Registration number: 07318607

T&L Sugars Limited

Annual Report and Financial Statements

for the Period from 25 September 2017 to 30 September 2018

T&L Sugars Limited

Contents

Company no. 07318607

T&L Sugars Limited
Strategic Report for the period from 25 September 2017 to 30 September 2018

The Directors present the Directors' report of T&L Sugars Ltd ("The Company" or "T&L Sugars") for the 53 week period from 25 September 2017 to 30 September 2018. All amounts presented are in thousands of Euros unless otherwise stated.

Principal activities
The principal activities of the Company during the period were the refining, marketing and distribution of sugar and related products.

The Company's ultimate parent company is ASR Group International, Inc., a company domiciled in the United States of America (referred to as "ASR Group").

Business review
The result for the period was a net loss of €45,753 compared to a loss of €26,292 in 2017. The €45,753 net loss includes a non-cash write-down of €24,300 for our discontinued operations in Germany. This decision was taken in light of the current post quota environment, further discussed below, to consolidate our operations in order to focus on our core assets and activities. No dividends were paid or proposed during either period.

The Company continues to manage product mix, operating procedures, raw sugar supply, sales and marketing strategies and overhead expenses to enhance operating profits. The Company has the support of the ASR Group from both a knowledge sharing and financial perspective. ASR Group is one of the largest refined sugar processors in the world and has extensive experience in managing some of the best-known sugar brands in the world, providing excellent customer service, and efficiently operating cane refineries and raw sugar mills.

Business environment
The Company continues to operate in an inequitable European regulatory environment. European Union ("EU") policies discriminate against cane sugar refiners by inflating the cost of imported raw cane sugar used in the Company's UK based factories. Raw cane sugar is the primary raw material purchased by the Company. This inflation of costs occurs through limiting the number of suppliers the Company can purchase from to around 5% of sugar sold in global trade and, further, on some of those sugars charging certain import duties. At the same time, the EU pays direct financial subsidies (through a Common Agricultural Policy) to sugar beet producers in many EU countries. In October 2017, beet sugar and isoglucose production became de-regulated allowing unlimited production and sale of beet sugar. These EU policies impact the Company's cost base by forcing it to pay inflated prices for raw cane sugar whilst having to sell refined cane sugar in the EU single market in direct competition with subsidised beet sugar.

The deregulation of beet and isoglucose production on 1 October 2017 has allowed those sectors to market as much beet sugar and isoglucose as they deem prudent. Prior to 1 October 2017, there has been a limit of approximately thirteen million tonnes of beet sugar that could be sold in any given year. The total EU sugar market for food and drink is estimated to be approximately 17 million tonnes. In contrast, EU cane sugar policies remain largely unchanged and continue to impose additional raw material costs on the Company in the form of tariffs and premiums over #11 raw sugar prices. This uncompetitive and one-sided policies will continue to have a negative impact on or cost base unless EU cane sugar policies are reformed to create an equitable, competitive environment for cane sugar refiners.

T&L Sugars Limited
Strategic Report for the period from 25 September 2017 to 30 September 2018

The impact of the UK referendum in June 2016, which resulted in the decision that the UK will exit the EU, remains undetermined. In the context of the current European regulatory environment in respect of cane sugar, the Company continues to believe that a more equitable framework will be implemented following the conclusion of the UK's exit from the EU. The company is taking a number of actions in preparation for the exit of the UK from the EU.

Strategy
The Company's strategy to achieve a steady level of profitability is to improve its product mix and increase its operating efficiency. The Company also remains committed to achieving an equitable sugar policy both through discussions with UK and EU policy makers.

Key Performance Indicators ("KPI's")
The KPIs that best reflect the Company's strategy to improve its product mix in a manner that will differentiate it from other sugar marketers in the UK and the EU are as follows:

	2018	2017
	€ 000	€ 000
Investment in property, plant and equipment	**6,940**	11,891
Net liquid assets*	**67,366**	65,143
Third party debt	**10,000**	10,000
Selling, General and administrative expenses**	**(31,815)**	(30,429)

* Defined as cash, trade receivables, inventories (excluding manufacturing supplies), trade payables and accrued expenses
** This excludes depreciation and amortisation

Principal risks and uncertainties
Refined sugar selling prices in the UK and in the EU in general are not directly related to the cost of the Company's primary raw material - raw cane sugar. This creates risk in that the spread between selling prices and the cost of raw sugar must be closely managed. The Company generally uses #11 sugar futures to manage this risk.

Additionally, raw cane sugar is generally purchased in USD currency, while sales are generally denominated in GBP and Euro currencies. The Company manages this risk through natural hedging as well as the use of currency derivatives.

As discussed in the Business environment section (above), EU sugar beet quotas were removed from 1 October 2017 while cane sugar import tariffs and sourcing restrictions remain in place. This creates risk for ESH, which it is dealing with as described earlier. Uncertainties related to the UK leaving the EU are also discussed above

On behalf of the Board of Directors

Mr. Andrew Jones
Director

T&L Sugars Limited
Thames Refinery
Factory Road, Silvertown
London E16 2EW

29 March 2019

Mr. Tarun Arora
Director

T&L Sugars Limited
Thames Refinery
Factory Road, Silvertown
London E16 2EW

29 March 2019

T&L Sugars Limited
Directors' Report for the Period from 25 September 2017 to 30 September 2018

The Directors present the Directors' report and financial statements of the Company for the 53-week period from 25 September 2017 to 30 September 2018.

Directors' of the company
The Directors who held office during the period and up to the date of signing of the financial statements are listed below.

Mr. Armando Tabernilla

Mr. Andrew Jones

Mr. Gabriel Buenaventura

Mr. Tarun Arora

Mr. Gerald Mason

Mr. Paul Stebbings (Company Secretary)

Price risk management
No futures market exists in the EU to hedge price changes for raw sugar that can be processed and sold in the UK and EU. As discussed above, this creates risk for the Company to maintain margins on sales. This also creates performance risk in the case of non-delivery of the raw sugar required for sales. The Company closely manages these risks using both derivatives and a supply forecasting system for raw sugar supplies.

Financial risk management and financial instruments
The Company's financial risk management objectives and policies including the policy for hedging each major type of forecasted transaction for which hedge accounting is used are outlined in note 1.

Political donations
During the period the company made nil (2017: €8) political donations

Charitable donations
During fiscal 2018 the company made €110 (2017: €125) of charitable donations to good causes local to our factories, as well as causes that our employees supported.

