosed in note 26 of the financial statements

On behalf of the board

J Jessen
Director
Date 14 May 2021

Crop Demetra Limited

Report of the Directors
for the year ended 31 August 2020

The Directors present their report together with the audited financial statements for the year ended 31 August 2020.

Reporting currency

The primary functional currency of the group is the euro and accordingly these financial statements have been presented in euros (as opposed to Great Britain Pounds or GBP).

Principal activities of the company and group

The company's principal activity, both past and present, is that of a holding company. In addition, the company is responsible for the development of the group's activities within Europe and beyond and in particular to developing the group's chosen markets.

The group's principal activities are the production, manufacturing (either on its own or through outsourcing) and trade of chemical crop protection products for agriculture. The group operates within the European Community and in other markets.

Dividends

No interim ordinary dividends have been paid during 2020 (2019 - €Nil) and the Directors recommend no final ordinary dividends should be declared for the year ended 31 August 2020 (2019 - €Nil).

Future developments

The group intends to continue operating in the areas of crop protection, consolidating recent acquisitions, product formulations introduced and product registrations to continue to grow and provide a shareholder return.

Financial instruments

The group finances its activities with a combination of bank overdrafts and loans, invoice discounting facilities, shareholder loans, finance lease contracts, cash and short term deposits. Overdrafts are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the group's operating activities. The group also has entered into a derivative transaction, the main purpose of which is to manage the interest rate arising on one particular bank loan drawn down.

Financial instruments give rise to foreign currency, interest rate, credit, price and liquidity risk. Information on how these risks arise is set out in the strategic report above, as are the objectives, policies and processes for their management and the methods used to measure each risk.

Research and development

Research and development is concentrated on the development of product formulations to improve product stability, reduce operator exposure and improve ease of preparation and application on current products and future products. The main focus of these expenses are of regulatory nature which is to maintain current registrations, in addition to comply with government requirements to obtain new registrations in the various countries where the group intends to introduce its products.

Regulatory and development costs (including new projects but excluding amortisation and impairments of intangible assets) expensed during the financial year mounted to €16,876,000 (2019 - €14,875,000).

Going concern and COVID-19

In preparing the financial statements, the Directors are required to assess the Group's ability to continue to trade as a going concern for the foreseeable future.

In undertaking this assessment, the Directors have given due consideration to the Group's banking facilities, historical and current trading, together with the forward-looking projections. Given the current COVID-19 pandemic, the Group has prepared detailed cashflow forecasts for the following 12 months after the approval date of these financial statements. These forecasts have been stressed under a variety of scenarios.

The Group has significant financial resources and is in a strong position to deal with the possible economic impact of COVID-19. The situation is evolving rapidly, and it is not possible at this stage to determine the full impact on the Group, its customers, employees and suppliers in the longer term. However, the financial performance as at May 2021 remains positive across the Gowan Group and there has been no significant impact on revenue, receivables balances or profit thus far. The Group has not made use of the Government's Coronavirus Job Retention Scheme. Management anticipate the sector to remain strong in light of increasing demand levels for food products. The cash flow forecast will continue to be monitored regularly to ensure the Group has the resources required to operate as normal in the current climate.

The group had significant headroom and the forecasts demonstrate that there is no realistic scenario that would require further funding or breach of covenants.

Based on the cash flow forecasts the Directors have considered the cash requirement of the Group and they are confident that the Group will continue as a going concern and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Qualifying third party indemnity provision

The Articles of Association has granted an indemnity to officers including Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the group's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the group has been continued and arrangements are in place to allow a free flow of information and ideas.

Post statement of financial position events

Subsequent events are disclosed in note 26 of the financial statements

Directors

The Directors of the company during the year were:
Juli Jessen
Olivier Deneufbourg
Dominic Lamb

Directors' responsibilities

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 year. Under that law the Directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 company and of the profit or loss of the group and company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the EU has been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' responsibilities *(continued)*

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

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these financial statements are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

By order of the Board

J Jessen
Director

Date: 14 May 2021

Independent Auditor's Report To the Members of Crop Demetra Limited

Opinion

We have audited the financial statements of Crop Demetra Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 August 2020 which comprise Consolidated Statement of Total Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity and the Consolidated and Company Statements of Cash Flow, and the 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 International Financial Reporting Standard (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 profit for the year ended;
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006 ; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 financial statements, 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 year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the 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; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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.

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: 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 Parent Company's members, as a body, in accordance with Chapter 4 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so tat we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
James Fearon
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James Fearon (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom

Date 17 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Crop Demetra Limited

Consolidated income statement
for the year ended 31 August 2020

	Note	2020 €'000	2019 €'000
Revenue	2	**187,626**	160,251
Cost of sales		**(109,147)**	(100,928)
Gross profit		**78,479**	59,323
Selling and distribution costs		**(16,910)**	(15,278)
Administrative expenses		**(13,935)**	(11,332)
Regulatory expenditure		**(19,466)**	(16,641)
New project costs		**(4,515)**	(2,586)
Fair value adjustments to contingent consideration payable	24	**(1,591)**	-
Other operating income / (expense)		**(394)**	124
Group operating profit	3	**21,668**	13,610
Finance income	5	**248**	98
Finance costs	6	**(2,942)**	(1,262)
		(2,694)	(1,164)
Profit before taxation		**18,974**	12,446
Tax charge	7	**(4,614)**	(3,266)
Profit for the year		**14,360**	9,180
Profit attributable to non-controlling interests	21	**(49)**	(7)
Net profit attributable to controlling interest		**14,311**	9,173

Revenue and operating profit is derived entirely from continuing operations.

The notes on pages 21 to 67 form part of these consolidated financial statements.

Crop Demetra Limited

Consolidated statement of comprehensive income
for the years ended 31 August 2020

	2020 €'000	2019 €'000
Profit for the year	**14,360**	9,180
Other comprehensive income:		
Items that will or may be reclassified to profit of loss:		
Exchange losses arising on translation of foreign operations	**(2,715)**	(230)
Total comprehensive income for the year	**11,645**	8,950

The notes on pages 21 to 67 form part of these consolidated financial statements.

Crop Demetra Limited
Consolidated statement of financial position
as of 31 August 2020

	Note	2020 €'000	2019 €'000
Non-current assets			
Goodwill	8	**7,054**	8,689
Other intangible assets	9	**63,260**	10,268
Property, plant and equipment	10	**761**	780
Right-of-use assets	11	**2,845**	-
Deferred tax asset	7	**5,400**	6,390
		79,320	26,127
Current assets			
Inventories	13	**61,427**	47,181
Trade and other receivables	14	**67,941**	72,062
Cash and cash equivalents	15	**14,937**	23,579
		144,305	142,822
Total assets		**223,625**	168,949
Current liabilities			
Trade and other payables	16	**(42,197)**	(36,389)
Loans and borrowings	17	**(90,048)**	(52,605)
Lease liabilities	11	**(687)**	-
		(132,932)	(88,994)
Non-current liabilities			
Trade and other payables	16	**(1,282)**	(555)
Loans and borrowings	17	**(8,543)**	(12,637)
Lease liabilities	11	**(2,303)**	-
Deferred tax liability	7	**(1,971)**	(1,814)
Total liabilities		**(147,031)**	(104,000)
Net assets		**76,594**	64,949
Equity			
Issued capital	19	**12,670**	12,670
Share premium	20	**12,500**	12,500
Capital reserve	20	**45,904**	45,904
Accumulated deficit	20	**8,647**	(5,684)
Foreign currency translation reserve	20	**(3,243)**	(528)
Equity attributable to owners of the parent		**76,478**	64,882
Non-controlling interests	21	**116**	67
Total equity		**76,594**	64,949

The financial statements were approved by the Board of Directors and authorised for issue on. 14 May 2021

Crop Demetra Limited
Parent company statement of financial position
as of 31 August 2020

	Note	2020 €'000	2019 €'000
Non-current assets			
Investments	12	**60,767**	61,136
		60,767	61,136
Current assets			
Trade and other receivables	14	**61,296**	43,816
Cash and cash equivalents	15	**6,906**	6,006
		68,202	49,822
Total assets		**128,969**	110,958
Current liabilities			
Trade and other payables	16	**(380)**	(202)
Loans and borrowings	17	**(38,870)**	(14,092)
		(39,250)	(14,294)
Non-current liabilities			
Loans and borrowings	17	**-**	(5,000)
		-	(19,294)
Net assets		**89,719**	**91,664**
Equity			
Issued capital	19	**12,670**	12,670
Share premium	20	**12,500**	12,500
Capital reserve	20	**125,000**	125,000
Retained earnings	20	**(60,451)**	(58,506)
Total equity		**89,719**	91,664

The financial statements were approved by the Board of Directors and authorised for issue on 14 May 2021

J Jessen,
Director

The notes on pages 21 to 67 form part of these financial statements.

Crop Demetra Limited

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

	Issued capital €'000	Share premium €'000	Capital reserve €'000	Accumulated deficit €'000	Foreign currency translation reserve €'000	Sub total €'000	Non-controlling interests €'000	Total equity €'000
eptember 2018	12,670	12,500	45,904	(14,837)	(298)	55,939	60	55,999
or the year	-	-	-	9,173	-	9,173	7	9,180
nge movement in the year	-	-	-	-	(230)	(230)	-	(230)
omprehensive profit for the year	-	-	-	9,173	(230)	8,943	7	8,950
August 2019	12,670	12,500	45,904	(5,664)	(528)	64,882	67	64,949
t of adoption of IFRS 16 (note 1)	-	-	-	-	-	-	-	-
eptember 2019 (no change)	12,670	12,500	45,904	(5,664)	(528)	64,882	67	64,949
for the year	-	-	-	14,311	-	14,311	49	14,360
nge movement in the year	-	-	-	-	(2,715)	(2,715)	-	(2,715)
omprehensive profit for the year	-	-	-	14,311	(2,715)	11,596	49	11,645
August 2020	**12,670**	**12,500**	**45,904**	**8,647**	**(3,243)**	**76,478**	**116**	**76,594**

tes on pages 21 to 67 form part of these consolidated financial statements.

Crop Demetra Limited

Parent statement of changes in equity
for the year ended 31 August 2020

	Issued capital €'000	Share premium €'000	Capital reserve €'000	Retained Earnings €'000	Total Equity €'000
At 1 September 2018	12,670	12,500	125,000	(59,279)	90,891
Profit for the year	-	-	-	773	773
Exchange movement in the year	-	-	-	-	-
Total comprehensive profit for the year	-	-	-	773	773
At 31 August 2019	12,670	12,500	125,000	(58,506)	91,664
Impact of adoption of IFRS 16 (note 1)	-	-	-	-	-
At 1 September 2019 (no change)	12,670	12,500	125,000	(58,506)	91,664
Profit for the year	-	-	-	(1,945)	(1,945)
Exchange movement in the year	-	-	-	-	-
Total comprehensive profit for the year	-	-	-		
At 31 August 2020	**12,670**	**12,500**	**125,000**	**(60,451)**	**89,719**

tes on pages 21 to 67 form part of these consolidated financial statements.

