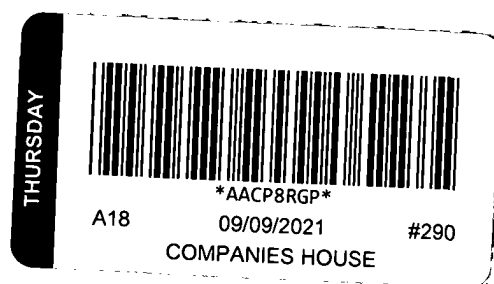


Registration number: 06757157

Agriargo UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



Agriargo UK Limited

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Agriargo UK Limited

Company Information

| | |
|--------------------------|--|
| Directors | T Bonomo A J Winnett |
| Registered office | Unit D3 Harworth Industrial Estate Bryans Close Harworth Doncaster DN11 8RY |
| Auditors | Hawsons Chartered Accountants Statutory Auditor 5 Sidings Court White Rose Way Doncaster South Yorkshire DN4 5NU |

Agriargo UK Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Fair review of the business

The results for the company show a pre tax loss of (£164,000) (2019: (£567,000)) and turnover of £15,769,000 (2019: £19,547,000) for the period. The company has net liabilities of £1,799,000 (2019: £1,635,000).

The directors do not recommend the payment of a dividend.

The directors measure the performance and development of the company through the use of certain key performance indicators. The company's key financial and other performance indicators during the year were as follows:

The company's key financial and other performance indicators during the year were as follows:

| | Unit | 2020 | 2019 |
|---|-------|----------|----------|
| Market share | % | 2.20 | 1.11 |
| Gross profit margin | % | 9.31 | 9.11 |
| Loss on ordinary activities before investment income and interest | £ 000 | (121.00) | (477.00) |

Whilst the UK & Irish agricultural sector remains under pressure from the Global Commodity Market, exchange rate influences, and the continued uncertainty caused by Brexit, the long-term outlook for Worldwide food production remains extremely positive, especially when we consider the projected demand from Asia and Africa, as well as the UK & ROI's long-term requirement for "food security" post Covid.

The Directors' "Three Year Restructuring Plan", based around a "Five Year Business Plan", has now entered year three with almost all of the restructuring process complete. This has seen a full review of the cost base and the reduction of almost 50% of the physical size and annual costs of the UK HQ in Harworth. Whilst the "Cost Cutting Concept" will continue to be incorporated in the daily actions and processes within the business the main priority for 2021 is to ensure the improvement in quality and quantity of our UK and ROI dealer network. This will ensure that both brands (Landini and McCormick) continue to grow extensively in their specific markets to achieve the goals and aspirations of the dealer network and the shareholders alike.

Due to the restriction of Covid 19 most of our Marketing actions have moved to the online platform with increased investment in Argo 4.0 the digital "tool box" that allows the dealer network to compete on a par with the strongest brands within the global agricultural machinery industry. These investments will continue and the project will be "rolled out" within Ireland during the second half of 2021.

The second major step of our "Five Year Business Plan" will be the complete update of the entire product portfolio. This will mean that in conjunction with the "rolling production change" to Stage5 engines ALL models will be re-launched with additional technical features and aesthetical improvements to ensure that we are at the "cutting edge" of the agricultural industry up to and beyond 2025.

Agriargo UK Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Principal risks and uncertainties

To survive and thrive the agricultural industry will need to engage and interact more with technology. We have invested heavily in the past 12 months to ensure that we are at the cutting edge of technology within our sector, Argo 4.0 and our Telematics systems will ensure that this edge is maintained.

Whilst most business sectors have seen a negative impact caused by COVID-19, the agricultural industry has continued with little change and in some instances, with the public purchasing their food more locally, there has been a positive impact.

Approved by the Board on ~~20.08.2021~~ 20.08.2021 and signed on its behalf by:


.....
A J Vinnrett
Director

Agriargo UK Limited

Directors' Report for the Year Ended 31 December 2020

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

Directors of the company

The directors who held office during the year were as follows:

T Bonomo

A J Winnett

Principal activity

The principal activity of the company is the distribution throughout the UK and Ireland of agricultural and ground care tractors and service parts via a dealer network.

