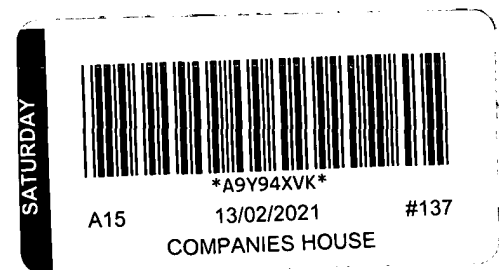


AgDevCo Holdings Limited

Consolidated financial statements

For the year ended 31 December 2019



Company registration number: 11772950

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Company information

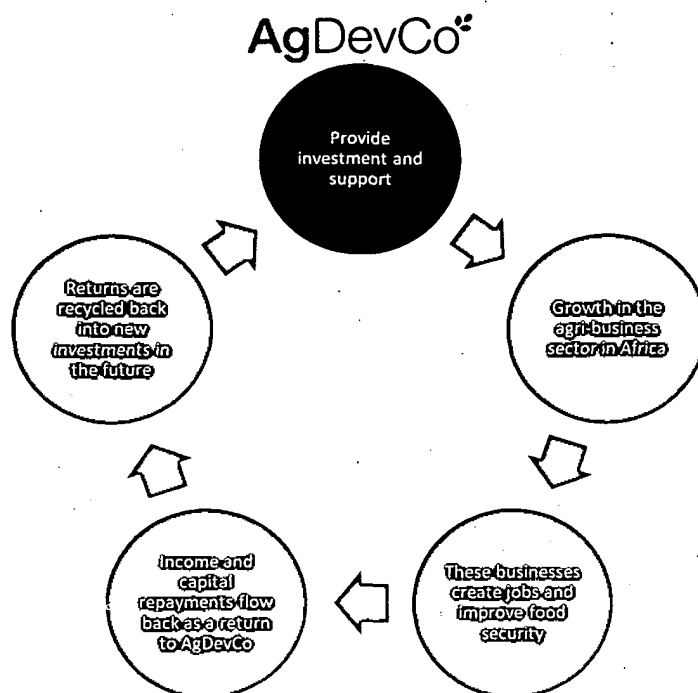
Members:	Keith Palmer Paul Collier Lindsay Northover James Harvey The (UK) Secretary of State of Foreign, Commonwealth, and Development Affairs ("FCDO") ¹
Directors:	Keith Palmer Paul Collier Lindsay Northover James Harvey Henry Hagan (nominee director of the Secretary of State of Foreign, Commonwealth, and Development Affairs)
Registered office:	Ground Floor, Peer House 8-14 Verulam Street London WC1X 8LZ
Auditor:	KPMG LLP 15 Canada Square London E14 5GL

¹ Formerly known as the UK government's Department for International Development ("DFID")

Company information

ABOUT AGDEVCO

AgDevCo is a specialist investor in African agribusinesses. We provide growth capital and specialist support as partners to our high-potential investees. Our dual objectives are: to support the growth of agribusinesses and their contribution to poverty reduction, and to make a financial return. Returns on investments are then reinvested in similar projects to provide continued long-term impact.



OUR INVESTMENTS

We make investments with care and scrutiny. We target investments of between \$2m and \$10m in the debt and equity of growing businesses, across the agricultural value chain.

OUR OPERATIONAL SUPPORT

Alongside financial support, we provide hands-on guidance to management teams. We work on the ground from the outset, collaborating with our investees to grow their businesses, sharing commercial and agronomic expertise, bringing environmental, social and governance ("ESG") practices up to international standards, putting in place robust financial management systems, and creating new market opportunities by drawing on our wide networks.

OUR IMPACT

Our investments are boosting prosperity and improving food security for farmers, their households and communities. We are creating jobs, linking smallholders with markets and establishing successful export businesses. Ultimately, we will measure our success through the long-term transformational impact our investments make.

OUR LOCATIONS

We are active in 10 sub-Saharan African countries where agriculture is underdeveloped.

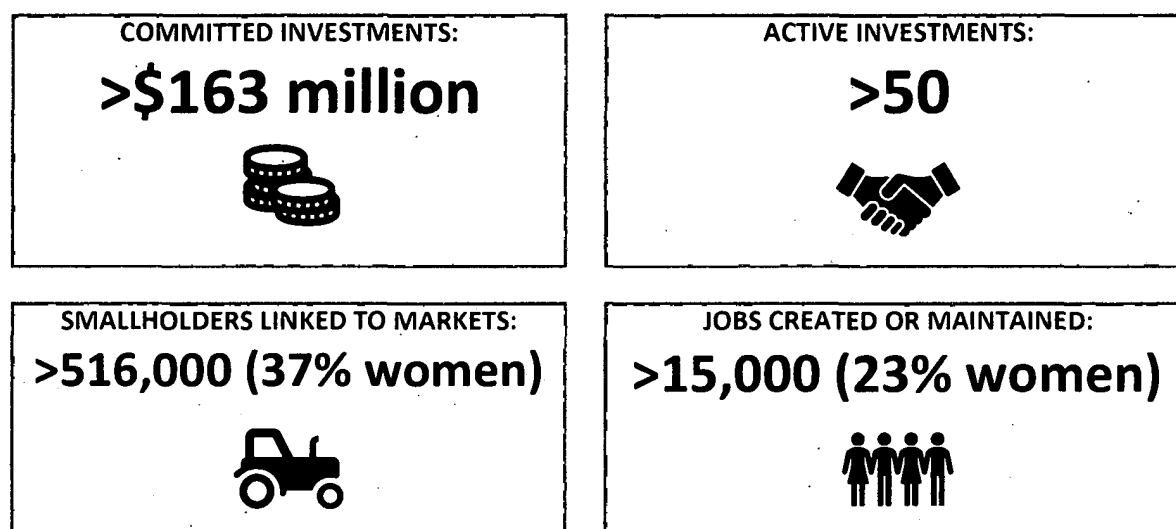
Strategic report

HIGHLIGHTS

The strategic report presented below refers to the performance of AgDevCo Limited and its subsidiaries pre and post the acquisition by AgDevCo Holdings Limited on 7 May 2019.