Crop Demetra Limited

Consolidated statement of cash flows
for the year ended 31 August 2020

	Note	2020 €'000	2019 €'000
Operating activities			
Profit for the year		**14,360**	9,180
Adjustments to reconcile profit before tax for the year to net cash inflow from operating activities			
Finance income	5	**(248)**	(98)
Finance costs	6	**2,942**	1,262
Taxation charge	7	**4,614**	3,266
Depreciation of property, plant and equipment	10	**319**	257
Amortisation and impairment of intangible fixed assets	9	**7,105**	4,352
Amortisation of right-of-use assets	11	**455**	-
Loss on disposal of property, plant and equipment	3	**1**	55
Fair value adjustment to consideration due on prior year acquisitions	24	**1,591**	-
Working capital adjustments:			
- Movement in inventories		**(14,246)**	(4,189)
- Movement in trade and other receivables		**4,121**	(8,048)
- Movement in trade and other payables		**7,074**	(357)
Cash generated from operations		**28,088**	5,680
Interest received		**248**	98
Interest paid		**(2,942)**	(1,262)
Income taxes paid		**(3,305)**	(1,387)
Net cash flow from operating activities		**22,089**	3,129
Investing activities			
Acquisition of subsidiaries, net of cash acquired	24	**-**	(6,118)
Payments to acquire property, plant and equipment	10	**(425)**	(244)
Payments to acquire intangible fixed assets	9	**(60,854)**	-
Proceeds on disposal of intangible assets		**-**	190
Proceeds on disposal of property, plant and equipment		**40**	2
Net cash used in investing activities		**(61,239)**	(6,170)

Crop Demetra Limited

Consolidated statement of cash flows
for the year ended 31 August 2020 *(continued)*

	Note	2020 €'000	2019 €'000
Financing activities			
Advances on loans and facilities		**-**	21,000
Repayment on loans and facilities	17	**(25,279)**	(8,511)
Related party loans advanced	22	**62,850**	5,262
Related party loans repaid	22	**(915)**	(4,696)
Settlement of deferred and contingent consideration	24	**(5,539)**	-
Principal paid on lease liabilities (2019: finance lease payments)	11	**(457)**	(96)
Net cash generated from financing activities		**30,660**	12,959
Net (decrease) / increase in cash and cash equivalents		**(8,490)**	9,918
Cash and cash equivalents at the beginning of the year		**23,579**	13,694
Foreign exchange losses on cash and cash equivalents		**(152)**	(33)
Net (decrease) / increase in cash and cash equivalents		**(8,490)**	9,918
Cash and cash equivalents at the end of the year	15	**14,937**	23,579

The notes on pages 21 to 67 form part of these consolidated financial statements.

Crop Demetra Limited

Parent company statement of cash flows
for the year ended 31 August 2020

	Note	2020 €'000	2019 €'000
Operating activities			
Profit / (loss) for the year		**(1,945)**	773
Adjustments to reconcile profit before tax for the year to net cash inflow from operating activities			
Finance income		**(742)**	(1,435)
Taxation charge		**144**	140
Impairment of investments			-
Non – cash movement in investments		**613**	-
Working capital adjustments:			
- Decrease/ (increase) in trade and other receivables		**115**	(2,088)
- (Decrease)/ increase in trade and other payables		**(1,236)**	(6,244)
Cash (used) from operations		**(3,051)**	(8,854)
Interest received		**-**	-
Interest paid		**-**	-
Income taxes paid		**(144)**	(140)
Net cash flow from operating activities		**(3,195)**	(8,994)
Investing activities			
Acquisition of subsidiaries, net of cash acquired		**-**	(6,118)
Amounts advanced to related parties		**(17,595)**	
Dividends received		**1,170**	-
Net cash used in investing activities		**(16.425)**	(6,118)
Financing activities			
Interest received		**742**	1,435
Related party loans advanced		**33,000**	19,092
Repayment on loans and facilities		**(13,222)**	
Net cash flows from financing activities		**20,520**	20,527
Net increase in cash and cash equivalents		**900**	5,415
Cash and cash equivalents at the beginning of the year		**6,006**	591
Cash and cash equivalents at the end of the year		**6,906**	6,006

The notes on pages 21 to 67 form part of these consolidated financial statements.

1 Accounting policies

Principal activities

The company's principal activity is that of a holding company. In addition, the company is responsible for the development of the group's activities within Europe and beyond and in particular to developing the group's chosen markets.

The group's principal activities are the production, manufacturing (either on its own or through outsourcing) and trade of chemical crop protection products for agriculture. The group operates within the European Community and in other markets.

Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are prepared under the historical cost convention.

The consolidated financial statements are presented in euros as this is the primary currency of the parent and the group. The euro to sterling exchange rate at 31 August 2020 was 1.1207 (31 August 2019 - 1.1037).

Going concern and COVID-19

In preparing the financial statements, the directors are required to assess the group's ability to continue to trade as a going concern for the foreseeable future.

In undertaking this assessment, the directors have given due consideration to the group's banking facilities, historical and current trading, together with the forward-looking projections. Given the current continuing COVID-19 pandemic, the group has prepared detailed cash flow forecasts covering the 12 months from the approval date of these financial statements. These forecasts have been stressed under a variety of scenarios.

The group has significant financial resources and is in a strong position to deal with any possible continuing economic impact of COVID-19. The situation continues to evolve rapidly, and it is not possible at this stage to determine the full impact on the group, its customers, employees and suppliers in the longer term. However, the financial performance as at May 2021 remains positive across the wider Gowan Group as a whole and there has been no impact on revenue, receivables balances or profit thus far. The group has not made use of the UK Government's Coronavirus Job Retention Scheme. Management anticipate the sector to remain strong in light of increasing demand levels for food products. The cash flow forecasts will continue to be monitored regularly to ensure the group has the resources required to operate as normal in the current climate.

The group had significant headroom and the forecasts demonstrate that there is no realistic scenario that would require further funding or breach of covenants. The directors have also obtained confirmation from Gowan Company LLC, the immediate parent company and a company based in the USA, that it will not seek repayment of any intercompany indebtedness for a period of at least 12 months from the date of signing these financial statements.

Based on the cash flow forecasts the directors have considered the cash requirements of the group and they remain confident that the group will continue as a going concern and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The group therefore continues to adopt the going concern basis in preparing its financial statements.

1 Accounting policies *(continued)*

Brexit

The group, being based in the UK, has maintained routine monitoring of Brexit dialogue and performed a host of background measures to limit supply chain disruption. Webinar based trainings, government and regulaotyr websites, and multidisciplinary meetings have been primary routes of preparation throughout 2020 and 2021. All raw materials utilised for production have been verified as REACH compliant within the UK, and all finished good routings in and out of the UK have been examined. In some cases, proactive material movements in advance of the 2020 year end were executed, to eliminate chance for unexpected border delays or tariff assessments. All activities are vetted and approved by senior management within the standard monthly Sales & Operations Planning sessions, and none have resulted in undue financial burden or risk for the organisation. The monitoring will continue throughout 2021, and the group will remain abreast of all new or changed regulations, with immediate adoption of practices necessary to remain in full compliance.

Effect of changes in accounting policies

Details of the impact on the group of its adoption in the current year of IFRS 16 "Leases" is set out within the 'right-of-use assets and corresponding lease liabilities" and 'changes in accounting policies and disclosures' sections of this note.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Crop Demetra Limited, the parent, and its subsidiaries as at 31 August 2020 (together "the group"). Where a group entity has control over an investee, it is classified as a subsidiary. A group entity controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date of acquisition, being the date on which the group obtained control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions and unrealised gain and losses resulting from intra-group transactions are eliminated in full. Total comprehensive income within a subsidiary is attributed to the non-controlling interest (NCI) even if this results in a deficit balance.

Business acquisitions and goodwill

All such transactions to date have been accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business acquisition, the group elects to measure any non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business acquisition is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

1 Accounting policies *(continued)*

Business acquisitions and goodwill

Goodwill is capitalised as an intangible asset and is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for any non-controlling interest over the net identifiable assets acquired and liabilities assumed. Any deferred or contingent consideration is included in cost at its acquisition date fair value and, in the case of any such consideration classified as a financial liability, re-measured subsequently through profit or loss.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is immediately recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Revenue

The group adopted IFRS 15 "Revenue from Contracts with Customers" (IFRS 15) in the prior year.

- *Performance obligations and timing of revenue recognition*

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. The group's revenue is substantially derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when goods are delivered either to the port of departure or port of arrival depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

- *Determining the transaction price*

Substantially all of the group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

- *Allocating amounts to performance obligations*

For substantially all contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specified time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Interest and other income

Interest income is recognised as it accrues using the effective interest method. Other income is recognised as it accrues.

1 Accounting policies *(continued)*

Taxes

Current income tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.

Any current income tax relating to items recognised in other comprehensive income is also recognised in other comprehensive income and not in the consolidated income statement.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- When the deferred tax liabilities arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business acquisition and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Sales tax on purchases

Expenses and assets are recognised net of the amount of any sales tax incurred, except:
- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

1 Accounting policies *(continued)*

Property, plant and equipment (which exclude right-of-use assets – see below)

Items of property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. As well as the purchase price, cost includes the cost of directly attributable costs. When significant parts of property, plant and equipment are required to be replaced at intervals, the group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in the consolidated income statement as incurred.

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

Leasehold improvements	-	Over 5 years or the relevant lease term, whichever is shorter
Motor vehicles	-	Over 4 years
Office fittings & equipment	-	Over 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets other than goodwill

Intangible assets that are externally acquired separately are measured on initial recognition at cost.

Intangible assets are recognised on business acquisitions if they are separable from the acquired entity or give rise to other contractual/legal rights. The cost of intangible assets acquired in a business acquisition is their fair value at the date of acquisition. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see the section related to critical accounting judgements and estimates below).

Following initial recognition, such intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of all intangible assets are assessed as finite and are amortised over their relevant useful economic lives. The amortisation period and the amortisation method for such intangible assets are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement within the expense category that is most consistent with the function of the intangible assets. Amortisation periods are as follows:

Trademarks, licenses and patents	-	10 years
Customer and distributor relationships	-	10 years
Other intellectual property	-	5 to 10 years

Any gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is de-recognised.