Going concern

The financial statements have been prepared on a going concern basis. The company made a loss of £164,000 for the year and as at 31 December 2020 had net current liabilities of £1,911,000 and net liabilities of £1,799,000.

The directors believe that the going concern basis is appropriate because financial support is provided to the company by its principal supplier in the form of trade finance loans and this support will continue for the foreseeable future, this is taking into account all known factors, including the impact of the ongoing COVID-19 pandemic.

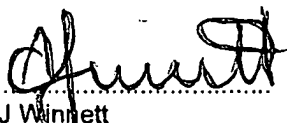
Based on a review of the company's financial forecasts, the directors believe that the financial support available from the company's principal supplier will be adequate for the foreseeable future.

Disclosure of information to the auditors

Each director of the company who held office at the date of the approval of this Annual Report as set out above, each confirms that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 20 August 2021 and signed on its behalf by:


A J Winnett
Director

Agriargo UK Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Agriargo UK Limited

Independent Auditor's Report to the Members of Agriargo UK Limited

Opinion

We have audited the financial statements of Agriargo UK Limited (the 'company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, it is difficult to evaluate all of the potential implications of the current COVID-19 outbreak on the company's trade, employees, customers, suppliers and the wider economy.

Other information

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

Agriargo UK Limited

Independent Auditor's Report to the Members of Agriargo UK Limited (continued)

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

We have nothing to report in this regard.

Opinion on other matter 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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.

Agriargo UK Limited

Independent Auditor's Report to the Members of Agriargo UK Limited (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The company is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the company and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102, Companies Act 2006 and Health and Safety regulations. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the company's result for the period, and management bias in key accounting estimates.

Audit procedures performed by the engagement team included:

- Discussions with management and those responsible for legal compliance procedures within the company to obtain an understanding of the legal and regulatory framework applicable to the company and how the company complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of Board meetings;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of stock.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the more removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk. This description forms part of our auditor's report.

Use of our report

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

Agriargo UK Limited

**Independent Auditor's Report to the Members of Agriargo UK Limited
(continued)**

Hawsons

Paul Wormald (Senior Statutory Auditor)

For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

5 Sidings Court
White Rose Way
Doncaster
South Yorkshire
DN4 5NU

Date: *8 SEPTEMBER 2021*

Agriargo UK Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

| | Note | 2020 £ 000 | 2019 £ 000 |
|--|------|---------------------|---------------------|
| Turnover | 2 | 15,769 | 19,547 |
| Cost of sales | | <u>(14,301)</u> | <u>(17,766)</u> |
| Gross profit | | 1,468 | 1,781 |
| Distribution costs | | (858) | (1,532) |
| Administrative expenses | | (786) | (726) |
| Other operating income | 3 | <u>55</u> | <u>-</u> |
| Operating loss | | (121) | (477) |
| Other interest receivable and similar income | 5 | - | 1 |
| Interest payable and similar charges | 6 | <u>(43)</u> | <u>(91)</u> |
| Loss before tax | | <u>(164)</u> | <u>(567)</u> |
| Loss for the financial year | | <u>(164)</u> | <u>(567)</u> |
| Total comprehensive loss for the year | | <u><u>(164)</u></u> | <u><u>(567)</u></u> |

The above results were derived from continuing operations.

The notes on pages 14 to 24 form an integral part of these financial statements.


Agriargo UK Limited

(Registration number: 06757157)

Balance Sheet as at 31 December 2020

| | Note | 2020 £ 000 | 2019 £ 000 |
|--|------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 11 | 178 | 98 |
| Current assets | | | |
| Stocks | 12 | 2,944 | 7,018 |
| Debtors | 13 | 7,852 | 5,646 |
| Cash at bank and in hand | 14 | 549 | 122 |
| | | 11,345 | 12,786 |
| Creditors: Amounts falling due within one year | 15 | (13,256) | (14,497) |
| Net current liabilities | | (1,911) | (1,711) |
| Total assets less current liabilities | | (1,733) | (1,613) |
| Creditors: Amounts falling due after more than one year | 15 | (66) | (22) |
| Net liabilities | | (1,799) | (1,635) |
| Capital and reserves | | | |
| Called up share capital | 17 | - | - |
| Profit and loss account | | (1,799) | (1,635) |
| Total equity | | (1,799) | (1,635) |

