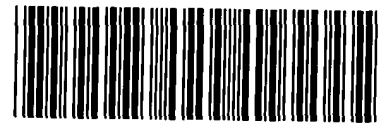


Crop Demetra Limited

Consolidated Financial Statements

For the Year Ended 31 August 2019

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Crop Demetra Limited

Report and consolidated financial statements for the year ended 31 August 2019

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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 2019

The Directors present their strategic report for the year ended 31 August 2019.

Business review

The consolidated net profit attributable to the controlling interest for the year, after taxation, amounted to €9,173,000 (2018 - €5,821,000).

The overall turnover grew from €133,100,000 to €160,251,000. 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 and regulation in the current year. In the current year these costs amounted to €12,289,000 (2018 - €10,032,000) excluding the amortisation of intangible assets noted below. 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 €4,352,000 (2018 - €5,434,000), which is a non-cash item.

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 37.0% (2018 – 36.24%).

Group operating profit before amortisation, impairment of intangible assets and product regulatory and registration costs amounts to €30,251,000 (2018 - €24,074,000). The principal reason for the fall in adjusted Group operating profit is the increase in administrative expenses, and therefore drop in margin.

The group's current assets as a percentage of current liabilities at the year end was 160%, and has decreased from 163% in 2018, principally due to the repayment of bank 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.

Crop Demetra Limited

Strategic report
for the year ended 31 August 2019 (continued)

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.

Crop Demetra Limited

Strategic report for the year ended 31 August 2019 *(continued)*

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 impact of any disruption resulting from a disorderly Brexit is minimised.

Following the end of the financial year ended 31 August 2019, 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 5.

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 26 Aug 20

Crop Demetra Limited

Report of the Directors for the year ended 31 August 2019

The Directors present their report together with the audited financial statements for the year ended 31 August 2019.

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 2019 (2018 - €Nil) and the Directors recommend no final ordinary dividends should be declared for the year ended 31 August 2019 (2018 - €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.

Crop Demetra Limited

Report of the Directors for the year ended 31 August 2019 (continued)

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) expensed during the financial year mounted to €12,078,000 (2018 - €10,032,000).

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 July 2020 is positive across the Gowan Group and there has been no 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.

Crop Demetra Limited

Report of the Directors for the year ended 31 August 2019 (*continued*)

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 balance sheet events

In the Directors' opinion there were no disclosable post balance sheet events to be included in 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.

Crop Demetra Limited

Report of the Directors for the year ended 31 August 2019 (continued)

Directors' responsibilities (continued)

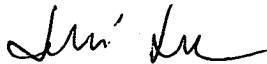
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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

26 Aug 20

Crop Demetra Limited

Independent auditor's report

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 2019 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 Standards (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 2019 and of the Group's profit for the year then 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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. 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.

Crop Demetra Limited

Independent auditor's report (continued)

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

Responsibilities of Directors

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

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

Crop Demetra Limited

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements

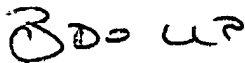
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 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.



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

Date 27 August 2020

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 2019

	Note	2019 €'000	2018 €'000
Revenue	2	160,251	133,100
Cost of sales		(100,928)	(84,870)
Gross profit		59,323	48,230
Selling and distribution costs		(15,278)	(13,951)
Administrative expenses		(11,332)	(7,990)
Regulatory expenditure		(16,641)	(15,466)
New project costs		(2,586)	(2,491)
Other operating income		124	276
Group operating profit	3	13,610	8,608
Finance income	5	98	-
Finance costs	6	(1,262)	(981)
		(1,164)	(981)
Profit before taxation		12,446	7,627
Tax charge	7	(3,266)	(1,788)
Profit for the year		9,180	5,839
Profit attributable to non-controlling interests	21	(7)	(18)
Net profit attributable to controlling interest		9,173	5,821

Revenue and operating profit is derived entirely from continuing operations.

The notes on pages 20 to 61 form part of these consolidated financial statements.

Crop Demetra Limited

Consolidated statement of comprehensive income for the year ended 31 August 2019

	2019 €'000	2018 €'000
Profit for the year	9,180	5,839
Other comprehensive income:		
<i>Items that will or may be reclassified to profit or loss:</i>		
Exchange losses arising on translation of foreign operations	(230)	(9)
Total comprehensive income for the year	8,950	5,830

The notes on pages 20 to 61 form part of these consolidated financial statements.

Crop Demetra Limited

Consolidated statement of financial position as of 31 August 2019

Group	Note	2019 €'000	2018 €'000
Non-current assets			
Goodwill	8	8,689	2,741
Other intangible assets	9	10,268	9,660
Property, plant and equipment	10	780	409
Deferred tax asset	7	6,390	6,655
		26,127	19,465
Current assets			
Inventories	12	47,181	38,104
Trade and other receivables	13	72,062	59,778
Cash and cash equivalents	14	23,579	13,707
		142,822	111,589
Total assets		168,949	131,054
Current liabilities			
Trade and other payables	15	(36,389)	(31,748)
Loans and borrowings	16	(52,605)	(36,622)
		(88,994)	(68,370)
Non-current liabilities			
Trade and other payables	15	(555)	(673)
Loans and borrowings	16	(12,637)	(6,012)
Deferred tax liability	7	(1,814)	-
		(104,000)	(75,055)
Total liabilities		(104,000)	(75,055)
Net assets		64,949	55,999
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	(5,664)	(14,837)
Foreign currency translation reserve	20	(528)	(298)
		64,882	55,939
Equity attributable to owners of the parent		64,882	55,939
Non-controlling interests	21	67	60
		64,949	55,999
Total equity		64,949	55,999

The financial statements were approved by the Board of Directors and authorised for issue on 26/08/20

J Jessen
Director



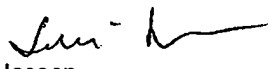
The notes on pages 20 to 61 form part of these financial statements.