1 Accounting policies *(continued)*

Right-of-use assets and corresponding lease liabilities

The group's leased right-of-use assets consist of certain properties, motor vehicles and office equipment. Rental contracts for the properties are typically made for fixed periods of up to five years, but may have extension options.

The group has adopted IFRS 16 'Leases' in the current year, using the modified retrospective approach. Details of the impact of the adoption of this standard are set out in the 'changes in accounting policies and disclosures' section below. The group's old and new policies for leases are set out below.

For the year ended 31 August 2019, the group had leases which were accounted for as follows:

- Rentals due under operating leases were charged against income on a straight-line basis over the lease term.
- All other leases were treated as finance leases with the relevant asset capitalised as a fixed asset and amounts due under finance leases included in loans and borrowings.

From 1 September 2019, the group has accounted for leases under IFRS 16 as follows:

The group assesses whether a contract is or contains a lease, at inception of a contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as those with a value below €5,000 at inception and comprising of certain office equipment and small office leases). For these types of leases, the group continues to recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.
Right-of-use assets and corresponding lease liabilities *(continued)*

- *Lease liabilities*

Each lease liability is included within a separate line item, 'lease liabilities', in the consolidated statement of financial position. Each such liability is initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease, unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate at the time of commencement of the lease is used. Lease payments are allocated between the relevant lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

Lease payments included in the measurement of a lease liability on initial recognition comprise, as applicable:
- fixed lease payments (including any in-substance fixed payments), less any lease incentives;
- the expected cost of exercising of any purchase option granted in favour of the group, if it is reasonably certain to exercise that option;
- the amount expected to be payable by the group as lessee under any residual value guarantees; and
- the payment of any penalties for terminating the lease, if the lease term has been estimated on the basis of a termination option being exercised.

Each lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The group re-measures a lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed, in which case the lease liability is re-measured by discounting it at a revised discount rate; and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised payments using a revised discount rate.

1 Accounting policies *(continued)*

Right-of-use assets and corresponding lease liabilities *(continued)*
The group did not make any such adjustments during the periods' presented.

- *Right-of-use assets*

The right-of-use assets are included as a separate line item in the consolidated statement of financial position. Right-of-use assets are initially measured at the amount of the corresponding lease liability, reduced for any lease incentives received, and increased for, as applicable:

- any lease payments made at or before the commencement date of the lease;
- any initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to restore the leased asset (typically any leasehold dilapidations).

They are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is usually provided at rates calculated to write off the cost less estimated residual value of each right-of-use asset over its expected useful life, as follows:

Right-of-use property	-	over the lease term
Right of use motor vehicles	-	over the lease term
Right of use office equipment	-	over the lease term

However, if a lease transfers the ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Whenever the group incurs an obligation for costs to restore any property to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset.

Borrowing costs

All borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that a group entity incurs in connection with the borrowing of funds.

Foreign currency

- *Transactions*

The group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. Transactions entered into by group entities in foreign currencies are initially recorded in the functional currency of the relevant entity by applying the spot exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

All differences are taken to the consolidated income statement.

1 Accounting policies *(continued)*

Foreign currency (continued)

- *Translation of foreign operations*

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates approximating to those prevailing at the dates the transactions took place. The exchange differences arising on translation for consolidation are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the cumulative exchange differences previously recognised in equity relating to that particular foreign operation up to the date of disposal are transferred to the consolidated income statement as part of the profit or loss on disposal.

Impairment of non-financial assets (excluding deferred tax assets)

The group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for such an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units' (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, any recent comparable market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators, as appropriate.

The group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

The following non-financial assets have specific characteristics for impairment testing.

- *Goodwill*

Goodwill is tested for impairment annually as at the balance sheet date and also when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

- *Intangible assets with finite lives*

Intangible assets with finite useful lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

1 Accounting policies *(continued)*

Impairment of non-financial assets (excluding deferred tax assets) *(continued)*

- *Inventories*

Inventories are initially recognised at cost, and subsequently stated at the lower of cost and net realisable value, after making due allowance for any slow-moving or obsolete items, using the first in, first out method. Cost comprises all costs of purchase and any other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.

Share capital

Financial instruments issued by the parent company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The parent company's ordinary shares are classified as equity instruments.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated income statement in the year to which they relate.

Provisions

Provisions can be distinguished from other liabilities such as trade payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement.

A provision is recognised when the group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability and the current time value of money.

Any provisions made by the group will be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

Financial instruments

Financial assets classified as 'amortised cost'

IFRS 9 "Financial Instruments" has replaced IAS 39 "Financial Instruments: Recognition and Measurement". The only significant impact of the adoption of this new standard in the current year is that the categorisation of the group's financial assets and the method by which the group calculates impairment losses on those assets have changed, as explained below. Financial assets are categorised based on the purpose for which they were acquired. All of the group's financial assets are currently categorised as and measured at 'amortised cost'. They comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

1 Accounting policies *(continued)*

Financial instruments *(continued)*

- *Recognition and measurement*

These assets arise principally from the provision of goods to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold the assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost (using the effective interest rate method where the time value of money is significant), less provision for impairment.

- *Impairment (including effect of change in accounting policy)*

The adoption of IFRS 9 did not result in a significant change to the amount of impairment provisions recognised against the group's financial assets at 31 August 2019 or 2018 compared to those previously recognised under the IAS 39 existing incurred loss model methodology. Accordingly, there has been no change to the impairment charge included in the consolidated income statement in the current year or to the opening accumulated deficit position in the statement of changes in equity as a result of the adoption of this new standard. The group chose not to restate comparatives on adoption of IFRS 9 and would therefore have included any change to the impairment charge in respect of the previous year in that statement (i.e. at the date of initial application, being 1 September 2018) had there been any change to adjust for.

Impairment provisions for current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. The resultant probability percentage is then multiplied by the amount of the expected credit loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision or allowance account. On confirmation that any trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of any provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. In the instances where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with the gross interest income are recognised. In the instances where credit risk has increased significantly since the initial recognition of the financial asset, lifetime expected credit losses along with the gross interest income are recognised. For any financial assets that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the consolidated income statement to the extent that the carrying value of the relevant asset does not exceed its amortised cost at the reversal date.

- *Cash and cash equivalents*

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts. For the purpose of the consolidated statement of financial position, cash deposits and overdrafts are presented separately.

1 Accounting policies *(continued)*

Financial instruments *(continued)*

Financial liabilities

Financial liabilities are classified into one of two categories, depending on the purpose for which the liability was acquired.

- *Financial liabilities classified as 'fair value through profit or loss'*

The group's financial liabilities classified as 'fair value through profit or loss' comprise of any contingent consideration payable on business acquisitions which is required to be fair valued at the time of acquisition.

The group currently has no derivative financial liabilities classified as 'fair value through profit or loss'.

- *Financial liabilities classified as 'other financial liabilities'*

All the group's other financial liabilities are currently categorised as 'other financial liabilities'. The group's accounting policies for each significant type of financial liability within this category are as follows:

  o *Bank and other long-term interest bearing borrowings*

These borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the relevant financial instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that the interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purpose of each financial liability, interest expense includes any initial transaction costs as well as any interest or coupon payable while the liability is outstanding.

  o *Trade payables and other short-term monetary liabilities*

Trade payables and other short-term monetary liabilities, are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset when a group entity has a legally enforceable right to offset the recognised amounts and intends either to settle these on a net basis or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and also in the event of default, insolvency or winding up of the group entity or the relevant counterparty.

Changes in accounting policies and disclosures

- *New standards, interpretations and amendments that became effective in the current year*

The only new standard impacting the group that has been adopted for the first time in these financial statements is IFRS 16 *"Leases"*. IFRS 16 specifies how an IFRS reporter recognises, measures, presents and discloses leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless they choose to exclude those with lease terms of 12 months or less or underlying assets with low values from such recognition. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard also effects non-IFRS financial measures such as adjusted EBITDA and net debt.

1 Accounting policies *(continued)*

***Changes in accounting policies and disclosures** (continued)*

- ***Impact of the group's adoption of IFRS 16***

The group adopted IFRS 16 in the current year, with the accounting policy applied set out above in the 'right-of-use assets and corresponding lease liabilities" section. On adoption, the group elected to use the modified retrospective approach, under which the cumulative effect of initial application was recognised in retained earnings at 1 September 2019. As such, the comparatives for the year ended 31 August 2019 were not restated.

An explanation of the impact of the transitional requirements that were applied as at 1 September 2019 is set out below. Given the relatively low number of leases entered into by the group as lessee there was no material impact on the group's financial statements of adopting IFRS 16.

However, the adoption of IFRS 16 has affected the group's operating profit, profit before tax and cash flows in the following ways:

- lease payments attributable to leases no longer treated as operating leases are now recognised through profit or loss by amortising the recognised right-of-use asset and discounting the associated lease liability.
- lease expenses from such operating leases were previously reported under cash flows from operating activities. Under IFRS 16, interest paid on these leases is now recognised under cash flows from operating activities and capital payments as cash flows from financing activities. Thus, IFRS 16 has led to an increase in cash flows from operating activities and a decrease in cash flows from financing activities.

On transition, the group applied the exemptions available for leases previously classified as operating leases under IAS 17, not to recognise right-of-use assets and lease liabilities where leases had remaining terms at the date of application of under 12 months and underlying assets with values under €5,000. A number of allowed practical expedients were also applied:

- the group deemed that any leases held, which did not have an interest charge inherent in the lease, had reasonably similar characteristics and therefore a single discount rate was applied;
- the group used hindsight in determining the lease term where a lease contract contained options to extend or terminate the lease (accounting for these as if the extension was in place throughout the lease);
- the group elected not to reassess whether a contract was, or contained a lease at the date of initial application. Instead, for contracts entered into before the transition date, the group relied on its assessment made applying IAS 17 and IFRIC 4 in determining if an arrangement contained a lease.

Each relevant lease liability was measured as at 1 September 2019, using the present value of the lease payments still outstanding as at the transition date, discounted using the group's weighted average incremental borrowing rate of 4%.

In addition, leases that were previously accounted for by the group as finance leases, under IAS 17, were reclassified as per above but were measured for the purposes of IFRS 16 based on the carrying values for the leased assets and liabilities immediately before the date of initial application (i.e. the carrying values brought forward were left unadjusted).