For the year ended 31 December 2019 \$46m of new investment commitments were made. The total amount committed to active investments now stands at \$163m. Our investments have provided over 375,000 smallholder farmers with access to commercial markets whilst creating or maintaining over 15,000 jobs in sub-Saharan Africa.

AgDevCo was able to deliver its 2019 operating plan at below budgeted costs whilst achieving its key investment targets. Investment income was slightly lower than budgeted for the year as executing deals and disbursing funds took longer than anticipated.



CORPORATE STRATEGY

We continue to follow our strategy of achieving financial sustainability alongside enhanced impact in sub-Saharan Africa. To reach sustainability, our current focus is on generating a more reliable income stream and building the value of our balance sheet over time.

During the year we restructured the organisation in order to operate more effectively by consolidating country offices into regional hubs (West Africa, East Africa and Southern Africa). This has improved efficiency in making and managing investments and has reduced administration. Ongoing operating costs have therefore reduced significantly bringing the organisation closer to sustainability. Given the restructuring occurred mid-way through 2019, the full impact of these savings will be recognised in 2020.

Our strategy currently emphasises debt and mezzanine investments of between \$2m and \$10m in established and profitable agribusinesses which can provide a robust income stream and upside potential for AgDevCo. Our experience is that these businesses are able to provide long-term impact at scale. During the year we have also exited a number of our underperforming smaller investments that have proved disproportionately time-consuming.

We continue to provide expert agricultural, ESG and operational advice to our investees to maximise their potential – improving sustainability and return on investment.

Strategic report

Impact remains core to what we do and in order to entrench that mission on 7 May 2019 the new holding company was incorporated in order to take ownership of 100% of the share capital of the group. AgDevCo Holdings Limited has been formed as a company limited by guarantee (the "Company"). As a company limited by guarantee, AgDevCo Holdings Limited has members (rather than shareholders) in order to protect AgDevCo's developmental mission. Keith Palmer, AgDevCo Limited's former sole shareholder, has now transferred his entire holding in the group to the Company in return for membership.

FINANCIAL PERFORMANCE

Financial performance for year was better than budgeted. The business continues to perform in line with its long-term strategy, committing a further \$46m to high impact investments in the year, whilst reducing its cost base and growing recurring revenue. The reported net profit for the year of \$44.4m is primarily driven by our accounting treatment for grant income. Grant income for both portfolio investing and operational costs is recognised through the profit and loss account as the costs or investments to which the grant relate are incurred or disbursed.

Investment income for the AgDevCo was slightly lower than budgeted as disbursements of committed investments were delayed. Delays can occur in the completion of legal agreements and final due diligence as we ensure investment conditions (which may be financial or ESG related) are met.

The financial position of AgDevCo remains strong with significant reserves and cash balances relative to current liabilities.

COVID-19 PANDEMIC

As at the time of writing, the full extent of the Covid-19 virus's impact is unknown, however management expect it will have a significant impact on the global economy and AgDevCo's business - with falls in income from our portfolio against budget expected in 2020. We are monitoring the situation and working closely with our investees to support them through this difficult period - making available additional capital where appropriate. At present, given our cash reserves and continued support from our funders, AgDevCo is in a strong position to respond to the crisis and continue as a going concern.

KEY PERFORMANCE INDICATORS ("KPIs")

The Company monitors a number of key performance indicators on a quarterly basis which allow management to track performance from both a financial and impact perspective. A summary of our KPIs is provided below:

INVESTMENT COMMITMENTS

The level of new investment commitments provides a measure of investment activity undertaken by AgDevCo in the year as well as the level of funding to be received "on the ground" by our investees. Commitments were greater than in 2018 and ahead of our budget for the year. In addition, we developed a substantial pipeline of new deals for 2020.

COMMITMENTS ↑53%

2019: \$46m

2018: \$30m

Strategic report

INVESTMENT PERFORMANCE

Impairments reflect falls in value relative to the original cost of our investments. For our active portfolio we have seen the level of performance improve from 2018 as our strategy to rebalance the portfolio with a greater weighting to larger more established investments takes shape.

ACTIVE PORTFOLIO

IMPAIRMENTS ↓27%

2019: 8%

2018: 11%

INVESTMENT INCOME

Investment income includes interest and dividends received on our entire portfolio and interest earned on long-term deposits and treasury funds. Interest income is up on 2018 by 35%, however it was lower than budgeted for the year due to delays in disbursing amounts to investees.

INVESTMENT INCOME ↑45%

2019: \$5.8m

2018: \$4.0m

OPERATING EXPENSES TO FUNDS UNDER MANAGEMENT ("OE/FUM") RATIO

Operating expenses have decreased following our restructure in 2019. Costs are budgeted to be lower still in 2020 as the full year savings from the restructure are recognised. In line with our strategy, we are achieving economies of scale with the ratio of operating expenses to funds under management falling. In 2019, management replaced Investment Commitments as the denominator in this ratio with FUM to match the KPI more widely used in the investment management industry.

OE/FUM RATIO ↓5%

2019: 4.1%

2018: 4.3%

SMALLHOLDERS ENGAGED

Development impact is key to AgDevCo's objectives. This KPI provides an indication as to the number of local farmers positively impacted directly by our projects. Smallholder engagement may decline as we exit certain investments - partially offset by a significant uplift in the activity of our Smallholder Development Unit ("SDU"). This activity complements our investment activity by providing training and on the ground support to smallholder farmers to achieve deep development impact locally.