Crop Demetra Limited

Parent company statement of financial position for the year ended 31 August 2019

	Note	2019 €'000	2018 €'000
Non-current assets			
Investments	11	61,136	48,803
		61,136	48,803
Current assets			
Trade and other receivables	13	43,816	41,728
Cash and cash equivalents	14	6,006	591
		49,822	42,319
Total assets		110,958	91,122
Current liabilities			
Trade and other payables	15	(202)	(231)
Loans and borrowings	16	(14,092)	-
		(14,294)	(231)
Non-Current Liabilities			
Loans and borrowings	16	(5,000)	-
		(5,000)	-
Net assets		91,664	90,891
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	(58,506)	(59,279)
Total equity		91,664	90,891

The financial statements were approved by the Board of Directors and authorised for issue on 26/08/20



J Jessen
Director

The notes on pages 20 to 61 form part of these financial statements.

Crop Demetra Limited

Consolidated statement of changes in equity for the year ended 31 August 2019

	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
At 1 September 2017	12,670	12,500	45,904	(20,658)	(289)	50,127	42	50,169
Profit for the year	-	-	-	5,821	-	5,821	18	5,839
Exchange movement in the year	-	-	-	-	(9)	(9)	-	(9)
Total comprehensive profit for the year	-	-	-	5,821	(9)	5,812	18	5,830
At 31 August 2018	12,670	12,500	45,904	(14,837)	(298)	55,939	60	55,999
At 1 September 2018	12,670	12,500	45,904	(14,837)	(298)	55,939	60	55,999
Profit for the year	-	-	-	9,173	-	9,173	7	9,180
Exchange movement in the year	-	-	-	-	(230)	(230)	-	(230)
Total comprehensive profit for the year	-	-	-	9,173	(230)	8,943	7	8,950
At 31 August 2019	12,670	12,500	45,904	(5,664)	(528)	64,882	67	64,949

The notes on pages 20 to 61 form part of these consolidated financial statements.

Crop Demetra Limited

Parent company statement of changes in equity for the year ended 31 August 2019

	Issued capital €'000	Share Premium €'000	Capital reserve €'000	Retained earnings €'000	Total Equity €'000
At 1 September 2017	12,670	12,500	125,000	(60,194)	89,976
Total comprehensive profit for the year	-	-	-	915	915
At 31 August 2018	12,670	12,500	125,000	(59,279)	90,891
At 1 September 2018	12,670	12,500	125,000	(59,279)	90,891
Total comprehensive profit for the year	-	-	-	773	773
At 31 August 2019	12,670	12,500	125,000	(58,506)	91,664

The notes on pages 20 to 61 form part of these financial statements.

Crop Demetra Limited

Consolidated statement of cash flows for the year ended 31 August 2019

	Note	2019 €'000	2018 €'000
Operating activities			
Profit for the year		9,180	5,839
<i>Adjustments to reconcile profit before tax for the year to net cash inflow from operating activities</i>			
Finance income	5	(98)	-
Finance costs	6	1,262	981
Taxation charge	7	3,266	1,788
Depreciation of property, plant and equipment	10	257	157
Amortisation and impairment of intangible fixed assets	9	4,352	5,434
Loss on disposal of property, plant and equipment	3	55	9
<i>Working capital adjustments:</i>			
- Movement in inventories		(4,189)	1,994
- Movement in trade and other receivables		(8,048)	(1,484)
- Movement in trade and other payables		(357)	8,802
		<hr/>	<hr/>
Cash generated from operations		5,680	23,520
Interest received		98	-
Interest paid		(1,262)	(980)
Income taxes paid		(1,387)	(7,130)
		<hr/>	<hr/>
Net cash flow from operating activities		3,129	15,410
		<hr/>	<hr/>
Investing activities			
Acquisition of subsidiaries, net of cash acquired	23	(6,118)	-
Payments to acquire property, plant and equipment	10	(244)	(117)
Proceeds on disposal of intangible assets		190	-
Proceeds on disposal of property, plant and equipment		2	-
		<hr/>	<hr/>
Net cash used in investing activities		(6,170)	(117)
		<hr/>	<hr/>

The notes on pages 20 to 61 form part of these consolidated financial statements.

Crop Demetra Limited
Consolidated statement of cash flows
for the year ended 31 August 2019 (continued)

	Note	2019 €'000	2018 €'000
Financing activities			
Advances on loans and facilities		21,000	6,363
Repayment on loans and facilities		(8,511)	(38,006)
Repayment to third party		-	(290)
Related party loans advanced		5,262	20,000
Related party loans repaid		(4,696)	(387)
Finance lease payments		(96)	(71)
		<hr/>	<hr/>
Net cash generated from / (used in) financing activities		12,959	(12,391)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		9,918	2,902
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year		13,694	10,818
Foreign exchange losses on cash and cash equivalents		(33)	(26)
Net increase in cash and cash equivalents		9,918	2,902
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	14	23,579	13,694
		<hr/>	<hr/>

In respect of non-cash items, in the current year new finance leases of €67,000 (2018 - €86,000) were entered into.

The notes on pages 20 to 61 form part of these consolidated financial statements.