Employment policies
The Company operates within a comprehensive framework of employment and human resource policies and practices, which assure compliance with UK laws and regulations.

Policies and procedures for recruitment, training and career development promote equality of opportunity regardless of gender, age, marital status, disability, sexual orientation, race, religion and ethnic or national origin. The aim is to encourage a culture in which all employees have the opportunity to develop as fully as possible in accordance with their individual abilities and the needs of the Company.

T&L Sugars Limited
Directors' Report for the Period from 25 September 2017 to 30 September 2018

Disclosure of information to the auditor
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to assure that the Company's auditor is aware of that information.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board of Directors

....
Mr. Andrew Jones
Director

T&L Sugars Limited
Thames Refinery
Factory Road, Silvertown
London E16 2EW

29 March 2019

....
Mr. Tarun Arora
Director

T&L Sugars Limited
Thames Refinery
Factory Road, Silvertown
London E16 2EW

29 March 2019

T&L Sugars Limited
Statement of Directors' Responsibilities in respect of the strategic report, the directors' report and the financial statement

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of T&L Sugars Limited (continued)

Opinion

We have audited the financial statements of T&L Sugars Limited ("the company") for the year ended 30 September 2018 which comprise the Income statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Brexit other matter

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of differed tax assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of T&L Sugars Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

....
Peter Hine
(Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP
15 Canada Square
London
E14 5GL

29 March 2019

T&L Sugars Limited
Income Statement for the Period from 25 September 2017 to 30 September 2018

	Note	2018 €000	2017 €000
Revenues	6	**300,141**	326,633
Cost of sales		**(282,387)**	(305,958)
Gross profit		**17,754**	20,675
Administrative expenses		**(42,233)**	(40,443)
Operating loss		**(24,479)**	(19,768)
Net finance expenses	5	**(1,220)**	(8,632)
		(25,699)	(28,400)
Impairment charge	10	**(24,300)**	-
Net loss before tax		**(49,999)**	(28,400)
Taxation income	7	**4,246**	2,108
Loss for the period		**(45,753)**	(26,292)

The notes on pages 14 to 43 form an integral part of these financial statements.

T&L Sugars Limited
Statement of Comprehensive Income for the Period from 25 September 2017 to 30 September 2018

	Note	2018 € 000	2017 € 000
Loss for the period		**(45,753)**	(26,292)
Items that may be reclassified subsequently to profit or loss			
(Loss)/gain on cash flow hedges (net)		**(44)**	4,434
Fair value of interest rate swaps transferred to OCI		**244**	586
Tax expense	7	**(34)**	(1,003)
		166	4,017
Total comprehensive income for the period		**(45,587)**	(22,275)

The notes on pages 14 to 43 form an integral part of these financial statements.

T&L Sugars Limited
Statement of Financial Position as at 30 September 2018

	Note	30 September 2018 € 000	24 September 2017 € 000
Assets			
Non-current assets			
Property, plant and equipment	8	118,725	122,177
Intangible assets	9	2,788	2,884
Deferred tax assets	7	15,386	11,174
Investments in subsidiaries, joint ventures and associates	10	-	16,780
Other non-current financial assets		1,761	3,917
		138,660	156,932
Current assets			
Inventories	11	82,136	112,408
Trade and other receivables	12	65,490	79,887
Financial instruments	18	128,189	114,835
Cash and cash equivalents		277	7,113
		276,092	314,243
Total assets		414,752	471,175
Equity and liabilities			
Current liabilities			
Trade and other payables	16	42,138	91,417
Loans and borrowings	14	13,159	11,519
Other current financial liabilities	18	99,695	115,184
		154,992	218,120
Non-current liabilities			
Loans and borrowings	14	55,752	7,833
Other non-current financial liabilities	18	8,891	4,518
		64,643	12,351
Equity			
Share capital	13	-	-
Share premium		310,884	310,884
Cash flow hedging reserve		(363)	(529)
Retained earnings		(115,404)	(69,651)
Total equity		195,117	240,704
Total liabilities		219,635	230,471
Total equity and liabilities		414,752	471,175

Approved by the Board on 29 March 2019 and signed on its behalf by:

Mr. Andrew Jones
Director

Mr. Tarun Arora
Director

The notes on pages 14 to 43 form an integral part of these financial statements.

T&L Sugars Limited
Statement of Changes in Equity for the Period from 25 September 2017 to 30 September 2018

	Share capital € 000	Share premium account € 000	Hedging reserve € 000	Retained earnings € 000	Total equity € 000
Balance at 25 September 2016	-	98,851	(4,546)	(43,359)	50,946
Comprehensive income:					
Net loss	-	-	-	(26,292)	(26,292)
Fair value of cash flow hedges transferred to OCI	-	-	4,434	-	4,434
Fair value of interest rate swaps transferred to OCI	-	-	586	-	586
Tax on items taken directly to OCI	-	-	(1,003)	-	(1,003)
Total comprehensive income	-	-	4,017	(26,292)	(22,275)
Loan to equity conversion	-	212,033	-	-	212,033
Balance at 24 September 2017	-	310,884	(529)	(69,651)	240,704
Comprehensive income:					
Net loss	-	-	-	(45,753)	(45,753)
Fair value of cash flow hedges transferred to OCI	-	-	(44)	-	(44)
Fair value of interest rate swaps transferred to OCI	-	-	244	-	244
Tax on items taken directly to OCI	-	-	(34)	-	(34)
Total comprehensive income	-	-	166	(45,753)	(45,587)
Balance at 30 September 2018	-	310,884	(363)	(115,404)	195,117

The notes on pages 14 to 43 form an integral part of these financial statements.