SMALLHOLDERS ↓10%

2019: 516,000

2018: 572,000

Strategic report

ESG

As part of its investment activity AgDevCo seeks to demonstrate and facilitate best practice in corporate operations. As a responsible investor we stipulate in all our investment agreements our Responsible Business Principles and we now require our investees to adopt their own Anti-Bribery and Corruption and Whistleblowing policies. In summary, our Responsible Business Principles include provisions that:

- encompass health and safety;
- give our expectations for fair treatment of employees;
- include measures for stakeholder and community engagement;
- require compliance with all applicable laws and promotion of international best practices;
- seek to ensure high standards of business integrity and honesty; and
- expect the use of effective systems of internal control and risk management covering all significant issues, including environmental, social and ethical issues.

AgDevCo safeguards the welfare of our staff through our HR systems and specifically our global staff handbook which includes specific statements outlining our expectations on staff conduct, harassment and whistleblowing and states our zero-tolerance to any form of harassment or abuse. We have undertaken a thorough review of our safeguarding policies in the light of criticism of certain organisations where deficiencies in safeguarding policies have been identified and are satisfied that we provide adequate protection to our staff and those of entities where we have reasonable control.

SECTION 172(1) STATEMENT

As a medium sized company AgDevCo is not required to include a section 172(1) statement in its strategic report.

Strategic report

RISK

AgDevCo faces corporate and investment risk. Identifying and managing these risks is the responsibility of the Board and the Audit and Risk Committee. Risks are monitored and managed on an ongoing basis through the use of a group-wide risk register.

Reputational risk: AgDevCo manages this risk by undertaking rigorous due diligence on the stakeholders/partners involved in any opportunity. It also seeks to be transparent and forthcoming about its investment activities to ensure timely and clear communication.

Funding risk: AgDevCo ensures that it does not commit resources to corporate expenditure or investment without committed funding to cover the resulting liabilities. A corporate budget is approved annually by the Board and monitored on a quarterly basis.

Political and country risk: AgDevCo has intimate knowledge and experience of the countries in which it operates, including local offices and on the ground employees. It also seeks to build productive partnerships whilst maintaining boundaries with both local and central government in the countries in which it operates and engage with reputable local management who can assist in navigating potentially challenging political situations. It is important for AgDevCo to be seen as apolitical in the event of a transition of government.

Business systems risk: AgDevCo is consistently upgrading its IT platform as advances become available and has contracted with an external IT team to manage risks. Back-up systems and cloud/remote storage help increase protection from loss.

Regulatory compliance risk: AgDevCo, as well as having an expert in-house legal team, seeks legal expertise in the countries in which it operates to ensure compliance. AgDevCo has offices in the countries in which it operates so that it can build local knowledge and understanding of relevant regulations. It also partners with local management and sponsors who have experience navigating these environments.

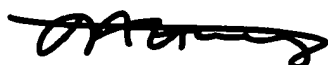
Currency risk: Consideration is made on a case-by-case as to whether and how exchange rate risk can be mitigated. In general, in order to protect our endowment, we only provide debt in US dollars. However, we recognise that this means that we must be a patient capital investor, allowing investee businesses to grow through adverse movements in currency valuation. In some limited circumstances, we are willing to provide local currency lending.

Investment performance risk: AgDevCo's mission and objectives mean that it invests in higher risk SME agribusinesses. AgDevCo has a detailed due diligence process that assesses all aspects of an investment to determine the merit of an idea and the capability of the team (either internal or external) to execute. It works to develop realistic projects and helps investees enhance business plans and provide hands-on technical advice to improve operations.

Development impact risk: AgDevCo manages this risk through its extensive due diligence process that considers development impact alongside financial return and ensures investment in projects with a compelling development case. AgDevCo has engaged a senior impact advisor to create tools and review AgDevCo's approach to impact. All of the investment teams include the wider impact objectives of the business in the investment process.

Social and environmental risk: AgDevCo has adopted, as a minimum, IFC Performance Standards on Social and Environmental Sustainability and the World Bank's General Environmental, Health and Safety Guidelines. These guidelines help identify and manage risks associated with agricultural development. In-house training on approved policies and procedures helps mitigate risks and the internal audit function evaluates the effectiveness of our ESG management.

By order of the board:



James Harvey
Director
9 February 2021

Directors' report

The directors have pleasure in presenting the financial statements of AgDevCo Holdings Limited (the "Company") for the period from 7 May 2019 to 31 December 2019 and the consolidated financial statements of AgDevCo Holdings Limited and its subsidiaries (the "Group") for the year ended 31 December 2019. The Company is incorporated in England and Wales.

Directors' registered address

A list of the directors holding office and the registered directors' office address is provided on page 2.

Principal activities

AgDevCo Holdings Limited is a company limited by guarantee and acts as a holding company of AgDevCo Limited. AgDevCo Holdings acquired 100% of the shares of AgDevCo Limited on 7 May 2019. AgDevCo Limited is a specialist investor in African agribusinesses providing growth capital and specialist support to high-potential investees with the objective of creating a commercial African agriculture sector that benefits both people and planet.

Results and dividends

The Group profit for the year amounted to \$44.4m (2018: \$9.7m). The profit is mainly driven by grants received for investments made during the year. The Group made losses from operating and investing activities pre-grant income of \$17.8m (2018: \$25.1m). All profits are retained within the business to be reinvested in our developmental activities. No distributions are to be or have been made to the Members. The directors have assessed the underlying going concern assumption for the Company and deem it to be valid given the level of reserves and continued support from funders.

Guarantee

The Company is limited by guarantee and does not have share capital. Each member's guarantee is limited to £1.