1 Accounting policies *(continued)*

Changes in accounting policies and disclosures *(continued)*

The following tables summarise the impact of adoption of IFRS 16 on the group:

	Note	31 August 2019 - as originally presented	Impact of IFRS 16 adoption	1 September 2019 – adjusted balance
Assets		€'000	€'000	€'000
Property, plant and equipment	(a)	780	(84)	696
Right-of-use assets	(b)	-	2,010	2,010
Liabilities				
Current liabilities				
Loans and borrowings	(d)	(52,605)	39	(52,566)
Lease liabilities	(e)	-	(314)	(314)
Non-current liabilities				
Loans and borrowings	(d)	(12,637)	43	(12,594)
Lease liabilities	(e)	-	(1,696)	(1,696)
Equity				
Accumulated deficit	(f)	(5,664)	-	(5,664)
Non-controlling interest	(f)	67	-	67

Notes to the above table:

(a) Property, plant and equipment was adjusted to reclassify leases previously classified as of a finance type to right-of-use assets. The adjustment reduced the cost of property, plant and equipment by €0.12 million and accumulated amortisation by €0.036 million for a net adjustment of €0.084 million.

(b) Right-of-use asset additions are the total of adjustment (a) together with the total value of such assets capitalised that were previously accounted for as operating leases under IAS 17.

(c) Loans and borrowings were adjusted to reclassify leases previously classified as finance type to lease liabilities.

(d) The table below reconciles the minimum lease commitments disclosed in the group's 31 August 2019 financial statements to the amount of lease liabilities recognised on 1 September 2019.

(e) There was no impact on either the accumulated deficit or non-controlling interest balances at 31 August 2019 as a result of making the adjustments noted above.

1 Accounting policies *(continued)*

***Changes in accounting policies and disclosures** (continued)*

Reconciliation of minimum lease commitments to lease liabilities

	2019
	€'000
Minimum operating lease commitments disclosed at 31 August 2019	846
Less: short-term leases not recognised under IFRS 16	(67)
Add: correction to misstatement of minimum commitments at 31 August 2019	1,541
Undiscounted lease liabilities at 31 August 2019	2,320
Effect of discounting at the incremental borrowing rate as at the date of initial application	(393)
Lease liabilities for leases classified as of an operating type under IAS 17	1,927
Plus: leases previously classified as finance type under IAS 17	83
Lease liabilities recognised at 1 September 2019 (short and long term)	2,010

- ***Other standards adopted in the year***

There were no other new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) that applied for the first time in the current year and which impacted the group. This was because they were either not relevant to the group's activities or required accounting which was consistent with the group's existing accounting policies.

- *New standards, interpretations and amendments not yet effective.*

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these in terms of relevance to the group and which are effective for the group's financial years beginning on or after 1 September 2020 are:

- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (*Amendment - Definition of Material)*
- IAS 1 *Presentation* of Financial Statements (Amendment – Classification of Liabilities: *see below*)
- IFRS 3 *Business Combinations* (Amendment - Definition of Business)
- IFRS 16 *Leases* (Amendment – COVID-19 Related Rent Concessions: *see below*)
- Revised Conceptual Framework for Financial Reporting

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for reporting periods beginning on or after 1 January 2023.

1 Accounting policies *(continued)*

***Changes in accounting policies and disclosures** (continued)*

- In May 2020, the IASB issued final amendments to IFRS 16 related to COVID-19 rent concessions for lessees.

The amendments modify the requirements of IFRS 16 to permit lessees to not apply modification accounting to certain leases where the contractual terms have been affected due to COVID-19 (e.g. rent holidays or other rent concessions). The amendments are effective for reporting periods beginning on or after 1 June 2020.

The group is currently assessing the impact of these new accounting standards, revisions and amendments.

The group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, based on the nature of the group's liabilities at the current time.

The group does not currently expect any other standards, interpretations and amendments issued by the IASB, but not yet effective, to have a material impact on the group.

Critical accounting judgements and estimates

The preparation of the group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at each reporting date and the amounts reported for revenues and expenses during each financial year. In the future, actual experience may differ from these estimates and assumptions.

In the process of applying the group's accounting policies, management has made the following judgements and estimations which have the most significant effect on the amounts recognised in the financial statements.

- *Impairment of goodwill*

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is deemed to be value in use. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from management's budgets and forecasts for the next five years. These exclude the impact of any proposed significant future investments that are intended to enhance the performance of the asset or CGU being tested.

The key assumptions used to determine the recoverable amount for the different CGUs, are:

- *Growth rate in revenue*

Growth is based on historical trends and forecasts. Where it is expected that product registrations or new formulations are introduced, the impact on increased volumes are factored in.

- *Discount rates*

These represent the current market assessment of the risks specific to the relevant CGU, regarding the time value of money and individual risks of the underlying assets that have not already been factored into the cash flow estimates. The discount rate calculation is based on the specific circumstances of the group.

- *Gross margins*

These are based on average values achieved in the three years preceding the beginning of the budget period, adjusted for known changes.

- *Fair value measurement*

A number of financial and non-financial assets and liabilities included in the group's financial statements require measurement at, and/or disclosure of, fair value. Assets and liabilities requiring measurement at fair value include any intangible assets acquired in and any contingent consideration payable on business acquisitions. The group is also required to make judgements and estimates as to the fair value allocation of the purchase price paid for a business acquisition between the assets and liabilities of the acquired entity.

1 Accounting policies *(continued)*

***Critical accounting judgements and estimates** (continued)*

The group's other intangible assets are amortised or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

- *Taxation*

Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws and the amount and timing of future taxable income across the jurisdictions over which the group operates. Given the wide range of international business relationships, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to the amounts of tax income and tax expense already recorded.

- *Deferred tax assets*

Management judgement is required to determine the amount of deferred tax assets that can be recognised by each group entity, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Management make an assessment of the future taxable profits by reference to the financial information that is available from across the group, including historical performance and internal forecasts, and based on this consider whether it is probable those profits will arise to enable recovery of the deferred tax asset.

- *Right-of-use assets and corresponding lease liabilities*

Determination of the lease term for some lease contracts in which the group is a lessee is a matter of management judgement, including considering whether the group is reasonably certain to exercise any lessee extension options. Extension options (or periods after termination options) are only included in the lease term if a lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that it is within the control of the group. The determination of the incremental borrowing rate used to measure lease liabilities is also subject to management judgement.

2 Revenue from contracts with customers

The group's revenue is all derived from the one class of business specified below.

	2020 €'000	2019 €'000
Analysis by class of business		
Sale of goods – chemical crop protection products	**187,626**	160,251

Impact of economic factors on the group's revenue and related cash flows

The group's revenue, which is all recognised on a 'point in time' basis, is derived from the one class of business specified above and is solely sold to customers in the international agricultural business sector.

Analysis of revenue by geographical market	2020 €'000	2019 €'000
United Kingdom	**14,254**	19,566
Rest of Europe	**99,141**	104,808
Rest of the World	**74,231**	35,877
	187,626	160,251

3 Expenses by nature

	2020 €'000	2019 €'000
Group operating profit is stated after charging / (crediting):		
Depreciation of property, plant and equipment[1]	**319**	207
Depreciation of assets held under finance leases[1]	**-**	50
Loss on disposal of property, plant and equipment[1]	**1**	55
Amortisation of right-of-use assets[1]	**455**	-
Amortisation of other intangible assets[2]	**6,344**	2,703
Impairment of goodwill and other intangible assets[2]	**761**	1,649
Employee benefit expenses (see note 4)	**14,021**	10,631
Cost of inventories expensed	**109,147**	100,928
Operating lease expenses	**504**	454
Royalty and other income	**(124)**	(287)
Net foreign currency differences	**2,520**	337
Auditor's remuneration:		
- Fees payable to the company's auditor for the audit of the group's annual accounts	**56**	61
- Fees payable to the company's auditor for the audit of the company's subsidiaries	**60**	61
- Assistance in the preparation of group financial statements	**9**	8
~~Regulatory expenditure (net of items show as [2] above)~~	~~**12,361**~~	~~12,289~~

[1] *Included in selling and distribution costs*
[2] *Included in regulatory expenditure*

4 Employee benefit expenses and key management personnel compensation

Employee benefit expenses

Group	2020 €'000	2019 €'000
Employee benefit expenses (including directors) consist of:		
Wages and salaries	**11,796**	8,608
Social security costs	**2,009**	1,786
Pension costs – payments to defined contribution schemes	**216**	237
	14,021	10,631

The average number of employees (including directors) during the year was as follows:

Group	2020 Number	2019 Number
Administration	**89**	55
Sales and warehousing	**99**	121
	188	176

The parent company had no employees other than the three directors in the current year and prior year and incurred no staff costs (2019: none). None of the directors are remunerated via the parent company, instead they are remunerated through other group companies.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group. For the group this is considered to be the directors of the company and certain individuals holding senior management positions in the group's overseas subsidiaries.

The key management personnel compensation was as follows:

	2020 €'000	2019 €'000
Wages and salaries	**1,491**	1,272
Defined costs – payments to defined contribution schemes	**30**	40
	1,521	1,312

4 Employee benefit expenses and key management personnel compensation

Key management personnel compensation (continued)

	2020 €'000	2019 €'000
Directors emoluments		
Wages and salaries	**583**	568
Benefits	**27**	5
Aggregate Emoluments in respect of qualifying services	**610**	573
Highest paid Director	**249**	275

5 Finance income

	2020 €'000	2019 €'000
Bank and other interest receivable	**248**	98

6 Finance costs

	2020 €'000	2019 €'000
Related party loan interest	**82**	89
Bank loan and credit line interest	**2,702**	1,173
Interest expense on lease liabilities (2019: finance leases)	**148**	-
	2,942	1,262

7 Taxation

Taxation on profit on ordinary activities

	2020	2019
Current tax	**€'000**	**€'000**
Current tax on profits of the year	**3,467**	,2,595
Adjustment in respect of prior years	-	(82)
	3,467	2,513
Origination and reversal of temporary differences	**1,147**	753
Tax charge	**4,614**	3,266

The tax assessed for the year varies from the standard rate of corporation tax in the UK applied to group's profit before tax. The differences are explained below:

	2020	2019
	€'000	**€'000**
Group profit before tax	**18,974**	12,446
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 - 19%)	**3,605**	2,365
Effects of:		
Overseas tax rate differences	**147**	284
Adjustment in respect of prior years	-	(82)
Other differences	**160**	560
Expenses not deductible for tax purposes	**655**	-
Tax losses arising	**47**	139
Total tax expense reported in the consolidated income statement	**4,614**	3,266

7 Taxation *(continued)*

***Taxation on profit on ordinary activities** (continued)*

The deferred tax charge included in the consolidated income statement comprises:

	2020 €'000	2019 €'000
Deferred tax in the consolidated income statement		
Other timing differences	**(117)**	(163)
Intangible assets timing differences	**1,107**	916
Deferred tax charge	**990**	753

Income tax losses

The group has income tax losses carried forward, arising in various jurisdictions, totalling €3.0 million (2019: €3.2 million), for which a deferred tax asset has not been recognised due to the uncertainty regarding their recoverability.