T&L Sugars Limited
Statement of Cash Flows for the Period from 25 September 2017 to 30 September 2018

	Note	2018 € 000	2017 € 000
Cash from operations:			
Net loss		**(45,753)**	(26,292)
Adjustments			
Depreciation & amortisation	8,9	**10,418**	10,014
Loss on disposals of fixed assets	8	**70**	183
Bad debt (recovery) / expense	18	**72**	100
Net finance expense	5	**1,220**	8,632
Tax credit	7	**(4,246)**	(2,108)
Change in derivatives	18	**(24,272)**	5,151
Inventory provision	11	**(271)**	19
Decrease in inventories	11	**30,544**	44,950
Decrease/(increase) in trade and other receivables	12	**8,961**	(13,713)
(Decrease) / increase in trade and other payables	16	**(49,279)**	2,381
Impairment charge from discontinued operations	10	**24,300**	-
Subtotal		**(48,236)**	29,317
Interest paid	5	**(1,458)**	(8,689)
Finance cost	5	**(61)**	(82)
Cash from operations		**(49,755)**	20,546
Cash from investing activities:			
Interest income	5	**299**	139
Investment in property, plant, and equipment	8	**(6,940)**	(11,891)
Cash used in investing activities		**(6,641)**	(11,752)
Cash from financing activities:			
Proceeds / (Repayment) from loans	14	**49,559**	(6,619)
Cash from financing activities		**49,559**	(6,619)
Net increase / (decrease) in cash and cash equivalents		**(6,837)**	2,175
Cash and cash equivalents at beginning of period		**7,113**	4,938
Cash and cash equivalents at end of period		**277**	7,113

1 Accounting policies

T&L Sugars Ltd ("Company") is incorporated and domiciled in the UK. The Company's registered office and principal place of business is Thames Refinery, Factory Road, Silvertown, London, E16 2EW.

a) Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs"). They were authorised for issuance by the Company's Board of Directors on 29 March 2019.

The Company is exempt under Companies Act 2006 s400 from preparing consolidated group accounts. The Company and its subsidiaries are included in the consolidated accounts of its parent company, European Sugar Holdings S.à r.l., incorporated in Luxembourg.

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.

b) Functional and presentation currency

The financial statements are presented in Euros, which is the Company's functional and presentational currency. Transactions in foreign currencies are translated to the Company's functional currency at the monthly average of daily foreign exchange rates during each month. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate prevailing at the reporting dates. Foreign exchange differences arising on translation are recognised in the income statement, except for differences arising on the translation of qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the prevailing exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the prevailing foreign exchange rates at the dates the fair value is determined

c) Use of judgements and estimates

In order to prepare these financial statements in accordance with the Company's accounting policies, management used estimates and judgments to establish the amounts at which certain items are recorded. The critical accounting estimates and judgments are set out below.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Company's latest approved budgets and forecasts, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdiction in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. There are no reserves on the deferred tax asset included in the statement of financial position.

1 Accounting policies (continued)

Impairment
An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future gross profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial period. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and to asset-specific risk factors.

Fair value of financial instruments
Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that a knowledgeable market participant would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

d) Significant accounting policies
Going concern
The Directors, having assessed the Company's financial position, results of operations and future business prospects believe that the Company will continue as a going concern and meet its financial and trade obligations in the due course of its operations.

On the basis of this assessment and the commitment of the ASR Group (the Company's ultimate parent) to its European operations, the Directors believe that the Company will continue in operational existence for the foreseeable future. As such, the financial statements have been prepared on a going concern basis.

Financial instruments
Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for derivative financial instruments measured at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

All financial assets except for those adjusted to fair value through the income statement are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

1 Accounting policies (continued)

All income and expenses relating to financial assets, except for trade receivables, that are recognised in the income statement offset any volatility related to the hedged item. Impairment in relation to trade receivables is presented within 'selling, general and administrative expenses'.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value and adjusted through the income statement, that are carried subsequently at fair value with gains or losses recognised in the income statement.

All interest-related charges are included within 'finance expenses' or 'finance income'.

Financial assets and financial liabilities are measured subsequently as described below.

Non-derivative financial instruments
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purposes of the cash flow statement only, bank overdrafts are considered to be borrowings in nature.

- Trade receivables
Trade receivables are initially recognised at fair value. Subsequently, trade receivables are regularly reviewed to determine whether a provision for impairment is necessary and are stated at net realisable value at the reporting date. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry, region of counterparty and other available features of shared credit risk characteristics.

- Trade payables
Non-current and current trade payables are recognised initially and at the reporting date at fair value.

Derivative financial instruments and hedging
Derivatives are financial assets or financial liabilities classified as held for trading and recorded at fair value through the income statement, except for those designated in a hedge relationship.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through the income statement.

1 Accounting policies (continued)

Cash flow hedging instruments
Hedges of firm commitments and highly probable forecasted transactions, including forecasted intra-group transactions that are expected to affect the income statement are designated as cash flow hedges. To the extent that movements in the fair values (based on market valuation of these instruments) effectively offset the underlying risk being hedged they are recognised in the hedging reserve in equity until the period during which the hedged firm commitment or forecast transaction affects the income statement. At that point, the cumulative gain or loss is recognised in the income statement, offsetting the value of the hedged transaction.

The Company employs interest rate swaps and foreign currency forward contracts to hedge the interest rate risk associated with its floating rate borrowings and foreign currency risk in relation to highly probable forecasted sales and purchases, respectively.

Fair value hedges
Where a derivative financial instrument is designated as a fair value hedge, changes in the fair value of the underlying asset or liability attributable to the hedged risk are recognised as gains and losses on the derivative instrument in the income statement for the period. The Company uses foreign exchange forwards to hedge foreign currency risk associated with committed transactions.

Commodity futures
The Company trades in commodity futures to economically hedge the price risk associated with its forecasted sales and purchases of sugar. These future contracts are classified as held for trading and are measured at fair value with any movement in fair value recorded in the income statement.

Purchase contracts
Some purchase contracts fail to meet IAS 39 'Own use exemption' as they relate to external sugar trading activity. They are classified as held for trading and measured at fair value through the income statement based on market valuation techniques.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost represents the fair value of the fixed assets when acquired.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

1 Accounting policies (continued)

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Freehold Land	No depreciation
Freehold Buildings	15 - 30 years
Plant and machinery	3 - 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Intangible assets and goodwill
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses where applicable. The main categories of intangible assets are as follows:

- Intangible assets - indefinite useful lives
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment at the reporting date.

- Intangible assets - finite useful lives
Customer relationships and proprietary technology assets are stated at deemed cost less accumulated amortisation and less accumulated impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset from the date they are available for use.

The estimated useful economic lives of these intangible assets are as follows:

Customer relationships	5 years
Proprietary technology	10 years

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition as of the reporting date. In the case of manufactured inventories and work in progress, cost includes an appropriate share of labour and overheads based on normal operating capacity.

Defined contribution pension obligation
A defined contribution plan is a post-employment benefit plan under which the Company pays annual contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

1 Accounting policies (continued)

Revenue recognition
Revenue comprises revenue from the sale of goods. Revenue is measured at the fair value of consideration received or receivable and represents amounts obtained through trading activities, net of value added tax. The Company applies the revenue recognition criteria set out below to each separately identifiable component of the sales or service transaction in order to reflect the substance of the transaction.