Insurance

The Company has purchased and maintained throughout the period, directors' and officers' liability insurance in respect of itself and its directors.

Provision of information to the Auditor

Each of the persons who are directors at the time when the Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Group's auditor in connection with preparing its report and to establish that the Group's auditor is aware of that information.

The directors' report has been prepared in accordance with the provisions applicable to medium-sized companies. The board is satisfied that the Group's Anti-Bribery, Corruption and Whistleblowing policies have been effectively implemented.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Directors' report

Auditor

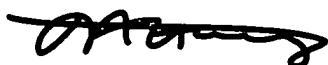
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Covid-19

The directors have considered the impact of the emergence and spread of Covid-19 and potential implications on future operations. This consideration included, but is not limited to the liquidity of the Group including an assessment of the impact of a temporary reduction in income, no external debt held by the Group, the ability of the Group to draw down cash from investors in line with available undrawn commitments, which provides sufficient funds to cover operating expenses for at least the next 12 months, and AgDevCo's business contingency plans to cope with sustained periods of remote working. As at 31 December 2020, the Group held liquidity funds and cash which provide it with multiple years of cover to meet its operational expenses and investment commitments.

The directors further considered the impact of Covid-19 on the underlying portfolio companies. Whilst there are significant wider market uncertainties which may impact portfolio company investments and investors, the directors do not believe this will significantly impact the liquidity of the Group over the next 12 months.

By order of the board:



James Harvey
Director
9 February 2021

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial period. Under that law the directors have elected to prepare both the Group and parent company financial statements in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The parent company accounts have been prepared in accordance with the reduced disclosure framework of FRS 102.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group and company financial statements, state whether they have been prepared in accordance with FRS 102;
- assess the group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of AgDevCo Holdings Limited

Opinion

We have audited the financial statements of AgDevCo Holdings Limited ("the company") for the year ended 31 December 2019 which comprise the Consolidated profit and loss account, Consolidated and Company balance sheets, Consolidated and Company statement of changes in equity, Consolidated cash flow statement 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 group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 group 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and 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 their 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 group's business model and analysed how those risks might affect the group and 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 group or the company will continue in operation.

Independent auditor's report to the members of AgDevCo Holdings Limited

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11, 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 group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

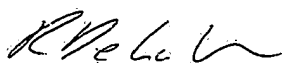
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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.

Independent auditor's report to the members of AgDevCo Holdings Limited

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

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.



Richard De La Rue (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
10 February 2021

Consolidated profit and loss account and other comprehensive income

For the year ended 31 December			
	Notes	2019 USD'000	2018 USD'000
Investment income	2	4,260	2,976
Fair value movements on investments	13	(4,460)	(13,159)
Investment return		(200)	(10,183)
Other income	3	770	741
Other income		770	741
Operating expenses	4	(9,095)	(9,630)
Investee support expenses	4	(9,267)	(6,046)
Operating and investee support expenses		(18,362)	(15,676)
Loss from operating and investing activities		(17,792)	(25,118)
Grant income received for investments completed	5	46,973	18,980
Grant for operational and investee support expenses	5	13,970	15,698
Net bank interest income		1,515	951
Unrealised foreign exchange movement	6	(205)	(800)
Profit before tax		44,461	9,711
Tax	8	(58)	(38)
Profit for the year		44,403	9,673
Other comprehensive income		-	-
Total comprehensive income for the year		44,403	9,673

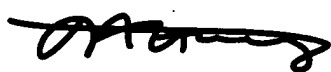
The accompanying notes form an integral part of these financial statements (pages 21 – 40).

Consolidated balance sheet

As at 31 December			
	Notes	2019 USD'000	2018 USD'000
Assets			
Current assets			
Loan investments	11	12,996	12,206
Other receivables	16	1,425	1,220
Liquidity funds	15	49,814	35,235
Cash and cash equivalents	15	32,114	44,590
Total current assets		96,349	93,251
Non-current assets			
Equity investments	12	24,079	17,646
Loan investments	11	54,395	25,005
Intangible assets	9	5	27
Plant and equipment	10	164	336
Total non-current assets		78,643	43,014
Total assets		174,992	136,265
Liabilities			
Current liabilities			
Trade and other payables	17	(2,601)	(2,087)
Non-current liabilities			
Grant to be disbursed for operating activities	18	(2,607)	(2,459)
Grant to be disbursed for investments	18	(60,284)	(66,622)
Total non-current liabilities		(62,891)	(69,081)
Total liabilities		(65,492)	(71,168)
NET ASSETS		109,500	65,097
Capital and Reserves			
Members interest	20	-	-
Reverse acquisition reserve		452	452
Retained earnings		109,048	64,645
MEMBERS' FUNDS		109,500	65,097

The accompanying notes form an integral part of these financial statements (pages 21 – 40).

These financial statements were approved by the board of directors on 29 January 2021 and were signed on its behalf by:



James Harvey
Director
9 February 2021

Consolidated statement of changes in equity

		Members' interest USD'000	Reverse acquisition reserve USD'000	Retained earnings USD'000	Total USD'000
	Notes				
At 31 December 2017	20	-	452	54,972	55,424
Profit for the year to 31 December 2018		-	-	9,673	9,673
At 31 December 2018		-	452	64,645	65,097
Profit for the year to 31 December 2019		-	-	44,403	44,403
At 31 December 2019		-	452	109,048	109,500

The accompanying notes form an integral part of these financial statements (pages 21 – 40).