Deferred tax asset

The deferred tax asset included in the consolidated statement of financial position is as follows:

	2020 €'000	2019 €'000
Deferred tax asset		
Other temporary differences	**1,410**	1,293
Intangible assets	**3,990**	5,097
Total deferred tax asset	**5,400**	6,390

The group recognises deferred tax on certain deductible temporary differences. The movement in the deferred tax asset is as follows:

	€'000
At 1 September 2019	6,390
Charge to the consolidated income statement	(990)
At 31 August 2020	**5,400**

The deferred tax asset arising in relation to intangible assets principally originated from the intra-group transfer, at fair value, of the relevant assets from Gowan Comercio Internacional Servicos, LDA to Gowan Crop Protection Limited in a prior year.

7 Taxation *(continued)*

Deferred tax liability

The deferred tax liability included in the consolidated statement of financial position is as follows:

	2020 €'000	2019 €'000
Deferred tax liability		
Other temporary differences	**230**	73
Arising in relation to intangible assets	**1,741**	1,741
Total deferred tax liability	**1,971**	1,814

The group recognises a deferred tax liability on certain deductible temporary differences. The movement in the deferred tax liability is as follows:

	€'000
At 1 September 2019	1,814
Charge to the consolidated income statement	157
At 31 August 2020	**1,971**

The deferred tax liability arising in relation to intangible assets originated on the acquisition, at fair value, of the relevant assets as part of business acquisitions that took place in the prior year.

8 Goodwill

Group	**Goodwill €'000**
Cost and net book value:	
At 1 September 2019	8,689
Foreign exchange movements	(1,338)
At 31 August 2020	7,351
Accumulated amortisation and impairment:	
At 1 September 2019	-
Impairment losses	297
At 31 August 2020	297
Net book value	
At 31 August 2020	**7,054**
At 31 August 2019	8,689

The carrying value of goodwill comprises:	**2020 €'000**	**2019 €'000**
Gowan Italia Srl (Italy)	**2,320**	2,320
GCIS Chile SpA (Chile)	**-**	420
Ecoflora Agro SAS (Ecoflora) (Colombia)	**3,390**	4,153
Cross Link Consultoria e Comercio Ltda (Crosslink)	**1,344**	1,796
At 31 August	**7,054**	8,689

Parent Company
There is no goodwill purchased and held by the parent company.

8 Goodwill *(continued)*

Impairment testing of goodwill

Each business unit is regarded as a cash generating unit (CGU) for the purposes of impairment testing of goodwill. The recoverable amount for each goodwill balance has been determined based on a value in use calculation using cash flow projections from financial budgets and forecasts approved by senior management covering a five year period. The pre-tax discount rate applied to cash flow projections is 12%-15% and cash flows beyond the five year period are extrapolated using a 0% growth rate.

Impairment assessments at 31 August 2020
A small impairment loss of €0.3 million arose in relation to the goodwill of GCIS Chile, SpA in the year.

It was concluded that the fair value less cost to sell of all other goodwill balances did not exceed their value in use.

- *Key assumptions used in value in use calculations*

The calculation of value in use is most sensitive to assumptions in relation to the following:

- Growth rate in revenue
- Discount rates
- Gross margins
- Growth rate estimates used to extrapolate cash flows beyond the five year forecast period

- *Growth rate in revenue*

Forecast growth rates are based on historical trends. Where it is expected that product registrations or new formulations are introduced, the impact on increased volumes are factored in. A change in the growth rate assumption applied of one percentage would not have a significant impact on the value in use calculations.

- *Discount rates*

These represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets that have not been factored into the cash flow estimates. The discount rate calculation is based on the specific circumstances of the group. A change in the discount rate applied of one percentage would not have a significant impact on the value in use calculations.

- *Gross margins*

These are based on average values achieved in the three years preceding the beginning of the budget period. Over the budget period no anticipated efficiency improvements have been assumed. A change in the gross margin applied of one percentage would not have a significant impact on the value in use calculation.

- *Growth rate estimates*

Rates are based on published research, assuming no terminal growth. As indicated above, cash flows beyond the initial five year budget period are currently extrapolated using a 0% growth rate.

9 Other intangible assets

Group – current year	Customer and distributor relationships €'000	Trademarks, licences and patents €'000	Other intellectual property €'000	Total €'000
Cost				
At 1 September 2019	2,348	2,531	70,721	75,600
Additions – see below	-	-	60,854	60,854
Foreign currency movements	(611)	(15)	(428)	(1,054)
Disposals	-	-	-	-
At 31 August 2020	**1,737**	**2,516**	**131,147**	**135,400**
Amortisation				
At 1 September 2019	120	2,343	62,869	65,332
Amortisation charge	257	75	6,012	6,344
Impairment losses	-	-	464	464
Disposals	-	-	-	-
At 31 August 2020	**377**	**2,418**	**69,345**	**72,140**
Net book value				
At 31 August 2020	**1,360**	**98**	**61,802**	**63,260**

Additions in the year:

On 1 December 2019, Gowan Crop Protection Limited, a subsidiary of the company, entered into agreements with Bayer AG to acquire rights to the active ingredients for the fungicides known as Fenamidone and Pencycuron. The terms of the agreements included the acquisition by the group of certain product registrations and trademarks, including Consento™, Monceren™, Reason™ and Prestige™ and related intellectual property and labels for both of these fungicides. The total cost of these acquisitions to the group was €60,046,000. The group made other acquisitions in the year of €808,000.

Other intangible assets acquired in prior years:

The majority of the group's other intangible assets comprise certain licenses and other intellectual property, which are owned by Gowan Crop Protection Limited and Gowan Italia Srl. These include technical data, patents, trademarks and product registrations of several products and licences granting the right to sell certain products in certain countries. During the year the group recorded an impairment of €464,000 (2019: €1,649,000) on one of their products as a result of registration constraints.

The amortisation periods for all intangible assets are disclosed in note 1.

9 Other intangible assets *(continued)*

Group – prior year	Customer and distributor relationships €'000	Trademarks, licences and patents €'000	Other intellectual property €'000	Total €'000
Cost				
At 1 September 2018	-	2,405	68,235	70,640
Acquired through business acquisitions	2,348	126	2,669	5,143
Other additions	-	-	-	-
Foreign currency movements	-	-	7	7
Disposals	-	-	(190)	(190)
At 31 August 2019	**2,348**	**2,531**	**70,721**	**75,600**
Amortisation				
At 1 September 2018	-	2,206	58,774	60,980
Amortisation charge	120	137	2,446	2,703
Impairment losses	-	-	1,649	1,649
Disposals	-	-	-	-
At 31 August 2019	**120**	**2,343**	**62,869**	**65,332**
Net book value				
At 31 August 2019	**2,228**	**188**	**7,852**	**10,268**

Parent company

There are no intangible assets held by the parent company (2019: none).

10 Property, plant and equipment

Group – current year	Leasehold improvements €'000	Motor vehicles €'000	Office fittings & equipment €'000	Total €'000
Cost				
At 1 September 2019	133	471	1,334	1,938
Reclassification due to adoption of IFRS 16 (see note 11)	-	(120)	-	(120)
Other additions	253	172	-	425
Disposals	-	(2)	(31)	(33)
At 31 August 2020	**386**	**521**	**1,303**	**2,210**
Depreciation				
At 1 September 2019	117	261	780	1,158
Reclassification due to adoption of IFRS 16 (see note 11)	-	(36)	-	(36)
Depreciation charge	12	130	177	319
Disposals	-	-	9	9
At 31 August 2020	**129**	**355**	**965**	**1,449**
Net book value				
At 31 August 2020	**257**	**166**	**338**	**761**

Prior year information in relation to assets held under leases:

The carrying value of property, plant and equipment at 31 August 2019 included €120,000 in respect of motor vehicles that were held under finance leases and hire purchase contracts. Additions during the prior year included €67,000 of motor vehicles that were held under finance leases and hire purchase contracts. The depreciation charge for the prior year included €50,000 relating to assets that were held under finance leases and hire purchase contracts.

All such assets were reclassified as right-of-use assets (note 11) with effect from 1 September 2019 on the adoption of IFRS 16 in the current year.

10 Property, plant and equipment *(continued)*

Group – prior year	Leasehold improvements €'000	Motor vehicles €'000	Fixtures and fittings €'000	Total €'000
Cost				
At 1 September 2018	117	472	810	1,399
Acquired through business acquisitions	-	3	371	374
Other additions	52	105	154	311
Disposals	(36)	(109)	(1)	(146)
At 31 August 2019	**133**	**471**	**1,334**	**1,938**
Depreciation				
At 1 September 2018	112	225	653	990
Depreciation charge	5	124	128	257
Disposals	-	(88)	(1)	(89)
At 31 August 2019	**117**	**261**	**780**	**1,158**
Net book value				
At 31 August 2019	**16**	**210**	**554**	**780**

Parent Company

There are no tangible fixed assets held in the parent company.

11 Right-of-use assets and corresponding lease liabilities

Right-of-use assets – group

	Properties €'000	Motor vehicles €'000	Office fittings & equipment €'000	Total €'000
At 1 September 2019 *(on adoption of IFRS 16 – note 1)*	1,415	289	5	2,010
Additions from new leases in the year	1,013	277	-	1,290
Amortisation	(293)	(160)	(2)	(455)
At 31 August 2020	**2,435**	**406**	**4**	**2,845**

Lease liabilities - group

	Properties €'000	Motor vehicles €'000	Office fittings & equipment €'000	Total €'000
At 1 September 2019 *(on adoption of IFRS 16 – note 1)*	1,715	289	5	2,010
Leases entered into in the year	1,013	276	-	1,289
Interest expense	127	21	-	148
Lease payments	(288)	(167)	(2)	(457)
At 31 August 2020	**2,567**	**419**	**4**	**2,990**

The above lease liabilities mature as follows:	**2020 €'000**
Within three months	122
After three months but within one year	565
Between one and two years	456
Between two and five years	1,085
After more than five years	762
	2,990

Information in relation to short-term and low value leases	**2020 €'000**
Lease expense for the year in respect of short-term leases	**67**

The group currently has no lease liabilities that are subject to variable lease payments (2019: none).

The parent company has no lease arrangements.