The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

Sale of goods
Sale of goods comprises the sale of sugar and is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

Interest income
Interest income and expenses are recorded on an accruals basis using the effective interest method.

Leases
Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

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 tax is based on taxable profit. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1 Accounting policies (continued)

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, provided that they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.
Changes in deferred tax assets or liabilities are recognised as a component of tax benefit or expense in the income statement, except where they relate to items that are recognised in the statement of comprehensive income.

Share capital
Share capital represents the nominal value of shares that have been issued. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Changes in accounting policy

New standards, interpretations and amendments not yet effective
The following newly issued but not yet effective standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company financial statements in future:

IFRS 9, Financial Instruments (endorsed by the EU on 22 November 2016, effective and applicable from years commencing on or after 1 January 2018) will simplify the classification of financial assets for measurement purposes. IFRS 9 applies a forward-looking impairment model that will replace the currently applicable incurred loss model and the new hedge accounting requirements provide an improved link to risk management and treasury operations. Based on the assessment carried out IFRS 9 will have no material impact on either its hedging or impairment model and will not require a restatement of comparative figures in the 2019 Annual Report. The Company will continue to hedge under IAS 39 as IFRS 9 has no impact on the Company's hedging policy. The impact of general provisioning under IFRS 9 has been assessed as immaterial against existing provisioning policies.

IFRS 15, Revenue from Contracts with Customers, (endorsed by the EU on 22 September 2016, effective and applicable from years commencing on or after 1 January 2018) provides a single, principles-based five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to the customer. It replaces the separate models for goods, services and construction contracts currently included in IAS 11, Construction Contracts and IAS 18, Revenue. During the year the Company carried out a detailed review of the current recognition criteria for revenue against the requirements of IFRS 15. This review examined all revenue types as well as related costs. The expected impact of these changes for the 2018 income statement and statement of financial position is highly immaterial due to the method and timing by which revenue is recognised, which does not give rise to any material changes under IFRS 15.

1 Accounting policies (continued)

IFRS 16, Leases

IFRS 16, Leases (effective from 1 January 2019) provides a new model for lease accounting in which all leases, other than short term and small- ticket-item leases will be accounted for by the recognition of a right-to-use asset and a lease liability on the balance sheet. The right to use asset will subsequently be amortised over the lease term. The Directors are currently assessing potential impact of the new requirements to recognise a right to use asset and a related liability under IFRS 16. Until the review by the directors is completed, it is not feasible to provide a reasonable impact estimate on the financial statements. Information on the Company's leases currently classified as operating leases, which are not recognised on the balance sheet, is provided in note 19.

None of the other standards, interpretations and amendments that are effective for periods beginning after 25 September 2017 and which have not been adopted early, are expected to have a material effect on the financial statements.

Improvements and other amendments to IFRS/IAS

A number of other existing standards have been modified on miscellaneous points with effect from 25 September 2017. None of these changes had an effect on Company's financial statements.

2 Auditors' remuneration

	2018	2017
	€ 000	€ 000
Audit of financial statements	**341**	229
Services relating to taxation and other advice	**85**	151
Total auditor's remuneration	**426**	380

3 Staff costs

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

	2018	2017
	€ 000	€ 000
Wages and salaries	**36,478**	36,017
Social security costs	**4,196**	4,015
Pension	**2,601**	2,658
Total employees' cost and benefits	**43,275**	42,690

3 Staff costs (continued)

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

	2018	2017
	No.	No.
Operations	428	406
Sales, general and administration	187	205
Total average employee headcount	615	611

4 Directors' remuneration

Directors' remuneration paid in 2018 and 2017 is as follows:

	2018	2017
	€ 000	€ 000
Director's salaries	814	428
Defined contribution pension costs	-	11
Other benefits	163	45
Total directors' remunerations	977	484

During the period, three of the Directors (2017: 2) were employed and paid by the Company. The other directors were employed by the other group companies and none of their remuneration arose in the UK as any relevant qualifying services provided to the Company by those Directors were considered incidental to their overall responsibilities to the ASR Group.

5 Finance income and costs

	2018	2017
	€ 000	€ 000
Finance income		
Interest income on bank deposits	299	139
Finance costs		
Interest on bank overdrafts and borrowings	(61)	(82)
Borrowing costs included in cost of qualifying asset	(1,458)	(8,689)
Total finance costs	(1,519)	(8,771)
Net finance costs	(1,220)	(8,632)

6 Revenue

Sale of goods comprises the sale of sugar and is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

	2018 € 000	2017 € 000
Sale of goods	300,141	326,633

7 Income Tax

Tax credited in the income statement

	2018 € 000	2017 € 000
Current taxation		
UK Corporation tax	4,246	2,108

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK of 19% (2017: 19.5%).

The differences are reconciled below:

	2018 € 000	2017 € 000
Loss before tax	(49,999)	(28,400)
Corporation tax at standard rate	9,500	5,538
Non-deductible expenses	(4,566)	(1,381)
Change in future tax rates	(1,000)	(1,627)
Other	312	(422)
Total tax charge	4,246	2,108

7 Income tax (continued)

Reductions in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) were substantively enacted on September 2016. The deferred tax asset at 30 September 2018 has been calculated based on the rate of 17%, being the substantively enacted rate at the balance sheet date at which the asset is expected to be realised.

Deferred tax

Deferred tax assets and liabilities:

	Assets € 000	Liabilities € 000	Net deferred tax € 000
Property, plant and equipment	6,128	-	6,128
Financial assets and liabilities	-	(391)	(391)
Tax value of loss carry forward	9,698	-	9,698
Other short term timing differences	-	(49)	(49)
Total deferred tax assets and liabilities	**15,826**	**(440)**	**15,386**

Deferred tax movement during the period:

	2017 € 000	Recognised in Income Statement € 000	Recognised directly in OCI € 000	2018 € 000
Property, plant and equipment	6,042	86	-	6,128
Financial assets and liabilities	4,555	(4,912)	(34)	(391)
Tax value of loss carry-forward	610	9,088	-	9,698
Other short-term timing differences	(33)	(16)	-	(49)
Total	**11,174**	**4,246**	**(34)**	**15,386**

There are no unrecognised deferred tax assets or liabilities in the Company.