These financial statements were approved and authorised for issue by the Board on 20.08.2021 and signed on its behalf by:


A J Winnett
Director

Agriargo UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

| | Share capital | Profit and loss account | Total |
|----------------------------|----------------------|------------------------------------|--------------|
| | £ 000 | £ 000 | £ 000 |
| At 1 January 2020 | - | (1,635) | (1,635) |
| Loss for the year | - | (164) | (164) |
| Total comprehensive income | - | (164) | (164) |
| At 31 December 2020 | - | (1,799) | (1,799) |

| | Share capital | Profit and loss account | Total |
|----------------------------|----------------------|------------------------------------|--------------|
| | £ 000 | £ 000 | £ 000 |
| At 1 January 2019 | - | (1,068) | (1,068) |
| Loss for the year | - | (567) | (567) |
| Total comprehensive income | - | (567) | (567) |
| At 31 December 2019 | - | (1,635) | (1,635) |

Agriargo UK Limited

Statement of Cash Flows for the Year Ended 31 December 2020

| | 2020 £ 000 | 2019 £ 000 |
|---|----------------|---------------|
| Cash flows from operating activities | | |
| Loss for the year | (164) | (567) |
| Adjustments to cash flows from non-cash items | | |
| Depreciation and amortisation | 32 | 19 |
| Finance income | - | (1) |
| Finance costs | 43 | 91 |
| | <u>(89)</u> | <u>(458)</u> |
| Working capital adjustments | | |
| Decrease in inventories | 4,074 | 1,165 |
| Increase in trade and other receivables | (2,206) | (2,043) |
| (Decrease)/increase in trade and other payables | <u>(1,267)</u> | <u>1,492</u> |
| Net cash flow from operating activities | <u>512</u> | <u>156</u> |
| Cash flows from investing activities | | |
| Interest received | - | 1 |
| Acquisitions of property plant and equipment | <u>(8)</u> | <u>(27)</u> |
| Net cash flows from investing activities | <u>(8)</u> | <u>(26)</u> |
| Cash flows from financing activities | | |
| Interest paid | (43) | (91) |
| Payments to finance lease creditors | <u>(34)</u> | <u>(15)</u> |
| Net cash flows from financing activities | <u>(77)</u> | <u>(106)</u> |
| Net increase in cash and cash equivalents | 427 | 24 |
| Cash and cash equivalents at 1 January | <u>122</u> | <u>98</u> |
| Cash and cash equivalents at 31 December | <u>549</u> | <u>122</u> |

The notes on pages 14 to 24 form an integral part of these financial statements.

Agriargo UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 Accounting policies

Statutory information

Agriargo UK Limited is a private company, limited by shares, domiciled in England and Wales, company number 06757157. The registered office is at Unit D3 Harworth Industrial Estate, Bryans Close, Harworth, Doncaster, DN11 8RY.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The presentation currency is United Kingdom pounds sterling, which is the functional currency of the company and rounded to the nearest £000. The financial statements are those of an individual entity.

Going concern

The financial statements have been prepared on a going concern basis. The company made a loss of £164,000 for the year and as at 31 December 2020 had net current liabilities of £1,911,000 and net liabilities of £1,799,000.

The directors believe that the going concern basis is appropriate because financial support is provided to the company by its principal supplier in the form of trade finance loans and this support will continue for the foreseeable future, this is taking into account all known factors, including the impact of the ongoing COVID-19 pandemic.

Based on a review of the company's financial forecasts, the directors believe that the financial support available from the company's principal supplier will be adequate for the foreseeable future.

Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

Government grants

Grants that do not impose specified future performance-related conditions are recognised in income when the grant proceeds are received or receivable. Grants that impose specified future performance-related conditions are recognised in income only when the performance-related conditions are met. Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Agriargo UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

1 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the Balance Sheet date. All exchange rate differences are included in the Statement of Comprehensive Income.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Tangible assets

Tangible assets are stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Short leasehold building improvements
Plant and machinery
Motor vehicles

Depreciation method and rate

10% straight line
10% straight line
20% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on; cost of direct materials and labour, plus a proportion of manufacturing overhead based on normal levels of activity. Net realisable value is based on estimated net selling price, less further costs expected to be incurred on completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Agriargo UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

1 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Comprehensive Income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Statement of Comprehensive Income and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the Balance Sheet. The corresponding dividends relating to the liability component are charged as interest expense in the Statement of Comprehensive Income.

Agriargo UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Turnover

An analysis of turnover by geographical location is given below:

| | 2020 | 2019 |
|----------------|---------------|---------------|
| | £ 000 | £ 000 |
| Sales - UK | 12,101 | 17,124 |
| Sales - Europe | <u>3,668</u> | <u>2,423</u> |
| | <u>15,769</u> | <u>19,547</u> |

Agriargo UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Other operating income

The analysis of the company's other operating income for the year is as follows:

| | 2020 £ 000 | 2019 £ 000 |
|-------------------------|---------------|---------------|
| Government grants | 35 | - |
| Sub lease rental income | 20 | - |
| | <u>55</u> | <u>-</u> |

4 Operating loss

Arrived at after charging

| | 2020 £ 000 | 2019 £ 000 |
|---|---------------|---------------|
| Depreciation expense | 32 | 19 |
| Audit fees | 14 | 13 |
| Foreign exchange gains | 70 | 26 |
| Operating lease expense - property | 112 | 112 |
| Operating lease expense - plant and machinery | 4 | 72 |
| Operating lease expense - other | <u>71</u> | <u>66</u> |

5 Other interest receivable and similar income

| | 2020 £ 000 | 2019 £ 000 |
|----------------------------------|---------------|---------------|
| Interest income on bank deposits | <u>-</u> | <u>1</u> |

6 Interest payable and similar expenses

| | 2020 £ 000 | 2019 £ 000 |
|------------------------|---------------|---------------|
| Other interest payable | <u>43</u> | <u>91</u> |

Agriargo UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2020 | 2019 |
|--|--------------|--------------|
| | £ 000 | £ 000 |
| Wages and salaries | 847 | 924 |
| Social security costs | 101 | 111 |
| Pension costs, defined contribution scheme | 48 | 49 |
| | <u>996</u> | <u>1,084</u> |

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2020 | 2019 |
|-----------------------------------|-------------|-------------|
| | No. | No. |
| Administration and support | 11 | 12 |
| Sales, marketing and distribution | 10 | 12 |
| | <u>21</u> | <u>24</u> |

8 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2020 | 2019 |
|--|--------------|--------------|
| | £ 000 | £ 000 |
| Remuneration | 111 | 101 |
| Contributions paid to money purchase schemes | 5 | 4 |
| | <u>116</u> | <u>105</u> |

During the year the number of directors who were receiving benefits was as follows:

| | 2020 | 2019 |
|---|-------------|-------------|
| | No. | No. |
| Accruing benefits under money purchase pension scheme | <u>1</u> | <u>1</u> |

Agriargo UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Auditors' remuneration

| | 2020 £ 000 | 2019 £ 000 |
|-----------------------------------|---------------|---------------|
| Audit of the financial statements | <u>14</u> | <u>13</u> |
| Other fees to auditors | | |
| All other non-audit services | <u>6</u> | <u>8</u> |

10 Taxation

Tax on profit on ordinary activities for the year is £nil (2019: £nil).

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2019 - 19%).

The differences are reconciled below:

| | 2020 £ 000 | 2019 £ 000 |
|----------------------------------|---------------|---------------|
| Loss before tax | <u>(164)</u> | <u>(567)</u> |
| Corporation tax at standard rate | (31) | (108) |
| Effect of tax losses | <u>31</u> | <u>108</u> |
| Total tax charge | <u>-</u> | <u>-</u> |