Consolidated statement of cash flows

For the year ended 31 December

	Notes	2019 USD'000	2018 USD'000
Cash flow from operating activities			
Profit from operations before tax		44,461	9,711
Bank interest on cash balances		(1,515)	(951)
Depreciation of plant and equipment	10	36	154
Depreciation on software	9	22	26
Fair value movement on investments	13	4,460	13,159
Interest on loans accrued		(3,675)	(2,976)
Grant for investments made	5	(46,973)	(18,980)
Grant for operating activities	5	(13,970)	(15,698)
Foreign exchange movement		205	800
Cash outflow from operations before changes in working capital		(16,949)	(14,755)
Increase in trade and other receivables		(204)	(220)
Increase in trade and other payables		514	49
Cash flows from operations		(16,639)	(14,926)
Bank interest on cash balances		1,515	951
Tax paid		(58)	(38)
Grant funding received	19	54,618	49,406
Cash flow from operating activities		56,075	50,319
Cash flows from investing activities			
Loans issued	11	(36,418)	(15,828)
Loans repaid	11	9,352	5,360
Equity investments made	12	(10,480)	(5,695)
Equity investments sold	12	33	-
Investments in other financial assets		(14,579)	(5,563)
Purchasing plant and equipment	10	(1)	(33)
Proceeds from sale of plant and equipment	10	137	54
Net cash flows from investing activities		(51,956)	(21,705)
Net decrease in cash and cash equivalents		(12,520)	13,688
Foreign exchange gains on cash and cash equivalents		44	(430)
Cash and cash equivalents at 7 May		44,590	31,332
Cash and cash equivalents at 31 December	15	32,114	44,590

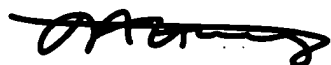
The accompanying notes form an integral part of these financial statements (pages 21 – 40).

Company balance sheet

As at 31 December		
	Notes	2019 USD'000
Assets		
Non-current assets		
Investment in subsidiary held at cost	23	75,902
Total non-current assets		75,902
Total assets		75,902
Liabilities		
Total liabilities		-
NET ASSETS		75,902
Capital and Reserves		
Reserves	20	75,902
Retained earnings		-
MEMBERS' FUNDS		75,902

The accompanying notes form an integral part of these financial statements (pages 21 – 40).

These financial statements were approved by the board of directors on 29 January 2021 and were signed on its behalf by:



James Harvey
Director
9 February 2021

Company statement of changes in equity

		Reserves	Retained earnings	Total
		USD'000	USD'000	USD'000
	Notes			
At 7 May 2019		-	-	-
Investment acquired in AgDevCo Limited on 7 May 2019	20	75,902	-	75,902
Profit for the period 7 May to 31 December 2019		-	-	-
At 31 December 2019		75,902	-	75,902

The accompanying notes form an integral part of these financial statements (pages 21 – 40).

Notes to the accounts

1. Financial statements preparation

Statement of compliance

The Company is a private company limited by guarantee incorporated, domiciled and registered in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). In applying reverse acquisition accounting to the combination of AgDevCo Holdings Limited and AgDevCo Limited the directors have applied a true and fair override of the requirements of the Companies Act 2006. Further details of this are set out below in the section on judgements and estimates.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

In accordance with the provisions of section 408 of the Companies Act 2006 the Company has elected not to present a separate statement of profit and loss and other comprehensive income.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

The consolidated financial statements are presented in United States Dollars ("USD"), which is also the Group and Company's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated. The GBP to USD exchange rate as at 31 December 2019 used was 1.3187 (2018: 1.2735) and the average exchange rate for the year was 1.2764 (2018: 1.3332).

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been presented at fair value in accordance with required standards and policies. The consolidated financial statements have been prepared on a going concern basis.

The directors have considered the impact of the emergence and spread of Covid-19 and potential implications on future operations. This consideration included, but is not limited to the liquidity of the Group including an assessment of the impact of a temporary reduction in income, no external debt held by the Group, the ability of the Group to draw down cash from investors in line with available undrawn commitments, which provides sufficient funds to cover operating expenses for at least the next 12 months, and AgDevCo's business contingency plans to cope with sustained periods of remote working. As at 31 December 2020, the Group held liquidity funds and cash which provide it with multiple years of cover to meet its operational expenses and investment commitments.

The directors further considered the impact of Covid-19 on the underlying portfolio companies. Whilst there are significant wider market uncertainties which may impact portfolio company investments and investors, the directors do not believe this will significantly impact the liquidity of the Group over the next 12 months.

Notes to the accounts

Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Key judgements and estimates made are described below:

i. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Controlled investments in agricultural business made for the purpose of subsequent resale are excluded from consolidation in accordance with FRS102 CH9.9 and are instead carried at fair value through profit and loss alongside other equity investments. The list of consolidated and non-consolidated subsidiaries can be found in note 24.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment in accordance with FRS 102.

ii. Business combination accounting

On 7 May 2019 AgDevCo Holdings acquired 100% of the shares of AgDevCo Limited through a share for membership swap with AgDevCo Limited's sole shareholder. The transaction was done in order to formalise the governance of the group and entrench its developmental objectives. The nature of the transaction is unusual and therefore applying FRS102 has required the following judgements to be made.

The directors have considered the initial acquisition of AgDevCo Limited by the Company and the formation of the new group. In doing so the directors have followed the steps outlined in FRS 102 in order to identify the acquirer and acquiree and have concluded that although AgDevCo Holdings Limited is the legal acquirer, in substance and for accounting purposes, it is the accounting acquiree. This conclusion has been made with reference to specific guidance from the framework as described below:

- The management of the new group is drawn predominantly from the entity whose shares were acquired. The party with effective control over AgDevCo Limited pre acquisition was Keith Palmer (formally as sole shareholder). The Board of the newly formed group parent are the appointed members of AgDevCo Holdings Limited which include Keith Palmer and those detailed on page 2 primarily selected by him.
- The guidance suggests that when the fair value of one of the combining entities is significantly greater than that of the other combining entity, the entity with the greater fair value is likely to be the acquirer. The fair value of AgDevCo Limited was \$76m and AgDevCo Holdings Limited was \$nil at acquisition.