Crop Demetra Limited

Parent company statement of cash flows for the year ended 31 August 2019

	Note	2019 €'000	2018 €'000
Operating activities			
Profit for the year		773	914
<i>Adjustments to reconcile profit before tax for the year to net cash inflow from operating activities</i>			
Finance costs		-	(1,106)
Finance income		(1,435)	17
Tax charge		140	214
Impairment of investments		-	19,652
Non – Cash Distribution from subsidiary		-	(19,652)
Working capital adjustments:			
- Decrease / (Increase) in trade and other receivables		(2,088)	12,947
- (Decrease) / Increase in trade and other payables		(6,244)	89
		<hr/>	<hr/>
Cash (used) from operations		(8,854)	13,075
Tax paid		(140)	-
Interest paid		-	(17)
		<hr/>	<hr/>
Net cash flow from operating activities		(8,994)	13,058
		<hr/>	<hr/>
Investing activities			
Acquisitions of subsidiaries, net of cash acquired		(6,118)	-
		<hr/>	<hr/>
Net cash flows from investing activities		(6,118)	-
		<hr/>	<hr/>
Financing activities			
Interest received		1,435	-
Loans received / (repaid)		19,092	(13,000)
		<hr/>	<hr/>
Net cash flows from financing activities		20,527	(13,000)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		5,415	58
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year		591	533
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		6,006	591
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 20 to 61 form part of these financial statements.

Crop Demetra Limited

Notes forming part of the financial statements for the year ended 31 August 2019

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 2019 was 1.1037 (31 August 2018 - 1.1171).

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 July 2020 is positive across the Gowan Group and there has been no 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.

Effect of changes in accounting policies

Details of the impact on the group of its adoption in the current year of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" are set out below within the accounting policies descriptions for 'Revenue' and 'Financial Instruments' respectively.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Crop Demetra Limited, the parent, and its subsidiaries as at 31 August 2019 (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.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

1 Accounting policies (continued)

Basis of consolidation (continued)

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

These are 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.

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, remeasured 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

- Effect of change in accounting policy

IFRS 15 "Revenue from Contracts with Customers" (IFRS 15) has replaced IAS 18 "Revenue" as well as various interpretations previously issued by the IFRS Interpretations Committee. The adoption of this new standard in the current year has had no impact on the amount of revenue the group has recorded in the consolidated income statement for the year ended 31 August 2019 or 31 August 2018. However, it has resulted in increased disclosure of the basis on which the group recognises revenue, as explained below. The group has elected to apply the cumulative catch up approach and had no contract assets or liabilities to disclose.

It was not necessary for the group to take advantage of any of IFRS 15's transitional provisions.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

1 Accounting policies (continued)

Revenue (continued)

- 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.

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.

Crop Demetra Limited

Notes forming part of the financial statements for the year ended 31 August 2019 (continued)

1 Accounting policies (continued)

Taxes (continued)

- 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.

Leases

Finance leases, which transfer to the group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the consolidated income statement.

Leased assets are depreciated over their useful lives. However, if there is no reasonable certainty that the group will obtain ownership by the end of the least term, the asset is depreciated over the shorter of its estimated useful life and the lease term.

Payments in respect of leased items for which substantially all the risks and rewards incidental to ownership are not transferred to the group (operating leases), are recognised as an operating expense in the consolidated income statement on a straight line basis over the lease term.

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.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

1 Accounting policies (continued)

Property, plant and equipment

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
Fixtures and fittings	-	Over 5 years

An item of property, plant and equipment and any significant part initially recognised 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.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

1 Accounting policies (continued)

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.

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.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

1 Accounting policies *(continued)*

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.

- 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.

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.

Crop Demetra Limited

Notes forming part of the financial statements for the year ended 31 August 2019 (continued)

1 Accounting policies (continued)

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.

- 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.

Crop Demetra Limited

Notes forming part of the financial statements for the year ended 31 August 2019 (continued)

1 Accounting policies (continued)

Financial Instruments (continued)

- 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.

Financial liabilities classified as 'other financial liabilities'

Financial liabilities are classified into one of two categories, depending on the purpose for which the liability was acquired. The group has no financial liabilities classified as 'fair value through profit or loss' with all its financial liabilities currently being categorised as 'other financial liabilities'. The group's accounting policies for each significant type of financial liability within this category are as follows:

- 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.

- 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

New standards impacting the group that have been adopted for the first time in these financial statements, and which have given rise to changes to the group's existing accounting policies or the extent of disclosure in the financial statements in relation to those policies are:

- o IFRS 9 "Financial Instruments"
- o IFRS 15 "Revenue from Contracts with Customers"

IFRS 9 introduced a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and its cash flow characteristics. It also introduced a single "expected credit loss" impairment model for the measurement of financial assets. In addition, enhanced disclosures will provide better information about risk management. The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead changes in expected credit losses need to be taken into account in measuring impairment.

Crop Demetra Limited

Notes forming part of the financial statements for the year ended 31 August 2019 (continued)

1 Accounting policies (continued)

Changes in accounting policies and disclosures (continued)

IFRS 15 requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. IFRS 15 also results in enhanced disclosures about revenue and provides guidance for transactions that were not previously addressed comprehensively.

Details of the impact these two standards have had on the group are set out in the 'Financial Instruments' and 'Revenue' accounting policies above. 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 are:

- o IFRS 16 "Leases" (mandatorily effective for periods beginning on or after 1 January 2019)
- o IFRIC 23 "Uncertainty over Income Tax Positions" (effective 1 January 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. 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 on-balance sheet treatment will result in the grossing up of the balance sheet due to right-of-use assets being recognised with offsetting liabilities. This standard will also effect non-IFRS financial measures such as adjusted EBITDA and net debt.

The first year of adoption for IFRS 16 will be the year ended 31 August 2020, and based on management's updated assessment this will not have a material impact given the value of the group's operating lease commitments.