8 Property, plant and equipment

	Land and buildings € 000	Properties under construction € 000	Other property, plant and equipment € 000	Total € 000
Cost or valuation				
At 25 September 2017	44,529	9,887	122,094	176,510
Additions	435	3,889	2,616	6,940
Disposals	(65)	-	(11)	(76)
Transfers	273	(7,447)	7174	-
At 30 September 2018	**45,172**	**6,329**	**131,873**	**183,374**
Depreciation				
At 25 September 2017	3,900	-	50,433	54,333
Charge for the period	785	-	9,537	10,322
Eliminated on disposal	(6)	-	-	(6)
At 30 September 2018	**4,679**	**-**	**59,970**	**64,649**
Carrying amount				
At 24 September 2017	40,629	9,887	71,661	122,177
At 30 September 2018	**40,493**	**6,329**	**71,903**	**118,725**

9 Intangible assets

	Goodwill € 000	Contractual customer relationships € 000	Other intangible assets € 000	Total € 000
Cost or valuation				
At 25 September 2017	2,598	542	623	3,763
At 30 September 2018	**2,598**	**542**	**623**	**3,763**
Amortisation				
At 24 September 2017	-	542	337	879
Amortisation charge	-	-	96	96
At 30 September 2018	-	**542**	**433**	**975**
Carrying amount				
At 24 September 2017	2,598	-	286	2,884
At 30 September 2018	**2,598**	-	**190**	**2,788**

10 Investments

Details of the subsidiaries as at 30 September 2018 are as follows:

Name of subsidiary	Country of Incorporation	2018	2017
ASR Germany GmbH & Co. KG	Germany	100%	100%
ASR Germany Beteiigungs GmbH	Germany	100%	100%

ASR Germany GmbH & Co. KG.'s and ASR Germany Beteiligungs GmbH address is Langendorfer Strasse 21, Weissenfels, 06667 Germany.

10 Investments (continued)

On 30 September 2018, the Company's subsidiary ASR Germany GmbH & Co. KG ("ASRG") ceased all its production and operations. ASRG produced liquid sugar, invert syrups and fondants for the Germany market.

The Company carried out a review of its total investments with a view to assessing the requirement for an impairment. The Company impaired its total investments as follows:

	2018 € 000
Equity Investments in ASRG	(16,780)
Loan to ASRG	(13,791)
Total investments in ASRG	(30,571)
Accrued disposal costs	(425)
	(30,996)
Estimated fair value of assets of subsidiary	6,696
Impairment Charge	(24,300)

11 Inventories

	2018 € 000	2017 € 000
Raw materials and consumables	48,059	66,246
Production supplies	12,303	11,590
Work in progress	3,623	3,653
Finished goods and goods for resale	18,151	30,919
	82,136	112,408

An inventory provision of €3,720 is included within the inventory value on the balance sheet (2017: €3,991).

12 Trade and other receivables

	2018	2017
	€ 000	€ 000
Trade receivables	35,762	35,478
Receivables from related parties	24,918	39,154
VAT recoverable	3,155	2,991
Prepayments	1,409	2,264
Other	246	-
	65,490	79,887

All trade and other receivables are expected to be recovered within 12 months.

13 Share capital

There are 300 ordinary shares outstanding at the end of 2018 and 300 in 2017 with a value of €1.00 each.

The holders of ordinary shares are entitled to one vote per share at meetings of the Company. No dividends were declared during 2018 or 2017.

14 Loans and Borrowing

	2018	2017
Current loans and borrowings	€ 000	€ 000
A/R securitisation loan	10,000	10,000
Other intercompany loans	3,159	1,519
Total current loans and borrowings	13,159	11,519

	2018	2017
Non-current loans and borrowings	€ 000	€ 000
Loans from parent companies	-	7,833
Other intercompany loans	55,752	-
Total non-current loans and borrowings	55,752	7,833

14 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities:	€ 000
Balance as at 25 September 2016	228,005
Repayment of loans	(6,619)
Loan to equity conversion	(212,033)
Balance as at 25 September 2017	9,352
Proceeds of loan	49,559
Balance as at 30 September 2018	**58,911**

Credit facilities and arrangements
Loans from group companies

The Company has been provided with revolving credit commitments of $100,000 each by two group companies, expiring on 30 September 2020 and 30 September 2022. As at 30 September 2018, the amount drawn down in respect of these facilities was $64,730, €55,752 (2017: $9,360, €7,833). Both facilities are provided at a rate of Libor plus a spread in line with third party debt pricing and availability and the carrying amount of the facilities approximates fair value.

Multi-currency facility
The Company currently has access to a multicurrency bank facility of $300,000 which matures on 30 September 2020. This facility is shared with ASR Group and certain of its subsidiaries. This facility is at a floating rate based on Euribor plus a negotiated spread, and incurs commitment fees at market rates prevailing when the facility was arranged. This facility is unused at 30 September 2018.

Accounts receivable securitization
The accounts receivable securitization loan is provided based on the lender's first lien on the Company's accounts receivable. Up to €50,000 may be borrowed at a fluctuating interest rate per annum based on Euribor plus an agreed upon spread. As at 30 September 2018, the outstanding balance was €10,000 (2017: €10,000) and the interest rate on the outstanding amount was fixed at 2.8%.

Carrying value of loans and borrowings
The fair value of loans and borrowings, except the Company's interest rate swaps as discussed in note 18 "Financial instruments", approximates the carrying amount.

15 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2018 € 000	2017 € 000
Within one year	**1,142**	1,074
In two to five years	**2,927**	2,378
In over five years	**-**	394
	4,069	3,846

The amount of non-cancellable operating lease payments recognised as an expense during the period was €1,140 (2017: €1,203)

16 Trade and other payables

	2018 € 000	2017 € 000
Trade payables	**15,791**	20,970
Accrued expenses	**22,711**	57,296
Amounts due to related parties	**2,082**	9,893
Other payables	**1,554**	3,258
	42,138	91,417

All trade and other payables are expected to be paid within 12 months.

17 Capital Commitments

At 30 September 2018 the Company was committed to property, plant and equipment purchases of €2,300 (2017 : €3,442).