Agriargo UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Tangible assets

| | Short leasehold land and buildings £ 000 | Motor vehicles £ 000 | Plant, machinery and equipment £ 000 | Total £ 000 |
|------------------------|--|----------------------------|--|----------------|
| Cost | | | | |
| At 1 January 2020 | 27 | 55 | 113 | 195 |
| Additions | - | 104 | 8 | 112 |
| At 31 December 2020 | 27 | 159 | 121 | 307 |
| Depreciation | | | | |
| At 1 January 2020 | 27 | 6 | 64 | 97 |
| Charge for the year | - | 22 | 10 | 32 |
| At 31 December 2020 | 27 | 28 | 74 | 129 |
| Carrying amount | | | | |
| At 31 December 2020 | - | 131 | 47 | 178 |
| At 31 December 2019 | - | 49 | 49 | 98 |

12 Stocks

| | 2020 £ 000 | 2019 £ 000 |
|-------------------------------------|---------------|---------------|
| Finished goods and goods for resale | 2,924 | 7,018 |
| Other inventories | 20 | - |
| | <u>2,944</u> | <u>7,018</u> |

13 Debtors

| | 2020 £ 000 | 2019 £ 000 |
|---------------|---------------|---------------|
| Trade debtors | 7,443 | 5,298 |
| Other debtors | 233 | 117 |
| Prepayments | 176 | 231 |
| | <u>7,852</u> | <u>5,646</u> |

Agriargo UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 Cash and cash equivalents

| | 2020 £ 000 | 2019 £ 000 |
|--------------|---------------|---------------|
| Cash on hand | 21 | 1 |
| Cash at bank | 528 | 121 |
| | <u>549</u> | <u>122</u> |

15 Creditors

| | 2020 £ 000 | 2019 £ 000 |
|---------------------------------|---------------|---------------|
| Due within one year | | |
| Finance lease liabilities | 43 | 17 |
| Trade creditors | 442 | 1,162 |
| Amounts due to related parties | 9,810 | 11,710 |
| Social security and other taxes | 1,722 | 597 |
| Accruals | 1,239 | 1,011 |
| | <u>13,256</u> | <u>14,497</u> |
| Due after one year | | |
| Finance lease liabilities | <u>66</u> | <u>22</u> |

16 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £48,000 (2019 - £49,000).

Contributions totalling £NIL (2019 - £7,000) were payable to the scheme at the end of the period and are included in creditors.

17 Share capital

Share capital consists of 2 allotted, called up and fully paid shares of £1 each.

Agriargo UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

18 Loans and borrowings

| | 2020 £ 000 | 2019 £ 000 |
|-------------------------------------|---------------|---------------|
| Current loans and borrowings | | |
| Finance lease liabilities | <u>43</u> | <u>17</u> |

| | 2020 £ 000 | 2019 £ 000 |
|---|---------------|---------------|
| Non-current loans and borrowings | | |
| Finance lease liabilities | <u>66</u> | <u>22</u> |

Finance lease liabilities were secured by charges on the relevant stock assets.

19 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

| | 2020 £ 000 | 2019 £ 000 |
|---|---------------|---------------|
| Not later than one year | 28 | 21 |
| Later than one year and not later than five years | <u>67</u> | <u>27</u> |
| | <u>95</u> | <u>48</u> |

Operating leases

The total of future minimum lease payments is as follows:

| | 2020 £ 000 | 2019 £ 000 |
|---|---------------|---------------|
| Not later than one year | 11 | 17 |
| Later than one year and not later than five years | <u>15</u> | <u>1</u> |
| | <u>26</u> | <u>18</u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £187,000 (2019 - £216,000).

Agriargo UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

20 Reconciliation of changes in net debt

| | At 1 January 2020 | Cashflows | Other non-cash changes | At 31 December 2020 |
|----------------------------------|-------------------|-----------|------------------------|---------------------|
| | £000 | £000 | £000 | £000 |
| Cash and cash equivalents | | | | |
| Cash | 122 | 24 | - | 549 |
| Borrowings | | | | |
| Debt due within one year | (17) | 34 | (60) | (43) |
| Debt due after one year | (22) | - | (44) | (66) |
| Total | 83 | 58 | (104) | 440 |

21 Control

The company is controlled by San Martino Consultaria LLC (trading as Sparta MGTM), an organisation incorporated in Georgia, USA, who own 100% of the called up share capital.