IFRIC 23 clarifies how to recognise and measure current and deferred income assets and liabilities where there is uncertainty over income tax treatments.

Although relevant, the group does not currently expect IFRIC 23 or any other interpretations or standards 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.

Crop Demetra Limited

Notes forming part of the financial statements for the year ended 31 August 2019 (continued)

1 Accounting policies (continued)

Critical accounting judgements and estimates (continued)

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.

- *Useful lives of intangible assets (other than goodwill)*

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.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

2 Revenue from contracts with customers

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

	2019 €'000	2018 €'000
<i>Analysis by class of business</i>		
Sale of goods – chemical crop protection products	<u>160,251</u>	<u>133,100</u>

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, is solely sold to customers in the international agricultural business sector.

	2019 €'000	2018 €'000
<i>Analysis of revenue by geographical market</i>		
United Kingdom	19,566	19,374
Rest of Europe	104,808	93,245
Rest of the World	35,877	20,481
	<u>160,251</u>	<u>133,100</u>

3 Expenses by nature

	2019 €'000	2018 €'000
Group operating profit is stated after charging / (crediting):		
Depreciation of owned assets ¹	207	101
Depreciation of assets held under finance lease ¹	50	56
Loss on disposal of property, plant and equipment ¹	55	9
Amortisation of other intangible assets ²	2,703	5,434
Impairment of other intangible assets ²	1,649	-
Employee benefit expenses (see note 4)	10,631	9,172
Cost of inventories expensed	100,928	84,870
Operating lease expenses	454	394
Royalty and other income	(287)	(276)
Net foreign currency differences	214	77
Auditor's remuneration:		
- fees payable to the group's auditor for the audit of the group's annual	122	132
- assistance in the preparation of group financial statements	8	7
Regulatory expenditure (net of items shown as ² above)	<u>12,289</u>	<u>10,032</u>

¹ Included in selling and distribution costs

² Included in regulatory expenditure

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

4 Employee benefit expenses and key management personnel compensation

Employee benefit expenses

Group	2019 €'000	2018 €'000
Employee benefit expenses (including Directors) consist of:		
Wages and salaries	8,608	7,412
Social security costs	1,786	1,586
Pensions costs	237	174
	10,631	9,172

Group	2019 €'000	2018 €'000
Value of company pension contributions to defined contribution schemes	217	174

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

Group	2019 Number	2018 Number
Administration	55	48
Sales and warehousing	121	55
	176	103

The parent company had no employees other than the three Directors in the current year and prior year and incurred no staff costs (2018: none).

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:

	2019 €'000	2018 €'000
Wages and salaries	1,272	1,120
Defined contribution pension costs	40	14
	1,312	1,134

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

4 Employee benefit expenses and key management personnel compensation (continued)

Key management personnel compensation (continued)

	2019 €'000	2018 €'000
<i>Directors emoluments</i>		
Wages and salaries	568	475
Benefits	5	7
	573	482
Aggregate Emoluments in respect of qualifying services		
	275	193

5 Finance income

	2019 €'000	2018 €'000
Bank and other interest receivable	98	-
	98	-

6 Finance costs

	2019 €'000	2018 €'000
Related party loan interest	89	95
Bank loan and credit line interest	1,173	886
	1,262	981

7 Taxation

Taxation on profit on ordinary activities

	2019 €'000	2018 €'000
<i>Current tax</i>		
Current tax on profits of the year	2,513	1,273
<i>Deferred tax</i>		
Origination and reversal of temporary differences	753	515
	3,266	1,788
Tax charge		

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

7 Taxation *(continued)*

Taxation on profit on ordinary activities (continued)

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:

	2019 €'000	2018 €'000
Group profit before tax	12,446	7,627
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	2,365	1,449
Effects of:		
Overseas tax rate differences	284	163
Adjustment in respect of prior years	(82)	-
Other differences	560	68
Tax losses arising	139	108
Total tax expense reported in the consolidated income statement	3,266	1,788

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

	2019 €'000	2018 €'000
<i>Deferred tax in the consolidated income statement</i>		
Other timing differences	(163)	(19)
Intangible assets timing differences	916	534
Deferred tax charge	753	515

Income tax losses

The group has income tax losses carried forward of €3.2 million (2018: €2.1 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:

	2019 €'000	2018 €'000
<i>Deferred tax asset</i>		
Other temporary differences	1,293	642
Intangible assets	5,097	6,013
Total deferred tax asset	6,390	6,655

Crop Demetra Limited

**Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)**

7 Taxation (continued)

Deferred tax asset (continued)

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

	€'000
At 1 September 2018	6,655
Acquired in business acquisitions (note 23)	488
Charge to the consolidated income statement	(753)
	6,390
At 31 August 2019	6,390

The deferred tax asset on intangible assets principally originated from the transfer at fair value of the relevant assets from Gowan Comercio Internacional Servicios, LDA to Gowan Crop Protection Limited in a prior year.