12 Investments

As at 31 August 2020 the subsidiaries set out below were held by the group. All subsidiaries are consolidated.

Name of subsidiary	Country of registration	Principal nature of business
Gowan Comercio Internacional Servicos, Lda.	Portugal	Distribution and sale of crop protection products
Gowan Crop Protection Limited	United Kingdom	Manufacture, distribution and sale of crop protection products
Gowan Belgium S.P.R.L.	Belgium	Sale of crop protection products
Gowan Italia SRL	Italy	Manufacture, distribution and sale of crop protection products
Gowan France SAS	France	Sale of crop protection products
Gowan Espanola Fitosanitarios SL	Spain	Sale of crop protection products
Gowan Chile, SpA	Chile	Distribution and sale of crop protection products
Gowan Colombia SAS	Colombia	Distribution and sale of crop protection products
Gowan India Private Limited	India	Distribution and sale of crop protection products
Cross Link Consultoria e Comercio Ltda	Brazil	Distribution and sale of crop protection products
Ecoflora Agro Formulaciones SAS	Colombia	Distribution and sale of crop protection products
GCP South Africa Proprietary Ltd	South Africa	Distribution and sale of crop protection products
Gowan Crop Protection Australia Ltd	Australia	Distribution and sale of crop protection products

Details of group shareholdings and voting rights
All shares held in subsidiaries by the group are ordinary shares and give voting rights matching the percentage of share capital held. The group's total shareholding in each instance is 100%, except for Gowan France SAS where there is a 5% non-controlling interest.

All shares in subsidiaries are held directly by the company, with the exception of: Gowan India Private Limited and Gowan Belgium S.P.R.L. for which 1% of the group's holdings are owned directly by Gowan Crop

12 Investments *(continued)*

Company	**€'000**
Investment in subsidiary undertakings	
1 September 2018	48,803
Impairment	12,333
At 31 August 2019	61,136
1 September 2019	61,136
Capitalised loans in year	1,414
Impairment	(1,170)
Foreign exchange movements	(612)
At 31 August 2020	**60,767**

During the year, the company's investments in GCIS Chile SpA, Gowan Columbia SAS and Ecoflora Agro S.A.S., increased due to the capitalisation of loans due to/from the company. During the year the company's investment in Gowan Comercio International Servicios (Portugal) was impaired as a result of distributions to the company from its subsidiary which reduced its net asset value.

During the prior year the company acquired 99% shareholding in Gowan Holding Brazil Ltda, an intermediate holding company which wholly owns Cross Link Consultoria e Comercia Ltda incorporated in Brazil. During the prior year the company also acquired 100% of Ecoflora Agro SAS, which wholly owned Ecoflora Agro Fomulaciones SAS.

13 Inventories

	2020 €'000	**2019 €'000**
Raw materials and consumables	**14,061**	13,592
Finished goods	**47,366**	33,589
	61,427	47,181

An impairment provision of €nil (2019 - €nil) has been netted off in arriving at the inventories total of €61,427,000 (2019 - €47,181,000). Any movements in the impairment provision are reflected in cost of sales in the consolidated income statement.

No inventories are held by the parent company.

14 Trade and other receivables

	Group 2020 €'000	Company 2020 €'000	Group 2019 €'000	Company 2019 €'000
Trade receivables	58,325	-	66,790	-
Amounts due from related parties	563	-	357	-
Amounts due from subsidiaries	-	61,292		43,697
Prepayments and accrued income	3,077	4	1,134	119
Other debtors	5,976		3,781	-
Total trade and other receivables	67,941	61,296	72,062	43,816

There are no non-current amounts within the total trade and other receivables.

Receivables from related parties and loans to related parties

Details of related party receivables are set out in note 22. Credit risk for receivables from related parties has not increased significantly since their initial recognition. At 31 August 2020 there is no impairment allowance for receivables from related parties and loans to related parties (2019: €nil).

Trade receivables

As at 31 August 2020 trade receivables with a value of €60,407,000 (2019 - €69,100,000) were impaired by €2,082,000 (2019 - €2,310,000), which nets to the €58,325,000 (2019 - €66,790,000) disclosed above. The movements in the provision for the impairment of trade receivables and debts written off are recorded in administrative expenses in the consolidated income statement and are summarised as follows:

	2020 €'000	2019 €'000
Brought forward	**2,310**	2,174
Movement in provisions	**-**	482
Debts written off	**(228)**	(346)
Carried forward	**2,082**	2,310

14 Trade and other receivables *(continued)*

The group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based principally on consideration of their credit risk and geographical location similarities, whilst also taking into account ageing profiles.

The expected loss rates are based on the group's historical credit losses experienced over a period of up to three years prior to the reporting date. The historical loss rates are then adjusted for current and forward-looking information based on macroeconomic factors affecting the group's customers. This has included consideration of the impact of the coronavirus pandemic. The group has identified the international agricultural industry, publicly available country reports and their understanding of the markets in which its customers operate as the key determining factors.

At 31 August 2020 the lifetime expected loss provision for trade receivables is analysed as set out below. Over 96% (2019: 85%) of the group's trade receivables were current or less than 30 days past due at 31 August 2020.

At 31 August 2020	**Currency**	**Current and under 30 days past due**	**Between 31 and 90 days past due**	**Over 90 days past due**	**Total**
Risk category:					
Low risk	*Euros ('000)*	419	11	19	449
Moderate risk	*Euros ('000)*	453	12	21	486
High risk	*Euros ('000)*	1,070	30	47	1,147
Loss provision	*Euros ('000)*	1,942	53	87	**2,082**

At 31 August 2019	**Currency**	**Current and under 30 days past due**	**Between 31 and 90 days past due**	**Over 90 days past due**	**Total**
Risk category:					
Low risk	*Euros ('000)*	1,320	26	69	1,415
Moderate risk	*Euros ('000)*	175	3	9	187
High risk	*Euros ('000)*	660	13	35	708
Loss provision	*Euros ('000)*	2,155	42	113	**2,310**

15 Cash and cash equivalents

	Group 2020 €'000	**Company 2020 €'000**	**Group 2019 €'000**	**Company 2019 €'000**
Cash at bank	14,937	6,906	23,579	6,006

16 Trade and other payables

	Group 2020 €'000	Company 2020 €'000	Group 2019 €'000	Company 2019 €'000
Trade payables	27,902	154	22,986	129
Amounts owed to related parties	3,380	12	2,705	-
Amounts owed to group undertakings	-		-	11
Taxation and social security	304		321	-
Accruals	10,611	214	10,377	62
Total short term trade and other payables	**42,197**	**380**	36,389	202
Non-current liabilities				
Other creditors greater than one year	**1,282**	-	555	-
Total Trade and other payables	**43,479**	**380**	36,944	202

Trade payables are non-interest bearing and usually settled within 45 days

17 Loans and borrowings

Amounts falling due within one year	**Group 2020 €'000**	**Company 2020 €'000**	**Group 2019 €'000**	**Company 2019 €'000**
Bank overdrafts	-	-	-	-
Short term bank facilities	**5,506**	-	6,549	-
Bank term loans	-	-	23,869	14,092
Third party loan	-	-	5,226	-
Related party loan	**84,542**	**38,870**	16,922	-
Short term lease obligations	-	-	39	-
	90,048	**38,870**	52,605	14,092

Amounts falling due after one year	**Group 2020 €'000**	**Company 2020 €'000**	**Group 2019 €'000**	**Company 2019 €'000**
Bank term loans	-	-	367	-
Deferred consideration – Ecoflora (note 24)	**870**	-	92	-
Deferred consideration - Crosslink (note 24)	**2,782**	-	2,372	-
Contingent consideration – Crosslink (note 24)	**2,151**	-	1,338	-
Related party loans – long term (note 23)	**2,740**	-	8,425	5,000
Long term lease obligations	-	-	43	-
	8,543	-	12,637	5,000
Total loans and borrowings (excluding lease liabilities)	**98,591**	**38,870**	65,242	19,092

17 Loans and borrowings *(continued)*

Details of changes in liabilities arising from financing activities (including lease liabilities)

The total increase in loans and borrowings of €36,272,000 (2019: increase of €22,608,000), arose from financing cash inflows of €30,660,000 (2019: inflows of €12,959,000) as detailed on page 19, a non-cash movement in respect of new lease liabilities entered into and the adoption of IFRS 16 for right-of-use assets of €2,990,000 (2019: new finance leases entered into of €67,000), recognition of consideration payable and loans acquired on the business acquisitions that took place in the prior year of €nil (2019: €9,028,000) and €nil (2019: €567,000) respectively, an operating cash inflow of €1,378,000 (2019: outflow of €nil) and an increase in cash and cash equivalents as a result of a decrease in bank overdrafts of €nil (2019: €13,000).

Bank overdrafts and short term credit facilities

Any bank overdrafts utilised by the group are unsecured, repayable on demand and bear interest at variable rates. At 31 August 2020 short term credit bank facilities represent €5,506,000 (2019 - €6,549,000) for Gowan Italia Srl secured on its trade receivables amounting to €23,783,000 (2019 - €27,499,000) at that date (note 14).

Bank loans

In 2019 €21 million of the bank loans were secured by legal charges over the shares of the parent company.

A maturity analysis covering all bank loans is set out below.

	2020 €'000	2019 €'000
Repayable in less than one year (included in current liabilities)	-	23,869
Non-current liabilities		
Repayable in one to two years	-	367
Repayable in two to five years	-	-
Total bank term loans	-	24,236

Bank loan repayments totalling €24.2 million were made in the year with the majority of the group's loans and borrowings at 31 August 2020 now being from related parties (note 22).

Related party loans
Details of related party loans are set out in note 22. A maturity analysis of these loans is set out below.

	Group 2020 €'000	Company 2020 €'000	Group 2019 €'000	Company 2019 €'000
Repayable within one year (included in current liabilities)	**84,542**	**38,870**	16,922	-
Non-current liabilities				
Repayable within one to two years	**1,937**	-	5,923	5,000
Repayable within two to five years	-	-	1,961	-
Repayable after five years	**803**	-	541	-
Total related party loans	87,282	38,870	25,347	5,000

17 Loans and borrowings *(continued)*

Lease obligations
The group total lease obligations of €82,000 (2019 - €82,000) are payable in monthly instalments and are secured on the assets financed under the lease agreement s (note 10). Interest is fixed for the duration of these lease contracts. There are no lease obligations within the parent company.

18 Financial instruments - risk management objectives and policies

The group is exposed through its operations to certain financial risks. These risks arise from its use of various financial instruments and at present are principally credit risk, market risks and liquidity risk.