Notes to the accounts

In identifying AgDevCo Limited as the acquirer in substance, management have concluded that the transaction should be accounted for as a reverse acquisition.

Reverse acquisition accounting

Under the requirements of the Companies Act 2006, it would normally be necessary for the Company's consolidated accounts to follow the legal form of the business combination, in that case the pre-combination results would be those of AgDevCo Holdings Limited. AgDevCo Limited's results would then be brought into the Group from 7 May 2019, being the date of reverse acquisition. However, this would portray the combination as an acquisition of AgDevCo Limited by AgDevCo Holdings Limited and would, in the opinion of the Directors, fail to give a true and fair view of the substance of the business combination. Accordingly, the Directors have adopted reverse acquisition accounting as a basis of consolidation in order to give a true and fair view, which is necessary as the Companies Act 2006 does not allow this method of accounting.

In invoking the true and fair override, the Directors note that FRS 102 requires the identification of an acquirer and does not limit this to the legal parent.

As a consequence of applying reverse accounting, the results for the year ended 31 December 2019 comprise the results of AgDevCo Limited for the year ended 31 December 2019 plus those of AgDevCo Holdings Limited from 7 May 2019, the date of reverse acquisition, to 31 December 2019. Comparative group figures are those of AgDevCo Limited for the year ended 31 December 2018.

The principal differences between the application of reverse acquisition accounting and acquisition accounting are:

- Acquisition accounting would have resulted in the recognition of a large negative goodwill balance which would have been amortised to the profit and loss account as the assets acquired in the combination were recovered
- The consolidated accounts would not have shown comparative information
- The current year profit and loss account would have shown the results of AgDevCo Holdings Limited from date of incorporation to the date of acquisition and the consolidated results of AgDevCo Holdings Limited and AgDevCo Limited from 7 May 2019 to 31 December 2019.

Reverse acquisition accounting requires that consolidated financial statements are issued under the name of the legal parent (AgDevCo Holdings Limited) but reported as a continuation of the financial statements of the legal subsidiary (Agdevco Limited), with an adjustment retroactively to the accounting acquirer's legal capital to reflect the capital of the legal parent (the accounting acquiree). Comparative information presented in these consolidated financial statements also is retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

Measurement of fair values

As a number of the Group's accounting policies and disclosures require the measurement of fair values. The Group has an established control framework with respect to the measurement of fair values. This includes a Portfolio Review Committee that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation committee semi-annually reviews significant unobservable inputs and valuation adjustments. If third party information is used in the valuation process, the committee will assess the evidence provided by such third parties in supporting the conclusion that the valuations meet the requirements of FRS102.

Notes to the accounts

When measuring fair values of investments, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Foreign currency translation

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

2. Investment income

Accounting policy:

Investment income includes interest, dividends and administration fees but excludes treasury interest. Revenue is accounted for in accordance with FRS102. Interest and administration fees are accrued and charged in line with each financial asset according to the terms of the contractual agreement with the investee. Income is recognised in the profit and loss account when it is reasonably certain that the amounts will be recovered. Income is provided against where there is doubt over the future cashflows due to arise from a particular income generating asset.

Group:

	2019 USD'000	2018 USD'000
Interest	5,742	3,839
Dividend	515	-
Administration fees	412	275
Interest written off	(1,583)	(373)
Provision for bad debt	(826)	(765)
Investment income	4,260	2,976

Notes to the accounts

3. Other income

Accounting policy:

Other income

Other income is derived from services such as business development, project development and reimbursement of legal expenses. The Group recognises income as performance obligations are met and once it is probable the Group will collect the consideration to which it is entitled under the contract.

Group:

	2019 USD'000	2018 USD'000
Reimbursed investee support expenses	297	128
Reimbursed project development expenses	2	267
Reimbursed legal expenses	446	433
Provision for bad debt	(3)	(125)
Other income	28	38
Total other income	770	741

4. Operating and investee support expenses

Group:

	2019 USD'000	2018 USD'000
Investment management costs	5,648	5,404
Overhead costs	3,447	4,226
Operating expenses	9,095	9,630
Investee support expenses	2,023	1,469
Project development expenses	927	1,263
Smallholder development expenses	4,957	2,551
Project legal expenses	553	763
Restructuring expenses	807	-
Investee support expenses	9,267	6,046

5. Grant income

Accounting policy:

Grant income is recognised in accordance with FRS 102 CH24. Government grants are recognised only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the funds will be received. Grant income is recognised systematically in the statement of other comprehensive income over the periods in which the entity recognises expenses for the related costs or investments for which the grants are intended to fund. A certain amount of grant income is

Notes to the accounts

available to spend on operating activities. This is recognised as the related costs are recognised in the profit and loss account. Grant income for investments is recognised as disbursed investees.

Group:

	2019 USD'000	2018 USD'000
Grant income received for investments made	46,973	18,980
Grant for investee support and operational costs	13,970	15,698
Total grant income	60,943	34,678

6. Expenses by nature

Group:

	2019 USD'000	2018 USD'000
Profit for the year is stated after charging:		
Employee benefit expenses (note 7)	7,603	7,959
Depreciation of plant and equipment (note 10)	36	154
Unrealised foreign exchange losses*	204	800
Realised foreign exchange losses*	6	23
Fair value losses (note 13)	4,460	13,159
Auditors remuneration	250	227
Operating leases expense (short term leases) (note 21)	198	133

*None of the foreign exchange losses relate to other comprehensive income

7. Employee benefit expenses

Group:

	2019 USD'000	2018 USD'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	6,050	6,857
Social security contributions and similar taxes	397	142
Defined contribution pension costs	590	396
Short-term non-monetary benefits	566	564
	7,603	7,959

The average monthly number of Group employees during the year was 64 (2018: 77).