Deferred tax liability

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

	2019 €'000	2018 €'000
<i>Deferred tax liability</i>		
Other temporary differences	73	-
Intangible assets	1,741	-
	1,814	-
Total deferred tax liability	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 2018	-
Acquired in business acquisitions (note 23)	73
Arising from fair valuing intangible assets acquired in business acquisitions (note 23)	1,741
	1,814
At 31 August 2019	1,814

The deferred tax liability on intangible assets originated on the acquisition at fair value of the relevant assets as detailed in note 23.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

8 Goodwill	Goodwill	
<i>Group</i>	€'000	
<i>Cost and net book value:</i>		
At 1 September 2018		2,872
Acquired through business combinations (note 23)		6,266
Disposals		(131)
Foreign exchange movements		(318)
		8,689
 <i>Accumulated amortisation and impairment:</i>		
At 1 September 2018		131
Amortisation charge		-
Impairment losses		-
Eliminated on disposals		(131)
		-
At 31 August 2019		-
 <i>Net book value</i>		
At 31 August 2019		8,689
At 31 August 2018		2,741
 The carrying value of goodwill comprises:		
	2019	2018
	€'000	€'000
Gowan Italia Srl	2,320	2,320
GCIS Chile SpA	420	421
Ecoflora Agro SAS (Ecoflora)	4,153	-
Cross Link Consultoria e Comercio Ltda (Crosslink)	1,796	-
	8,689	2,741
At 31 August	8,689	2,741

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

8 Goodwill (continued)

Parent company

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

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 17% and cash flows beyond the five year period are extrapolated using a 4% growth rate.

Impairment assessment at 31 August 2019

It was concluded that the fair value less cost to sell of each goodwill balance did not exceed its 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 rates 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 4% growth rate.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

9 Other intangible assets

	Customer and distributor relationships	Trademarks, licences and patents	Other intellectual property	Total
Group – current year	€'000	€'000	€'000	€'000
<i>Cost</i>				
At 1 September 2018	-	2,405	68,235	70,640
Acquired through business acquisitions (note 23)	2,348	126	2,669	5,143
Other additions	-	-	-	-
Foreign currency movements	-	-	7	7
Disposals	-	-	(190)	(190)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2019	2,348	2,531	70,721	75,600
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
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	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2019	120	2,343	62,869	65,332
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 August 2019	2,228	188	7,852	10,268
	<hr/>	<hr/>	<hr/>	<hr/>

The majority of the intangible assets that were acquired in the current year arose from business acquisitions. Details of the intangible assets recognised on consolidation from these acquisitions are set out in the tables in note 23.

The remainder 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 €1,649,000 (2018: €nil) on one of their products as a result of registration constraints.

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

There were no other additions in the current year (2018: none).

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

9 Other intangible assets <i>(continued)</i>	Intellectual property €'000	Licenses and patents €'000	Total €'000
Group – prior year			
<i>Cost</i>			
At 1 September 2017	68,235	2,405	70,640
Additions	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 August 2018	68,235	2,405	70,640
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 September 2017	54,199	1,347	55,546
Amortisation charge	4,575	859	5,434
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 August 2018	58,774	2,206	60,980
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 August 2018	9,461	199	9,660
	<hr/>	<hr/>	<hr/>

Parent company

There are no intangible assets held by the parent company (2018: none).

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

10 Property, plant and equipment

Group – current year	Leasehold improvements €'000	Motor vehicles €'000	Fixtures and fittings €'000	Total €'000
<i>Cost</i>				
At 1 September 2018	117	472	810	1,399
Acquired through business acquisitions (note 23)	-	3	371	374
Other additions	52	105	154	311
Disposals	(36)	(109)	(1)	(146)
At 31 August 2019	133	471	1,334	1,938
<i>Depreciation</i>				
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
<i>Net book value</i>				
At 31 August 2019	16	210	554	780

The carrying value of property, plant and equipment held under finance leases and hire purchase contracts at 31 August 2019 was €120,000 (2018 - €161,000).

Additions during the year include €67,000 of motor vehicles under finance leases and hire purchase contracts (2018 - €86,000).

The depreciation charge for the year includes €50,000 (2018 - €56,000) relating to assets held under finance leases and hire purchase contracts.

Parent Company

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

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

10 Property, plant and equipment *(continued)*

Group – prior year	Leasehold improvements €'000	Motor vehicles €'000	Fixtures and fittings €'000	Total €'000
<i>Cost</i>				
At 1 September 2017	117	418	782	1,317
Additions	-	110	93	203
Disposals	-	(56)	(65)	(121)
	<u>117</u>	<u>472</u>	<u>810</u>	<u>1,399</u>
<i>Depreciation</i>				
At 1 September 2017	104	165	676	945
Depreciation charge	8	107	42	157
Disposals	-	(47)	(65)	(112)
	<u>112</u>	<u>225</u>	<u>653</u>	<u>990</u>
<i>Net book value</i>				
At 31 August 2018	<u>5</u>	<u>247</u>	<u>157</u>	<u>409</u>

Crop Demetra Limited

**Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)**

11 Investments

The following subsidiaries are held by the group and have been consolidated into these accounts:

Name of subsidiary	Country of registration	Nature of business
Gowan Comercio Internacional Servicios, 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
GCIS Chile, SpA	Chile	Intermediate holding company
Gowan Chile, SpA	Chile	Distribution and sale of crop protection products
Gowan Columbia	Columbia	Distribution and sale of crop protection products
Gowan India Private Limited	India	Distribution and sale of crop protection products
Gowan Holding Brasil Ltda.	Brazil	Intermediate holding company
Cross Link Consultoria e Comercio Ltda.	Brazil	Distribution and sale of crop protection products
Ecoflora Agro SAS	Columbia	Distribution and sale of crop protection products
Ecoflora Agro Formulaciones SAS	Columbia	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 Chile SpA which is owned directly by GCIS Chile SpA; Gowan India Private Limited, Gowan Holding Brasil Ltda and Gowan Belgium S.P.R.L, for which 1% of the group's holdings are owned directly by Gowan Crop Protection Limited; Cross Link Consultoria e Comercio Ltda, which is owned directly by Gowan Holding Brasil Ltda; and Ecoflora Agro Formulaciones SAS, which is owned directly by Ecoflora Agro SAS.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

11 Investments *(continued)*

Company	€'000
Investment in subsidiary undertakings	
1 September 2017	68,454
Impairment	(19,651)
	48,803
At 31 August 2018	48,803
1 September 2018	48,803
Additions	12,333
	61,136
At 31 August 2019	61,136

During the year the company acquired 99% shareholding in Gowan Holding Brazil Ltda, an intermediate holding company which wholly owns Cross Link Consultoria e Comercio Ltda incorporated in Brazil. The company also acquired 100% of Ecoflora Agro SAS, which wholly owned Ecoflora Agro Fomulaciones SAS. Further details of the acquisitions in note 23.