18 Financial instruments

Analysis to reconcile classes of financial instruments into assets and liabilities is as follows:

	2018		2017	
	Assets € 000	**Liabilities € 000**	Assets € 000	Liabilities € 000
Current derivative financial instruments:				
Forward foreign exchange contracts – cash flow hedges	**809**	**(313)**	153	(7,221)
Foreign exchange contracts – not in hedge accounting relationship	**8,936**	**(5,678)**	40,877	(68,503)
Foreign exchange on priced contracts	**313**	**(809)**	8,509	(122)
Interest rate swaps – cash flow hedge	**-**	**-**	-	(222)
Commodity derivatives	**118,131**	**(92,651)**	64,527	(38,357)
Commodity futures purchase contracts	**-**	**(244)**	769	(759)
Subtotal	**128,189**	**(99,695)**	114,835	(115,184)
Other non-current derivative financial instruments:				
Commodity derivatives	**-**	**(8,634)**	-	(279)
Interest rate swaps - cash flow hedge	**-**	**(257)**	-	(4,239)
Total financial instruments	**128,189**	**(108,586)**	114,835	(119,702)

18 Financial instruments (continued)

Analysis to reconcile classes of financial instruments to categories of financial instruments at the end of 2018 and 2017:

	Loans and receivables € 000	Fair value through income statement € 000	Derivatives designated in effective hedge € 000	Financial liabilities amortised at cost € 000	Total carrying value € 000
30 September 2018					
Trade and other receivables	65,490	-	-	-	**65,490**
Cash and cash equivalents	277	-	-	-	**277**
Interest rate swap, net (1)	-	-	(257)	-	**(257)**
Forward foreign exchange contracts – cash flow hedges, net (2)	-	-	496	-	**496**
Forward foreign exchange contracts – not in hedge relationship, net (2)	-	3,258	-	-	**3,258**
Foreign exchange on priced contracts, net (2)	-	(496)	-	-	**(496)**
Commodity derivatives	-	16,846	-	-	**16,846**
Commodity forward purchase contracts	-	(244)	-	-	**(244)**
Borrowings	-	-	-	(68,911)	**(68,911)**
Trade and other payables	-	-	-	(42,138)	**(42,138)**
Total	**65,767**	**19,364**	**239**	**(111,049)**	**(25,679)**

(1) The notional value of the interest rate swap is €10,000.
(2) The notional value of the forward contracts is €259,975.

18 Financial instruments (continued)

	Loans and receivables € 000	Fair value through income statement € 000	Derivatives designated in effective hedge € 000	Financial liabilities amortised at cost € 000	Total carrying value € 000
24 September 2017					
Trade and other receivables	79,887	-	-	-	**79,887**
Cash and cash equivalents	7,113	-	-	-	**7,113**
Interest rate swap, net (1)	-	-	(501)	-	**(501)**
Forward foreign exchange contracts – cash flow hedges, net (2)	-	-	(7,069)	-	**(7,069)**
Forward foreign exchange contracts – not in hedge relationship, net (2)	-	(27,626)	-	-	**(27,626)**
Foreign exchange on priced contracts, net (2)	-	8,387	-	-	**8,387**
Commodity derivatives	-	21,931	-	-	**21,931**
Commodity forward purchase contracts	-	10	-	-	**10**
Borrowings	-	-	-	(19,352)	**(19,352)**
Trade and other payables	-	-	-	(91,417)	**(91,417)**
Total	**87,000**	**2,702**	**(7,570)**	**(110,769)**	**(28,637)**

(1) The notional value of the interest rate swap is €10,000.
(2) The notional value of the forward contracts is €500,022.

Analysis of fair value by valuation method

Level 1 fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities.

Level 2 fair value is determined using significant inputs that may be either observable inputs or unobservable inputs that are corroborated by market data.

Level 3 fair value is determined using significant inputs that are unobservable and reflect management's assumptions about market data.

Derivative financial instruments are segregated as follows at 30 September 2018 and 24 September 2017 based on fair value levels of valuation:

18 Financial instruments (continued)

Derivative financial instruments:
30 September 2018

	Level 1	Level 2	Total
Derivative financial assets:	**€ 000**	**€ 000**	**€ 000**
Forward foreign exchange contracts - cash flow hedges	-	809	**809**
Foreign exchange contracts - not in hedge accounting relationship	-	8,936	**8,936**
Foreign exchange on priced contracts	-	313	**313**
Commodity derivatives	118,131	-	**118,131**
Derivative financial assets at fair value	**118,131**	**10,058**	**128,189**
Derivative financial liabilities:			
Forward foreign exchange contracts - cash flow hedges	-	(313)	**(313)**
Foreign exchange contracts - not in hedge relationship	-	(5,677)	**(5,677)**
Foreign exchange on priced contracts	-	(809)	**(809)**
Commodity derivatives	(101,285)	-	**(101,285)**
Commodity purchase contracts	-	(244)	**(244)**
Interest rate swap	-	(257)	**(257)**
Derivative financial liabilities at fair value	**(101,285)**	**(7,300)**	**(108,585)**

18 Financial instruments (continued)

25 September 2017

	Level 1	Level 2	Total
Derivative financial assets:	**€ 000**	**€ 000**	**€ 000**
Forward foreign exchange contracts - cash flow hedges -	-	153	153
Foreign exchange contracts - not in hedge accounting relationship -	-	40,877	40,877
Foreign exchange on priced contracts -	-	8,509	8,509
Commodity derivatives	64,527	-	64,527
Commodity purchase contracts -	-	769	769
Derivative financial assets at fair value	64,527	50,308	114,835
Derivative financial liabilities:			
Forward foreign exchange contracts - cash flow hedges		(7,221)	(7,221)
Foreign exchange contracts - not in hedge relationship		(68,503)	(68,503)
Foreign exchange on priced contracts		(122)	(122)
Commodity derivatives	(42,596)	-	(42,596)
Commodity purchase contracts		(759)	(759)
Interest rate swap		(501)	(501)
Derivative financial liabilities at fair value	(42,596)	(77,106)	(119,702)

18 Financial instruments (continued)

Master netting arrangements and similar agreements

The Company has ISDA Master Agreements in place with two counterparties that permit the netting of balances. The net positions in respect of these counterparties at 30 September 2018 and 24 September 2017 were as follows:

30 September 2018	**Gross € 000**	**Gross € 000**	**Net € 000**
Assets	**9,745**	**(5,990)**	**3,755**
Liabilities	**(5,990)**	**5,990**	**-**
	3,755	**-**	**3,755**

24 September 2017	Gross € 000	Gross € 000	Net € 000
Assets	41,030	(41,030)	-
Liabilities	(75,726)	41,030	(34,696)
	(34,696)	-	(34,696)

Cash flow hedge

The Company employs forward foreign exchange contracts, swaps and options and interest rate swaps to hedge cash flow risk associated with forecast transactions.

The cash flows associated with foreign currency forwards are expected to impact the income statement within the next 48 months and the cash flows associated with the interest rate swap are expected to impact the income statement over the next 5 years.