Although the coronavirus pandemic had some impact on the group's trading and other operations in the year, it did not result in any significant substantive changes to the group's exposure to financial instrument risks, its objectives and policies and processes for managing those risks or the methods used to measure them from previous periods.

The group's principal financial liabilities comprise loans and borrowings and lease liabilities together with trade and other payables. The main purpose of these financial liabilities is to finance the group's operations. The group has various financial assets that derive directly from its operations, principally trade and other receivables and cash and other short term deposits. The group does not currently utilise any derivative financial instruments.

The group's senior management oversees the management of the above risks. The group's senior management provides assurance to the directors of the company that the group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the group's policies and group risk objectives. Any derivative activities undertaken by the group for risk management purposes, of which there are currently none, would be carried out by specialist teams that have the appropriate skills, experience and supervision. It is the group's policy that no trading in derivatives for speculative purposes shall be undertaken. The company's board of directors reviews and agrees policies for managing each type of financial risk. These are summarised below.

Market risk

Financial market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two principal types of risk: interest rate risk and foreign exchange risk. Financial instruments affected by market risk include the group's interest-bearing loans and borrowings and cash deposits, including those held in foreign currencies.

- *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's long term debt obligations with floating interest rates. The group monitors its interest rate risk closely on an ongoing basis. The effect of a 0.5% increase in the group's variable rate loans and borrowings would increase the interest charge by approximately €0.028 million (2019: €0.3 million) in the consolidated income statement.

- *Foreign exchange risk*

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities (when the revenue or expense is denominated in a different currency from that of the group's presentation currency) and its net investments in foreign subsidiaries.

The group manages its foreign exchange risk by transacting as much as possible in euros, the functional

18 Financial instruments - risk management objectives and policies *(continued)*

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to a credit risk from its operating activities (primarily trade receivables) and from its financial activities, including deposits with banks and other financial institutions, foreign exchange transactions and transactions involving other financial instruments. The main source of potential failure to meet such obligations relates to the group's trade receivables, although the level of bad debt incidence is low historically, at around 2% of turnover or less.

- *Trade receivables*

Customer credit risk is managed by each business unit subject to the group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit check. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally put on stop when overdue to any significant extent. At 31 August 2020 over 96% (2019: 85%) of the group's trade receivables before impairment were less than 30 days overdue. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. Details of the method of calculation of any impairment are set out in note 14. The exposure to credit risk of trade receivables at the reporting date is arguably linked to the ageing profile of receivables less the provision for impairment which is disclosed in note 14. The group does not hold any collateral as security.

- *Financial instruments and cash deposits*

Credit risk from balances with banks and other financial institutions is managed by the group's senior management in accordance with group policy. Investments of surplus funds are made only with the approved counterparties. The group's maximum exposure to such credit risk at 31 August 2020 is the carrying amount of such balances as set out in note 15.

Liquidity risk

Liquidity risk arises from the group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group's policy is to always ensure that it has sufficient cash to allow it to meets its liabilities when they become due. To achieve this aim the group monitors its risk to a shortage of funds by preparing an annual budget profit and loss account and cash flow forecast and through monthly monitoring of cash flows with budget. Given the seasonality of the business, there are cash flow peak requirements and these are funded by a mixture of shareholder and bank loans. The group's objective is to maintain a balance between continuity of funding and flexibility principally through the use of bank overdrafts, bank and other loans, finance leases and hire purchase contracts. The maturity profile of loans and borrowings due after one year is set out in note 17.

A substantial proportion of loans and borrowings relate to amounts advanced by the shareholder and other related party loans - given the support committed by the shareholder the significant value of these loans in current liabilities is not considered a significant risk by management. The credit line facilities by their nature are linked to trade receivable balances, and are thus short term in nature.

18 Financial instruments - risk management objectives and policies *(continued)*

Capital disclosures

The group considers its capital to comprise its ordinary share capital, share premium, capital reserve and accumulated retained earnings.

In managing its capital, the group's primary objective is to ensure preservation of capital and ultimately capital growth for its equity shareholders, whilst safeguarding its ability to continue as a going concern. In order to achieve this objective, the group seeks to balance risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, the group considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no significant changes to the group's capital management objectives, policies and processes in the year nor has there been any change in what the group considers to be its capital.

Analysis of financial assets and financial liabilities

	Amortised cost 2020 €'000	Amortised cost 2019 €'000
Financial assets:		
Trade receivables	**58,325**	66,790
Amounts due from related parties	**563**	357
Other debtors	**5,976**	3,781
Cash at bank and in hand	**14,937**	23,579
Total financial assets	**79,801**	94,507

	Fair value through profit and loss 2020 €'000	Amortised cost 2020 €'000	Fair value through profit and loss 2020 €'000	Amortised cost 2020 €'000
Financial liabilities:				
Trade payables	-	**27,902**	-	22,986
Amounts owed to related parties – short term (excluding loans)	-	**3,380**	-	2,705
Other creditors – long term	-	**1,282**	-	555
Accruals	-	**10,611**	-	10,377
Loans and borrowings – short and long term (note 17)	**5,803**	**92,788**	9,028	56,214
Lease liabilities (note 11)	-	**2,990**	-	-
Total financial liabilities	**5,803**	**138,953**	9,028	95,637

The directors consider that the carrying value of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair value at each reporting date.

19 Issued share capital

	2020 €'000	2020 Number	2019 €'000	2019 Number
Allotted, called up and fully paid				
Ordinary shares of €1 each	**12,670**	**12,670,098**	12,670	12,670,098

Significant transaction in a prior year:

On 2 September 2016 the company issued 12,500,000 ordinary €1 shares for total consideration of €25,000,000. These funds were used to subscribe for new ordinary shares in Gowan Crop Protection Limited, a 100% subsidiary, for a total consideration of €25,000,000, resulting in an amount of €12,500,000 being credited to both issued share capital and share premium account.

20 Reserves

The nature and purpose of each reserve within equity is described below.

Reserves	*Description and purpose*
Share premium	The premium paid above the nominal value of shares issued by the company to date.
Capital reserve	The difference between the nominal value of new shares issued by the company for the acquisition of the shares of certain subsidiaries and the subsidiaries' own share capital and reserves (other than revenue reserves).
Foreign currency translation reserve	Gains/losses arising on re-translating the net assets of overseas operations denominated in other currencies into euros.
Retained earnings / accumulated deficit	All other cumulative net gains and losses and transactions with owners of the company not recognised elsewhere in equity.

21 Non-controlling Interests

The non-controlling interest (NCI) figures in the consolidated income statement and the consolidated statement of financial position are broken down as follows:

NCI – consolidated statement of financial position	2020 €'000	2019 €'000
Gowan France SAS – share of total equity	**116**	67

NCI - consolidated income statement	2020 €'000	2018 €'000
Gowan France SAS – share of profit	**49**	7

22 Related party transactions

During the current and prior year the group entered into transactions, in the ordinary course of business, with related parties who are not members of the group. These transactions related to loans, product sales, purchases, royalty income and other recharges. The transactions entered into, and the trading and loan balances outstanding at 31 August 2020 and 31 August 2019 with these related parties are summarised in the tables below.

All the parties referred to in the narrative and tables that follow are related by virtue of their association with Gowan Company LLC, the immediate parent company.

In addition to these transactions, in the year ended 31 August 2017, the group acquired certain intellectual property rights for a period of 14 years, relating to the agrochemical compound Kiralaxyl, from Isagro SpA. The consideration for acquiring these rights was payable over a period of 6 years at an effective interest rate of 2% and has been included as a related party loan in the financial statements (note 17 and below). Under the terms of the purchase agreement, there are certain margin sharing and manufacturing arrangements between the parties, and also a requirement for the group to make payments for any shortfall in Isagro SpA's own margin on Kiralaxyl sales should that margin fall below €735,000 per annum (note 23).

The above guaranteed margin reduces over time and the guarantee expires in 2031. There is no current expectation of a long-term shortfall over the remaining life of the contract and accordingly no provision for further payments beyond those due as at 31 August 2020 has been made. In the event that Kiralaxyl is excluded from Annex I or is rendered unsaleable due to regulatory restrictions this requirement would be extinguished together with any outstanding liability for consideration. Isagro SpA is a related party by virtue of a minority interest held by Gowan Company LLC and the directors consider these arrangements to have been entered into on an arms-length basis.

Related party loans- Group

Related party	**Amounts owed by/(to) related parties at 1 September 2019 €'000**	**Loans repaid/ (new loans) in year €'000**	**Amounts owed by/(to) related parties at 31 August 2020 €'000**
Gowan Company LLC (loan – short term)	(16,000)	(29,588)	**(45,588)**
Gowan Company LLC (loan – long term)	(5,000)	(33,000)	**(38,000)**
Olivier Deneufbourg (director)	(541)	(262)	**(803)**
Isagro SpA (intellectual property rights)	(3,806)	915	**(2,891)**
Total	(25,347)	(61,935)	**(87,282)**

Related party	**Amounts owed by/(to) related parties at 1 September 2018 €'000**	**Loans repaid/ (new loans) in year €'000**	**Amounts owed by/(to) related parties at 31 August 2019 €'000**
Gowan Company LLC (loan – short term)	(20,000)	4,000	(16,000)
Gowan Company LLC (loan – long term)	-	(5,000)	(5,000)
Olivier Deneufbourg (director)	(313)	(228)	(541)
Isagro SpA (intellectual property rights)	(4,468)	662	(3,806)
Total	(24,781)	(566)	(25,347)

22 Related party transactions *(continued)*

Amounts due to related parties (other than loans) - Group

Related party	Payable to related parties at 1 September 2019 €'000	Transactions charged to profit and loss €'000	Amounts paid / (received) €'000	Payable to related parties at 31 August 2020 €'000
Gowan Company LLC	(643)	(6,034)	5,134	**(1,543)**
Desert Depot	(6)	-	-	**(6)**
Gowan Servicous S.A De C.V.	-	42	(79)	**(37)**
Exigent Sciences LLC	(51)	-	(5)	**(56)**
Gowan Milling	(26)	-	-	**(26)**
Gowan USA	(17)	-	17	**-**
Gowan Mexicana	(15)	101	(103)	**(17)**
Isagro SpA	(1,947)	(9,251)	9,511	**(1,687)**
SARL Deneufbourg	-	-	(8)	**(8)**
Other	-	-	-	**-**
Total	(2,705)	(15,142)	14,467	**(3,380)**