In the prior year the company received a distribution from its subsidiary of €19,651,000 and recognised an equivalent reduction in the investment.

12 Inventories

Group	2019 €'000	2018 €'000
Raw materials and consumables	13,592	10,611
Finished goods	33,589	27,493
	47,181	38,104
	47,181	38,104

An impairment provision of €Nil (2018 - €Nil) has been netted off in arriving at the inventories total of €47,181,000 (2018 - €38,104,000). Movements in the impairment provision are reflected in cost of sales in the consolidated income statement.

No inventories are held by the parent company

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (*continued*)

13 Trade and other receivables

	Group 2019 €'000	Company 2019 €'000	Group 2018 €'000	Company 2018 €'000
Due in less than 1 year				
Trade receivables	66,790	-	51,943	-
Amounts due from related parties	357	-	1,494	-
Amounts due from subsidiaries	-	43,697	-	41,696
Prepayments and accrued income	1,134	119	470	32
Other debtors	3,781	-	5,871	-
	<u>72,062</u>	<u>43,816</u>	<u>59,778</u>	<u>41,728</u>

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 2019 there is no impairment allowance for receivables from related parties and loans to related parties (2018: €nil).

Trade receivables

As at 31 August 2019 consolidated trade receivables with a value of €69,100,000 (2018 - €54,117,000) were impaired by €2,310,000 (2018 - €2,174,000), which nets to €66,790,000 (2018 - €51,943,000) as disclosed above. The movements in the provision for the impairment of trade receivables and debts written off are recorded in administrative expenses and are summarised as follows:

	Group 2019 €'000	Company 2019 €'000	Group 2018 €'000	Company 2018 €'000
Brought forward	2,174	-	2,363	-
Increase in provision	482	-	226	-
Debts written off	(346)	-	(415)	-
	<u>2,310</u>	<u>-</u>	<u>2,174</u>	<u>-</u>

Crop Demetra Limited

Notes forming part of the financial statements for the year ended 31 August 2019 (continued)

13 Trade and other receivables (continued)

There was no provision against trade receivables of the parent company (2018 - €nil).

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

Group:

	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

14 Cash and cash equivalents

	Group 2019 €'000	Company 2019 €'000	Group 2018 €'000	Company 2018 €'000
Cash at bank	23,579	6,006	13,707	591
Bank overdrafts	-	-	(13)	-
	<u>23,579</u>	<u>6,006</u>	<u>13,694</u>	<u>591</u>

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

15 Trade and other payables	Group 2019 €'000	Company 2019 €'000	Group 2018 €'000	Company 2018 €'000
Trade payables	22,986	129	16,740	1
Amounts owed to related parties	2,705	-	4,690	-
Amounts owed to group undertakings	-	11	-	11
Taxation and social security	321	-	2,976	-
Accruals	10,377	62	7,342	219
Total short-term trade and other payables	36,389	202	31,748	231
<i>Non-current liabilities</i>				
Other creditors greater than one year	555	-	673	-
Total trade and other payables	36,944	202	32,421	231

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

16 Loans and borrowings	Group 2019 €'000	Company 2019 €'000	Group 2018 €'000	Company 2018 €'000
<i>Amounts falling due within one year</i>				
Bank overdrafts	-	-	13	-
Short term bank facilities	6,549	-	9,777	-
Bank term loans	23,869	14,092	6,108	-
Third party loan	5,226	-	-	-
Related party loan	16,922	-	20,660	-
Short term lease obligations	39	-	64	-
	52,605	14,092	36,622	-

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

16 Loans and borrowings (continued)

	Group 2019 €'000	Company 2019 €'000	Group 2018 €'000	Company 2018 €'000
<i>Amounts falling due after one year</i>				
Bank term loans	367	-	1,844	-
Deferred consideration – Ecoflora (note 23)	92	-	-	-
Deferred consideration - Crosslink (note 23)	2,372	-	-	-
Contingent consideration – Crosslink (note 23)	1,338	-	-	-
Related party loans – long term (note 22)	8,425	5,000	4,121	-
Long term lease obligations	43	-	47	-
	<u>12,637</u>	<u>5,000</u>	<u>6,012</u>	<u>-</u>

Details of changes in liabilities arising from financing activities

The total change in total loans and borrowings of €22,608,000 (2018: €12,260,000) arose from financing cash inflows of €12,959,000 (2018: outflows of €12,391,000) as detailed on page 18, a non-cash movement in respect of new finance leases entered into of €67,000 (2018: €86,000), recognition of consideration payable and loans acquired on the business acquisitions that took place in the year of €9,028,000 (2018: €nil) and €567,000 (2018: €nil) respectively, an operating cash outflow of €nil (2018: inflow of €313,000) and an increase in cash and cash equivalents as a result of a decrease in bank overdrafts of €13,000 (2018: €268,000).

Bank overdrafts and short term banking facilities

Any bank overdrafts utilised by the group are unsecured, repayable on demand and bear interest at variable rates.