19 Management of financial risk

The key financial risks faced by the Company are credit risk, liquidity risk, and market risks, which include interest rate, foreign exchange, and certain commodity price risks. The Board regularly reviews these risks.

The majority of the Company's financing, interest rate and foreign exchange risk are managed through the treasury function. The Board approves policies and procedures setting out permissible funding and hedging instruments and a system of authorities for the approval of transactions and exposures within the limits approved by the Board.

Commodity price risks are managed through ASR Group's Global Sugars Group division. Commodity hedging contracts are categorised as held for trading or for economically hedging price exposures.

The derivative financial instruments approved by the Board of the Company to manage financial risks include interest rate swaps, forward rate agreements, commodity forward contracts and commodity futures.

19 Management of financial risk (continued)

Credit risk and impairment
Counterparty credit risk arises from the placing of deposits and entering into derivative financial instrument contracts with banks and financial institutions as well as credit exposures inherent within the Company's outstanding receivables. The Company manages credit risk in relation to these deposits and derivatives by entering into financial instrument contracts only with highly credit worthy counterparties, which are reviewed and approved by the Board.

The Company runs a credit control department to manage credit risk by assessing the financial strength of new customers using credit agencies and extending credit accordingly and carefully managing exposures. The credit policy is evaluated on a regular basis.

The maximum exposure to credit risk at the reporting date is as follows:

	2018 € 000	2017 € 000
Trade receivables	35,762	35,478
Bank balances	277	7,113
Amounts due from related parties	24,918	39,154
Forward foreign exchange contracts - cash flow hedges	809	153
Forward foreign exchange contracts - not in hedge relationship	8,936	40,877
Commodity futures - not in hedge relationship	118,131	64,527
Commodity purchase contracts	-	769
Total exposure to credit risk	**188,833**	188,071

The ageing of trade receivables (net of allowances) at the reporting date is as follows:

	2018 € 000	2017 € 000
Current	30,733	29,037
Past due 0-28 days	3,541	5,073
More than 28 days	1,488	1,368
Total trade receivables	**35,762**	35,478

The movement in the provision against trade receivables during the period was as follows:

	2018 € 000	2017 € 000
Balance at the beginning of period	494	394
Bad debt provision movement	72	100
Balance at end of period	**566**	494

19 Management of financial risk (continued)

Liquidity risk

The Company manages its exposure to liquidity risk and ensures maximum flexibility in meeting changing business needs by maintaining access to a wide range of funding sources, including borrowings from affiliated companies and banks. The Company ensures that it has sufficient undrawn committed bank facilities to provide liquidity to cover its funding requirements for the foreseeable future

Compliance with agreed covenants with financial institutions is monitored by ASR Group on behalf of the Company. It is ASR Group's policy to manage its financial position so as to operate within agreed covenanted restrictions. In both the current and comparative reporting period, ASR Group complied with its financial covenants at all measurement points.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest payments, based on the earliest possible maturity date of the underlying liability excluding the effect of netting agreements.

Maturity analysis

30 September 2018	1 year or less € 000	1 to 2 years € 000	2 to 5 years € 000	5 years or greater € 000	Total € 000
Non-derivative financial liabilities:					
Other intercompany loans	(3,159)	(43,065)	(12,687)	-	**(58,911)**
Trade and other payables	(15,791)	-	-	-	**(15,791)**
Amounts due to related parties	(2,082)	-	-	-	**(2,082)**
Accrued expenses	(22,711)	-	-	-	**(22,711)**
A/R securitised loan	(10,000)	-	-	-	**(10,000)**
Other payables	(1,554)	-	-	-	**(1,554)**
Subtotal	**(55,297)**	**(43,065)**	**(12,687)**	-	**(111,049)**
Derivative financial liabilities:					
Interest rate swaps	-	-	-	(257)	**(257)**
Commodity futures	(92,651)	(5,016)	(3,419)	(199)	**(101,285)**
Forward foreign exchange contracts:					
- Outflow	(619,433)	(112,809)	(5,189)	-	**(737,431)**
- Inflow	414,527	57,652	5,276	-	**477,455**
Subtotal	**(297,557)**	**(60,173)**	**(3,332)**	**(456)**	**(361,518)**
Total financial liabilities	**(352,854)**	**(103,238)**	**(16,019)**	**(456)**	**(472,567)**

19 Management of financial risk (continued)

	1 year or less € 000	1 to 2 years € 000	2 to 5 years € 000	5 years or greater € 000	Total € 000
24 September 2017					
Non-derivative financial liabilities					
Loan from parent companies	-	-	-	(7,833)	**(7,833)**
Other intercompany loans	(1,519)	-	-	-	**(1,519)**
Trade and other payables	(20,970)	-	-	-	**(20,970)**
Amounts due to related parties	(9,893)	-	-	-	**(9,893)**
Accrued expenses	(57,296)	-	-	-	**(57,296)**
A/R securitised loan	(10,000)	-	-	-	**(10,000)**
Other payables	(3,258)	-	-	-	**(3,258)**
Subtotal	**(102,936)**	**-**	**-**	**(7,833)**	**(110,769)**
Derivative financial liabilities:					
Interest rate swaps	(222)	-	-	(279)	**(501)**
Commodity futures	(38,357)	(4,195)	(43)	(1)	**(42,596)**
Forward foreign exchange contracts:					
- Outflow	(1,056,689)	(208,072)	(5,269)	-	**(1,270,030)**
- Inflow	756,150	13,858	-	-	**770,008**
Subtotal	**(339,118)**	**(198,409)**	**(5,312)**	**(280)**	**(543,119)**
Total financial liabilities	**(442,054)**	**(198,409)**	**(5,312)**	**(8,113)**	**(653,888)**

Market risk

Foreign exchange risk

The Company operates in a multi-currency environment and is exposed to foreign exchange risks arising from commercial transactions (transaction exposure). The foreign currency exposure primarily arises from USD, GBP and NOK denominated trade receivables and trade payables, foreign currency forward contracts, commodity futures, and commodity purchase contracts.

19 Management of financial risk (continued)

Sensitivity analysis

A 5% strengthening of the USD and GBP against the Euro at the end of 2018 would have resulted in a credit to the cash flow hedge reserve of approximately €nil in 2018 (2017: €213) and a loss of €13,908 in 2018 (2017: €24,050) in the income statement. The income statement impact would be offset by equal and opposite gains on the underlying transactions. A 5% weakening in the respective currencies against the Euro would have had an equal but opposite effect to the amounts, on the basis that all other variables remain constant.