Related party	Payable to related parties at 1 September 2018 €'000	Transactions charged to profit and loss €'000	Amounts paid / (received) €'000	Payable to related parties at 31 August 2019 €'000
Gowan Company LLC	(2,189)	(5,156)	6,702	(643)
Desert Depot	(9)	-	3	(6)
Gowan Servicous S.A De C.V.	(3)	-	3	-
Exigent Sciences LLC	(100)	-	49	(51)
Gowan Milling	-	-	(26)	(26)
Gowan USA	-	-	(17)	(17)
Gowan Mexicana	-	(17)	2	(15)
Isagro SpA	(2,442)	(3,528)	4,023	(1,947)
SARL Deneufbourg	(22)	-	22	-
Other	75	-	(75)	-
Total	(4,690)	(8,701)	10,686	(2,705)

22 Related party transactions *(continued)*

Amounts due from related parties - Group

Related party	Receivable from related parties at 1 September 2019 €'000	Transactions credited to profit and loss €'000	Amounts paid / (received) €'000	Receivable from related parties at 31 August 2020 €'000
Gowan Company LLC	321	10,427	(10,512)	**236**
Gowan Mexicana SAPI de CV	10	1,694	(1,406)	**298**
Exigent Sciences LLC	26	-	(1)	**25**
Canyon Group LLC	-	3,218	(3,218)	**-**
Isagro SpA	-	526	(523)	**3**
Other	-	1	-	**1**
Total	357	15,866	(15,660)	**563**

Related party	Receivable from related parties at 1 September 2018 €'000	Transactions credited to profit and loss €'000	Amounts paid / (received) €'000	Receivable from related parties at 31 August 2019 €'000
Gowan Company LLC	1,351	7,473	(8,503)	321
Gowan Mexicana SAPI de CV	127	626	(743)	10
Exigent Sciences LLC	15	-	11	26
Canyon Group LLC	-	2,053	(2,053)	-
Gowan Servicous S.A. De C.V.	-	46	(46)	-
Other	1	-	(1)	-
Total	1,494	10,198	(11,335)	357

The group has made no allowance for bad or doubtful debts in respect of any related party debtors nor has any guarantee been given or received in the current or prior year regarding related party transactions, other than any referred to in this note. Key management personnel compensation details are set out in note 4.

Related party loans – Company

Related party	Amounts owed by/(to) related parties at 1 September 2019 €'000	Loans repaid/ (new loans) in year €'000	Amounts owed by/(to) related parties at 31 August 2020 €'000
Gowan Company LLC (loan)	(5,000)	(33,870)	**(38,870)**

23 Contingent liability

As set out in note 22, as part of the agreement to acquire intellectual property rights from Isagro SpA in a prior year, the group could be required to make payments for any shortfall in Isagro SpA's own margin on Kiralaxyl sales should that margin fall below €735,000 per annum. This guaranteed margin reduces over time and expires in 2031. There is no current expectation of a long-term shortfall over the remaining life of the contract and accordingly no provision for payments beyond those due as at 31 August 2020 has been made. In the event that Kiralaxyl is excluded from Annex I or is rendered unsaleable due to regulatory restrictions this requirement would be extinguished.

The company and its subsidiary, Gowan Crop Protection Limited, are guarantors to new bank facilities entered into in the prior year by those entities and fellow group entities in the wider group. At 31 August 2020 the maximum exposure of the group headed by the company in respect of facilities advanced to entities in the wider group was €nil million (2019: €20.5 million).

24 Business acquisitions completed in the prior year

Acquisition of Ecoflora Agro S.A.S.

On 16 January 2019 the group acquired 54.5% of the voting equity instruments of Ecoflora Agro S.A.S (Ecoflora), a company incorporated in Colombia. The principal activity of Ecoflora is the development of plant (botanical) extracts for effective and sustainable crop protection. The principal reason for this acquisition was to enhance the group's biological development and innovation capabilities.

Ecoflora has one wholly owned subsidiary, Ecoflora Agro Formulaciones SAS.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are set out in the table below. There have been no measurement adjustments required to the amounts recognised at the time of the acquisition, based on facts and circumstances that existed at that date.

	Book value €'000	Adjustments €'000	Fair value €'000
Trade name	-	96	96
Distributor relationships	-	568	568
Other intellectual property	781	434	1,215
Property, plant and equipment	218	-	218
Inventories	200	-	200
Accounts receivable	309	-	309
Cash and cash equivalents	306	-	306
Other current assets	536	-	536
Accounts payable	(285)	-	(285)
Line of credit - bank loan	(567)	-	(567)
Other liabilities	(1,377)	-	(1,377)
Deferred tax asset / (liability)	415	(620)	(205)
Total net assets	**536**	**478**	**1,014**

24 Business acquisitions completed in the prior year (*continued*)

Acquisition of Ecoflora Agro S.A.S. (continued)

Fair value of consideration paid

	€'000
Cash paid to acquire the 54.5% interest	2,837
Contingent consideration payable (earn-out – see below)	92
Total consideration to acquire the 54.5% interest	2,929
Fair value of non-controlling interest at 16 January 2019	2,362
Fair value of the identifiable net assets acquired	(1,014)
Goodwill recognised at the time of the acquisition (16 January 2019)	4,277

Further details in relation to the acquisition in the prior year

On 30 April 2019 a further €2.4 million was paid in cash to acquire the remaining 45.5% interest in Ecoflora. This resulted in the elimination of the non-controlling interest.

The goodwill arising on the acquisition of Ecoflora is not deductible for tax purposes.

Acquisition costs of €0.2 million arose as a result of the transaction. These were recognised as part of administrative expenses in the consolidated income statement in the prior year.

The main factor leading to the recognition of goodwill from this transaction was that the acquisition enabled the group to further establish their presence in the South American geographical marketplace.

Ecoflora contributed €1.96 million to group revenues between the date of the acquisition and 31 August 2019 and incurred a loss of €0.2 million which was deducted in arriving at the group profit for the prior year. If the acquisition had occurred on 1 September 2018, group revenue would have increased by a further €2.5 million for the year ended 31 August 2019 and group profit for that year would have increased by a further €0.002 million.

Adjustment to the amount of consideration payable in the year ended 31 August 2020

The amount of contingent consideration payable in relation to the earn-out has increased from €0.092 million to € 0.870million. The additional amount payable has been included in the consolidated income statement in accordance with IFRS 9. The total liability is included in loans and borrowings falling due in more than one year.

The change to the fair value was a result of the changes in level of expectation of meeting the performance targets that took place after the acquisition date due to better performance of the company. Future performance of the company is based on management's best estimate as well as the volatility of foreign exchange rates.

24 Business acquisitions completed in the prior year *(continued)*

Acquisition of Cross Link Consultoria e Comercio Ltda

On 14 May 2019 the group acquired 100% of the voting equity instruments of Cross Link Consultoria e Comercio Ltda (Crosslink), a company incorporated in Brazil. The principal activity of Crosslink is the distribution and sale of crop protection products. The principal reason for this acquisition was for the group to enhance its presence in the South American geographical marketplace.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are set out in the table below. There have been no measurement adjustments required to the amounts recognised at the time of the acquisition, based on facts and circumstances that existed at that date.

	Book value €'000	Adjustment €'000	Fair value €'000
Trademark	6	24	30
Customer lists and relationships	-	1,780	1,780
Intellectual property	-	1,401	1,401
Non-compete agreement	-	53	53
Property, plant and equipment	156	-	156
Inventories	4,688	-	4,688
Account receivables	3,164	-	3,164
Cash	1,432	-	1,432
Other current assets	227	-	227
Account payables	(1,928)	-	(1,928)
Other current liabilities	(278)	-	(278)
Deferred tax liability	-	(1,121)	(1,121)
Total net assets	**7,467**	**2,137**	**9,604**

Fair value of consideration paid

	€'000
Cash paid	2,657
Deferred cash consideration payable – in current liabilities – settled in the current year	5,226
Deferred cash consideration payable – in non-current liabilities – payable December 2021	2,372
Contingent cash consideration payable – in non-current liabilities	1,338
Total consideration	11,593
Goodwill (note 8)	1,989

24 Business acquisitions completed in the prior year *(continued)*

Acquisition of Cross Link Consultoria e Comercio Ltda (continued)

Further details in relation to the acquisition in the prior year

The goodwill arising on the acquisition of Crosslink is not deductible for tax purposes.

Acquisition costs of €0.2 million arose as a result of the transaction. These were recognised as part of administrative expenses in the consolidated income statement in the prior year.

The main factor leading to the recognition of goodwill from this transaction was that the acquisition enabled the group to further establish their presence in the South American geographical marketplace.

Crosslink contributed €4.0 million to group revenues between the date of the acquisition and 31 August 2019 and €0.58 million to group profit for the year ended on that date. If the acquisition had occurred on 1 September 2018, group revenue would have increased by a further €11.1 million and group profit for that year would have increased by a further €2.6 million.

Adjustment to the amount of consideration payable in the year ended 31 August 2020

The contingent consideration recognised at the time of the acquisition was to be settled in cash and was contingent on certain performance targets being achieved for the calendar year ended 31 December 2020.

The fair value of the contingent consideration of €1.338 million, as calculated as at the time of the acquisition, was reflective of the assessed likelihood of these targets being achieved.

The contingent consideration payable has been fair valued as at 31 August 2020 at €2.150 million with the increase of €0.812 million included in the consolidated income statement in accordance with IFRS 9.

The change to the fair value was a result of the change in level of meeting the performance targets that took place after the acquisition date. Future performance of the company is based on management's best estimate of revenue from non-Gowan products sold, as well as the volatility of foreign exchange rates.

25 Controlling party information

The company is a wholly owned subsidiary of Gowan Company LLC and the ultimate parent company is Yorick, Inc. Both of these companies are incorporated in USA. The directors do not consider that one single party controls the group.

26 Subsequent events

As announced to news agencies, on 1 September 2020, Gowan Crop Protection Limited, a subsidiary of the company, entered into agreements with Bayer AG to acquire the global rights to the active ingredients for the acaracide known as Spirodciclofen. The terms of the agreements included the acquisition by the group of certain product registrations and trademarks, including Envidor™, Envidor Speed™, Ecomite™ and related intellectual property and labels. The total cost of this acquisition, settled in cash using the facility from Gowan Company LLC, was €23,500,000.

On March 7, 2021 Gowan Company announced that it entered into a binding agreement to purchase all shares of Piemme S.r.l from Giorgio Basile and the other shareholders, which will be reflected in Crop Demetra Limited. Piemme S.r.l is the controlling shareholder of Isagro S.p.A., and the transaction is the first step in the purchase by Gowan Company of all shares of Isagro S.p.A. Isagro is the owner of important active ingredients, including copper hydroxide/oxychloride, tetraconazole and kiralaxyl globally, and is well known for its research and development efforts in the crop protection and biopesticide industries.