At 31 August 2019 short term bank facilities represent €6,549,000 (2018 - €9,777,000) of invoice discounting facilities for Gowan Italia Srl secured on its trade receivables amounting to €27,499,000 (2018 - €27,609,000) at that date (note 13).

In the prior year the following short-term facilities were repaid:

- A short term facility of €20,000,000 with a major bank which had been subject to an unconditional guarantee by Gowan Company LLC, of which €19,975,000 had been drawn at 31 August 2017;
- An export finance facility of €10,000,000 with a major bank which had been secured by a charge over the assets of Crop Demetra Limited and Gowan Crop Protection Limited, of which an amount of €9,965,000 had been drawn at 31 August 2017.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

16 Loans and borrowings (continued)

Bank loans

€21 million (2018: €nil) of the bank loans are secured by legal charges over the shares of the parent company.

The repayment structure for all the bank loans is as follows:

	Group 2019 €'000	Company 2019 €'000	Group 2018 €'000	Company 2018 €'000
Repayable in less than one year (included in current liabilities)	23,869	14,092	6,108	-
<i>Non-current liabilities</i>				
Repayable in one to two years	367	-	1,544	-
Repayable in two to five years	-	-	300	-
Total bank term loans	24,236	14,092	7,952	-

Third party loan

The final annual instalment due on a third party loan was paid in October 2017. Interest was payable at the rate of 2% calculated annually on the balance outstanding.

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 2019 €'000	Company 2019 €'000	Group 2018 €'000	Company 2018 €'000
Repayable within one year (included in current liabilities)	16,922	-	20,660	-
<i>Non-current liabilities</i>				
Repayable within one to two years	5,923	5,000	923	-
Repayable within two to five years	1,961	-	2,885	-
Repayable after five years	541	-	313	-
Total related party loans	25,347	5,000	24,781	-

Lease obligations

The group total lease obligations of €82,000 (2018 - €111,000) are payable in monthly instalments and are secured on the assets financed under the lease agreements (note 10). Interest is fixed for the duration of these lease contracts. There are no lease obligations within the parent company.

Crop Demetra Limited

Notes forming part of the financial statements for the year ended 31 August 2019 (continued)

17 Obligations under operating leases

The group has entered into operating leases on its premises and in relation to certain pieces of equipment used in the business. The leases have varying terms and where relevant, escalation clauses and renewal conditions.

The total future minimum rents payable under these non-cancellable operating leases are as follows:

	2019 €'000	2018 €'000
Within one year	357	311
After one year but not more than five years	406	627
After five years	83	260
	<hr/>	<hr/>
	846	1,198
	<hr/>	<hr/>

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.

There have been no 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 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 €0.3 million (2018: €0.2 million) in the consolidated income statement.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

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

- 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 currency of a majority of group entities. The majority of its loans and borrowings are denominated in euros.

- 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 2019 over 85% (2018: 94%) 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 13. 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 13. 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 2019 is the carrying amount of such balances as set out in note 14.

- 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 meet 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 16. A sizeable proportion of loans and borrowings relate to shareholder 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.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

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 deficit.

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 - Group

		Amortised cost 2019 €'000	Amortised cost 2018 €'000
Financial assets:			
Trade receivables		66,790	51,943
Amounts due from related parties		357	1,494
Other debtors		3,781	5,871
Cash at bank and in hand		23,579	13,707
		<hr/>	<hr/>
Total financial assets		94,507	73,015
		<hr/>	<hr/>
	Fair value through profit and loss 2019 €'000	Amortised cost 2019 €'000	Amortised cost 2018 €'000
Financial liabilities:			
Trade payables	-	22,986	16,740
Amounts owed to related parties – short term	-	2,705	4,690
Other creditors	-	555	673
Accruals	-	10,377	7,342
Loans and borrowings – short and long term (note 16)	9,028	56,214	42,634
		<hr/>	<hr/>
Total financial liabilities	9,028	92,837	72,079
		<hr/>	<hr/>

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

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

Analysis of financial assets and financial liabilities - Company

	Amortised cost 2019 €'000	Amortised cost 2018 €'000
Financial assets:		
Amounts due from subsidiaries	43,697	41,696
Cash at bank and in hand	6,006	591
	49,703	42,287
Financial liabilities:		
Trade payables	129	11
Amounts owed to related parties	5,011	1
Loans and borrowings	14,092	-
Accruals	62	219
	19,294	240

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

	2019 €	2019 Number	2018 €	2018 Number
<i>Allotted, called up and fully paid</i>				
Ordinary shares of €1 each	12,670,098	12,670,098	12,670,098	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 a share premium account.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

20 Reserves

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

<i>Reserves</i>	<i>Description and purpose</i>
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 into euros.
Retained earnings / accumulated deficit	All other cumulative net gains and losses and transactions with owners 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:

<i>NCI – consolidated statement of financial position</i>	2019	2018
	€'000	€'000
Gowan France SAS	67	60
	<hr/>	<hr/>
<i>NCI - consolidated income statement</i>	2019	2018
	€'000	€'000
Gowan France SAS	(7)	(18)
	<hr/>	<hr/>

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

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 2019 and 31 August 2018 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 is 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 16 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 €466,000 per annum (note 24).