Transaction exposure

The Company's policy is to hedge transactional currency exposures against the functional currency once the transaction is committed or highly probable, mainly through the use of forward foreign exchange contracts.

The amounts deferred in equity from derivative financial instruments designated as cash flow hedges, swaps and options are released to the income statement and offset against the movement in underlying transactions only when the forecast transactions affect the income statement.

Interest rate risk

The Company has an exposure to interest rate risk arising principally from changes in USD interest rates. This risk is managed by fixing portions of debt using interest rate derivatives to achieve a target level of fixed/floating rate net debt, which aims to optimise net finance expense and reduce volatility in reported earnings. At 30 September 2018, the percentage of interest-bearing debt with a fixed rate yield was 24% and the percentage of interest-bearing debt with a variable yield was 76%.

The Company considers a 100 basis point change in interest rates a reasonably possible change except where rates are less than 100 basis points. In these instances, it is assumed that the interest rates increase by 100 basis points and decrease to zero for the purpose of performing the sensitivity analysis. The impact is calculated with reference to the gross debt and cash held as at 30 September 2018 assuming that other variables remain unchanged

If interest rates increase by 100 basis points, the Company's 2018 income before tax would have decreased by approximately €316 (2017: €176). The impact on the cash flow hedge reserve would be a credit of approximately €98 (2017: €90).

19 Management of financial risk (continued)

	2018	2017
	€ 000	€ 000
Effect of interest rate swaps	(10,000)	(10,000)
Total fixed rate instruments	(10,000)	(10,000)
Financial assets - cash	277	7,113
Financial liabilities - borrowings	(68,911)	(19,352)
Effect of interest rate swaps	10,000	10,000
Total variable rate instruments	(58,634)	(2,239)

Price risk management

The company participates in the sugar market and is exposed to movements in the future prices of commodities in those domestic and international markets where the Company buys and sells sugar for production. Commodity futures and forwards are used where available to hedge the costs of raw materials for priced contracts. In most cases, these hedging contracts mature within one year and are traded either on recognised exchanges or over the counter.

All the Company's commodity pricing contracts are held for trading and changes in mark-to-market values of these contracts are taken directly into the income statement.

If the price of sugar was to increase by 10% it would have resulted in a fair value gain of approximately €15,844 in 2018 (2017: 8,610). A decrease of 10% would result in approximately an equal but opposite impact to the income statement.

Capital risk management

The key purpose of the Company's capital risk management process is to ensure the capital structure supports the on-going operations of the business such that the Company continues as a going concern. To achieve this, the Company adopts a flexible capital structure to ensure a low and ultimately sustainable cost of capital. This ensures the Company can continue to make careful risk appraised investments to support the long term viability of the business.

The Company's capital structure is continually monitored and adapted to align with a fast changing macro-economic and business environment. Refer to note 14 for further details on loans and borrowings.

20 Related party disclosures

The Company has related party relationships with its subsidiaries, parent company and other group companies and with key management being its Directors. No related party relationships with close family members of the Company's key management existed in the current or comparative period.

The following transactions were made to and incurred from group companies during the period and all such transactions were made on an arm's length basis.

30 September 2018	Sales to € 000	Purchases from € 000	Services income € 000	Services expenses € 000
Parent	-	-	122	-
Subsidiary	346	(2,071)	-	(222)
Other related parties	120,883	(69,095)	4,501	(170)
Total	**121,229**	**(71,166)**	**4,623**	**(392)**

24 September 2017	Sales to € 000	Purchases from € 000	Services income € 000	Services expenses € 000
Parent	-	-	122	-
Subsidiaries	403	(4,275)	329	(12)
Other related parties	146,206	(47,474)	10,784	(5,038)
Total	**146,609**	**(51,749)**	**11,235**	**(5,050)**

30 September 2018	Interest income € 000	Interest expense € 000	Other income € 000	Other expense € 000
Parent	-	-	-	(695)
Subsidiary	168	-	-	-
Other related parties	130	(1,144)	217	-
Total	**298**	**(1,144)**	**217**	**(695)**

24 September 2017	Interest income € 000	Interest expense € 000	Other income € 000	Other expense € 000
Parent	-	(5,577)	-	(874)
Subsidiaries	135	-	-	-
Other related parties	3	(2,750)	40	-
Total	**138**	**(8,327)**	**40**	**(874)**

20 Related party disclosures (continued)

30 September 2018	Receivables outstanding € 000	Payables outstanding € 000	Loan receivable € 000	Loan payable € 000
Parent	94	(874)	-	-
Subsidiary	452	-	6,842	-
Other related parties	7,030	(1,208)	10,500	(58,911)
Total	**7,576**	**(2,082)**	**17,342**	**(58,911)**

24 September 2017	Receivables outstanding € 000	Payables outstanding € 000	Loan receivable € 000	Loan payable € 000
Parent	-	(709)	-	-
Subsidiaries	295	-	12,047	-
Other related parties	26,670	(9,173)	142	(9,362)
Total	**26,965**	**(9,882)**	**12,189**	**(9,362)**

21 Parent company guarantee – exemption from audit for subsidiary companies

In accordance with s479a of the UK Companies Act 2006, the Company has given a guarantee to the following subsidiary company in respect of the accounting period ended 30 September 2018, which means it is exempt from the requirements of the Companies Act 2006 relating to the audit of individual company accounts.

The Company has irrevocably guaranteed the debt and liabilities that the subsidiary company has entered into during the period ended 30 September 2018 and it effectively means that the Company will discharge all outstanding liabilities of the subsidiary company as at 30 September 2018 should the subsidiary be unable to satisfy them.

Subsidiary company	Registered number
T & L Sugars Death Benefits Scheme Trustees Ltd	07358348

22 Parent and ultimate parent undertaking

The Company is a subsidiary of European Sugar Holdings S.à r.l. ("ESH"), incorporated and domiciled in the Grand Duchy of Luxembourg, and its parent company is ASR Group International, Inc. ("ASR Group") in the United States of America.

The results of the Company are consolidated by ASR Group and ESH Group.

The consolidated financial statements of ASR Group are not available to the public. The consolidated financial statements of ESH are available to the public and can be obtained from 75 Parc d'Activites Capellen, L-3808, Grand Duchy of Luxembourg.

Relationship between entity and parents
The parent of the largest group in which these financial statements are consolidated is European Sugar Holdings S.à.r.l incorporated in Luxembourg.