The above guaranteed margin reduces over time and the guarantee expires in 2031. There is no current expectation of a shortfall over the remaining life of the contract and accordingly no provision for further payments 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

	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
<i>Related party</i>			
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)
	<hr/>	<hr/>	<hr/>
Total	(24,781)	(566)	(25,347)
	<hr/>	<hr/>	<hr/>
	Amounts owed by/(to) related parties at 1 September 2017 €'000	Loans repaid/ (new loans) in year €'000	Amounts owed by/(to) related parties at 31 August 2018 €'000
<i>Related party</i>			
Gowan Company LLC	-	(20,000)	(20,000)
Olivier Deneufbourg (Director)	-	(313)	(313)
Isagro SpA	(4,855)	387	(4,468)
	<hr/>	<hr/>	<hr/>
Total	(4,855)	(19,926)	(24,781)
	<hr/>	<hr/>	<hr/>

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

22 Related party transactions *(continued)*

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

<i>Related party</i>	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 Servicos S.A De C.V.	(3)	-	3	-
Exigent	(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)

<i>Related party</i>	Payable to related parties at 1 September 2017 €'000	Transactions charged to profit and loss €'000	Amounts paid / (received) €'000	Payable to related parties at 31 August 2018 €'000
Gowan Company LLC	(882)	(2,915)	1,608	(2,189)
Desert Depot	2	-	(11)	(9)
Gowan Servicos S.A De C.V.	(6)	-	3	(3)
Exigent	(73)	-	(27)	(100)
Ecoflora Agro	(98)	-	98	-
Gowan Mexicana	(15)	-	15	-
Isagro SpA	(2,478)	(1,703)	1,739	(2,442)
SARL Deneufbourg	(17)	-	(5)	(22)
Other	-	-	75	75
Total	(3,567)	(4,618)	3,495	(4,690)

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

22 Related party transactions *(continued)*

Amounts due from related parties - Group

<i>Related party</i>	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
Canyon Group LLC	-	2,053	(2,053)	-
Exigent	15	-	11	26
Gowan Servicous S.A De C.V.	-	46	(46)	-
Other	1	-	(1)	-
Total	1,494	10,198	(11,335)	357

<i>Related party</i>	Receivable from related parties at 1 September 2017 €'000	Transactions credited to profit and loss €'000	Amounts paid / (received) €'000	Receivable from related parties at 31 August 2018 €'000
Gowan Company LLC	1,241	8,722	(8,612)	1,351
Gowan Mexicana SAPI de CV	22	827	(722)	127
Exigent	-	-	15	15
Gowan Agro Canada Ltd	-	-	1	1
Canyon Group LLC	453	-	(453)	-
Gowan USA	5	-	(5)	-
Isagro SpA	37	-	(37)	-
Total	1,758	9,549	(9,813)	1,494

The group has not made any allowance for bad or doubtful debts in respect of any related party debtors nor has any guarantee been given or received during the current or prior year regarding related party transactions other than any referred to in the narrative above.

Details of key management personnel compensation are set out in note 4.

Related party loans – Company

<i>Related party</i>	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 – long term)	-	(5,000)	(5,000)

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

23 Business acquisitions during the 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 Columbia. 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 below.

	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
 <i>Fair value of consideration paid</i>			€'000
Cash paid to acquire the 54.5% interest			2,837
Deferred consideration payable (earn-out)			92
Total consideration to acquire the 54.5% interest			2,929
<i>Fair value of non-controlling interest at 16 January 2019</i>			2,362
<i>Fair value of the identifiable net assets acquired</i>			(1,014)
Goodwill (note 8)			4,277

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

23 Business acquisitions during the year *(continued)*

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 have been recognised as part of administrative expenses in the consolidated income statement.

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.

Since the acquisition date, Ecoflora has contributed €1.96 million to group revenues and incurred a loss of €0.2 million which has been deducted in arriving at the group profit for the year. If the acquisition had occurred on 1 September 2018, group revenue would have increased by a further €2.5 million and group profit for the year would have increased by a further €0.002 million.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 (continued)

23 Business acquisitions during the 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 below.

	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)
	7,467	2,137	9,604
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	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
	11,593
Total consideration	11,593
Goodwill (note 8)	1,989

Crop Demetra Limited

Notes forming part of the financial statements for the year ended 31 August 2019 (continued)

23 Business acquisitions during the year (continued)

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 have been recognised as part of administrative expenses in the consolidated income statement.

Contingent consideration is to be settled in cash and is contingent on certain performance targets being achieved for the calendar year ended 31 December 2020. The fair value of the contingent consideration of €3.7 million is reflective of the assessed likelihood of these targets being achieved.

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.

Since the acquisition date, Crosslink has contributed €4.0 million to group revenues and €0.58 million to group profit. If the acquisition had occurred on 1 September 2018, group revenue would have increased by a further €11.1 million and group profit for the year would have increased by a further €2.6 million.

24 Contingent liability

As set out in note 22, as part of the agreement to acquire intellectual property rights from Isagro SpA, 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 €466,000 per annum. This guaranteed margin reduces over time and expires in 2031.

There is no current expectation of a shortfall over the remaining life of the contract and accordingly no provision for further payments 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 year by those entities and fellow group entities in the wider group. At 31 August 2019 the maximum exposure of the group headed by the company in respect of facilities advanced to entities in the wider group was €20.5 million (2018: €nil).

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

Since the year end, Gowan Crop Protection Limited, a subsidiary of the company, has 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 include the acquisition by the group of certain product registrations and trademarks, including Consento™, Reason™, Monceren™, and Prestige™, and related intellectual property and labels for both of these fungicides. The agreements were entered into on 1 December 2019. The group will work with the vendor over the next few months to facilitate an orderly hand-over and to maintain quality customer service across all relevant jurisdictions. The group currently estimates that its worldwide revenues will increase by in the region of €50 million as a result of the purchase of these new fungicides.

Crop Demetra Limited

Notes forming part of the financial statements
for the year ended 31 August 2019 *(continued)*

26 Subsequent events (continued)

Following the end of the financial year ended 31 August 2019, 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 5.