Key management personnel compensation

Directors are those persons having authority and responsibility for planning, directing and controlling the activities of the Group (which includes directors of consolidated subsidiaries). The directors of the Company listed on page 2 did not receive any compensation during the period.

Notes to the accounts

8. Tax expense

Group:

Tax on profit on ordinary activities at 19% (2018: 19%): Tax paid in the UK is \$nil (2018: \$nil) as profit reported relates to grant income which not subject to tax in the UK.

	2019 USD'000	2018 USD'000
Tax expense from continuing operations		
Current tax on profits for the year	(58)	(38)
Tax expense on profit	(58)	(38)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2019 USD'000	2018 USD'000
Profit for the year	44,461	9,711
Corporation tax expense	(58)	(38)
Profit after corporation taxes	44,403	9,673
Tax on profit on ordinary activities at standard rate:	(8,448)	(1,845)
Effects of:		
Fixed assets differences	(36)	-
Expenses not deductible for tax purposes	(4,308)	(4,754)
Non-taxable income	12,330	7,316
Foreign tax (charge)/credits	(54)	(38)
Deferred tax not recognised	458	(717)
Total tax credit expense	(58)	(38)

There were no changes in tax rates or factors affecting the future tax change. A cumulative deferred tax asset of \$5.4m (2018: \$5.9m) was not recognised.

9. Intangible assets

Accounting policy:

Externally acquired intangible assets: Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. Amortisation of intangibles is recognised in the operating and administrative expenses line of the statement of comprehensive income. The intangibles recognised by the Group are software, and their useful economic lives are 5 years.

	Group 2019 USD'000	Group 2018 USD'000
At 1 January	27	53

Notes to the accounts

Depreciation charge for the year - software	(22)	(26)
At 31 December - software	5	27

10. Plant and equipment

Accounting policy: Items of property, plant and equipment are initially recognised at cost. Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Leasehold improvements	Over the life of the lease
Computer equipment	25% per annum straight line
Fixtures and fittings	25% per annum straight line
Motor vehicles	25% per annum straight line

	Group 2019 USD'000	Group 2018 USD'000
At 1 January	336	511
Additions	1	33
Disposals	(137)	(54)
Depreciation charge for the year	(36)	(154)
At 31 December	164	336

The net carrying amount of property, plant and equipment includes no amounts held under a finance lease (2018: 0). There was no impairment of plant and equipment during 2019 (2018: 0).

11. Loan investments

Accounting policy:

Loan investments at fair value through profit and loss:

The Group chooses to hold its portfolio of loan investments at fair value through profit and loss in accordance with FRS102 CH11.14. Financial assets held at fair value through profit or loss are re-measured to fair value at each balance sheet date until the assets are de-recognised. The gains and losses arising from changes in fair value are included in the profit and loss account in the period in which they occur. Gains and losses will include both realised gains and losses arising on the disposal of these financial assets and unrealised gains and losses arising from changes in the fair value of the assets still held.

The Group performs a detailed evaluation of each loan instrument, considering both micro and macro-economic risks in order to project future cash flows. In preparing the valuation of each instrument, management has had to make judgements, estimates and assumptions.

Loan investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred with all risks and rewards of ownership.

All loan investments held by the Group are within Level 3 category as described in note 14.

Notes to the accounts

As of 31 December 2019, the fair value of loan investments was as follows:

	Group 2019 USD'000	Group 2018 USD'000
Fair value at 1 January	37,211	33,420
Additions	36,418	15,828
Debt converted into Equity	-	(3,494)
Interest accrued	6,084	4,114
Repayments	(9,352)	(5,360)
Debt recovery in Equity		(241)
Principal written off	(1,767)	(2,517)
Interest written off	(1,583)	(373)
Foreign exchange losses	(5)	(131)
Fair value gains/(losses)	385	(4,035)
Fair value at 31 December	67,391	37,211
Of which:		
Current	12,996	12,206
Non-current	54,395	25,005
	67,391	37,211
Total fair value losses		
Fair value gains/(losses) on principal	1,211	(3,270)
Written off principal	(1,767)	(2,517)
	(556)	(5,787)

12. Equity investments

Accounting policy:

Equity investments at fair value through profit and loss:

Unquoted equity investments are held directly by Group companies and managed by local project teams. As there is usually no identifiable market price for these investments, an estimated value for unquoted investments is derived using the International Private Equity and Venture Capital Valuation Guidelines, and being in compliance with FRS 102. All but one equity investment held by the Group are within Level 3 category as described in note 15. One equity investment held by the Group is listed on a public stock exchange and uses Level 1 inputs in its valuation where those inputs are deemed to be reliable and representative of fair value.

The equity valuation policy is described below and requires the review of valuations on an investment by investment basis.

In determining fair value, the Group will assess each investment taking account of the stage of development of the business and its performance. Because AgDevCo may invest in pre-trading, early stage agriculture businesses for which there may not be any further capital raising, trading results or other market data, it is likely that a performing investment may be held at price of recent investment for a suitable period, unless an impairment needs to be recognised. In addition, for early stage businesses, a reduction in net asset value ("NAV") of the business is not in itself an indicator of

Notes to the accounts

impairment if it is in line with the business model at the time of investments and no unanticipated event has caused the reduction.

Typically, and in the absence of relevant market data, when the Group makes an equity investment, it will initially value it at the Price of Recent Investment, being the best estimate of fair value. At each reporting date, the Group will assess whether this remains the most appropriate valuation or whether to revalue the investment reflecting either an increase or decrease in value.

Investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred with all risks and rewards of ownership. All investment valuations are approved by the Portfolio Review Committee.

As of 31 December 2019, the fair value of equity investments was as follows:

	Group 2019 USD'000	Group 2018 USD'000
Fair value 1 January	17,646	15,567
Additions	10,480	5,695
Debt converted into Equity	-	3,494
Recovered Equity	-	241
Equity written off	(2,723)	(3,664)
Disposals	(33)	-
Foreign exchange gains	(5)	(11)
Fair value losses	(1,286)	(3,676)
Fair value at 31 December	24,079	17,646

13. Fair value movements on investments

Fair value movement:

	Group 2019 USD'000	Group 2018 USD'000
Equity investments	(4,009)	(7,340)
Loan investments	(556)	(5,787)
Other fair value adjustments	105	(32)
Total	(4,460)	(13,159)

14. Financial instruments

Accounting policy:

The principal financial instruments used by the Group are: other receivables, cash and cash equivalents, equity and loan investments, trade and other payables.

Notes to the accounts

Financial instruments not measured at fair value include cash and cash equivalents, other receivables, trade and other payables:

Financial instruments measured at fair value include equity and loan investments.

The fair value hierarchy of financial instruments measured at fair value is provided below.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. All AgDevCo financial assets measured at fair value are within Level 3 category.

There were no transfers between levels during the period.

The valuation techniques and unobservable inputs used in determining the fair value measurement of Level 2 and Level 3 financial instruments are an estimation of fair value in line with IPEV guidelines on valuing unquoted investments and disclosed in more detail in notes 11 and 12.

The Group uses a variety of level 3 inputs to calculate the fair value of its investments including price of investment, net asset value and current market offers. In this case if the underlying net asset value of an investee were to fall by 10% the fair value of Groups holding would also fall by 10%. This loss would be recognised through the profit or loss statement.

Financial assets measured at fair value through profit and loss:

Group:

	2019 USD'000	2018 USD'000
Loan investments	67,391	67,391
Equity Investments	24,079	24,079
Total investments measured at fair value	91,470	91,470

Financial assets measured at amortised cost:

Group:

	2019 USD'000	2018 USD'000
Liquidity funds	49,814	35,235
Cash and cash equivalents	32,114	44,590
Other receivables	1,425	1,220
Total financial assets measured at amortised cost	83,353	81,045

The fair value of other financial assets on the balance sheet is measured using level 2 inputs. Other financial assets consist of investments in liquidity funds for which prices are not necessarily quoted on an active market but are observable.

Notes to the accounts

Financial liabilities measured at amortised cost:

Group:

	2019 USD'000	2018 USD'000
Trade and other payables	(2,601)	(2,087)
Total financial liabilities measured at amortised cost	(2,601)	(2,087)

15. Financial risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function, reporting to the CEO and Executive Committee ("EC"). The Group's Audit and Risk Committee regularly reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets and makes recommendations to the Board. The key financial risks detailed below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk through its debt investments. It is Group policy, implemented locally, to assess the credit risk of new borrowers and investees before entering into contractual agreements and then to manage these risks on an ongoing basis.

The Group has developed Investment Policies and Procedures ('IPP') which are agreed annually by the Board. These policies and procedures establish both the process and requirements for due diligence on each investment. They also define delegated authorities for approvals by the CEO and EC, the Investment Committee and the Board. The IPP also establish general expectations in relation to the size and structure of each investment exposure.

AgDevCo employs a risk-based approach to regular reviews of the portfolio investments – as set out in the IPP. Country directors review each investment on a monthly basis. The CEO, CIO and EC review each Country's investment portfolio quarterly. As part of the review of the portfolio borrowers are grouped according to their performance.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Other financial assets are funds placed with money market funds. As the Group aims to protect capital, AgDevCo takes constructive approach to risk with short-term liquidity investments. Short dated bank deposits with banks with a high credit rating or triple A rated money market funds are the preferred method of investment with sovereign sterling or dollar bonds being considered where they can be held to maturity, and the exposure to capital risk is minimal.

The Audit and Risk Committee sets and reviews the treasury management policy. It monitors the utilisation of the credit limits regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

The summary of cash and cash equivalents together with other financial assets are presented in the following table:

Notes to the accounts

Cash and cash equivalents and other financial assets

	Group 2019 USD'000	Group 2018 USD'000
Liquidity funds	49,814	35,235
Total other financial assets	49,814	35,235
Cash in bank and in hand	11,114	34,090
Short - term deposits	21,000	10,500
Total cash and cash equivalents	32,114	44,590

Market risk

Market risk arises from the Group's use of interest bearing and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). There is also market risk in relation to commodity prices, local currency devaluation (see foreign exchange risk below) and political/regulatory environment risk that affects the investee's credit risk. The Group's Audit and Risk Committee analyses these risks on a quarterly basis, and the Investment Committee assesses the impact on the Group's investment portfolio.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with grant funds disbursed to local bank accounts in that currency. Where the Group's entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

AgDevCo seeks, as far as possible, to match the currency of funding received with the currency of our investments, and vice versa, to minimise currency risk.

AgDevCo funds for operational expenses are received in GBP and funds for investments are received in USD. Approximately 50% of operational expenditure is carried in USD and 50% in sterling ("GBP"). Small amounts of other currencies are used in overseas subsidiaries. Therefore 50% of operational funds received in GBP are exchanged on receipt to USD to match our expectation of expenditure by currency.

As at December the Group's net exposure to foreign exchange risk was as follows – net foreign currency financial assets/(liabilities):

	2019 USD'000	2018 USD'000
Pound Sterling	1,012	6,640
Euros	19,385	8,735
Zambian Kwacha	339	

Notes to the accounts

South African Rand	(14)	139
Malawian Kwacha	512	346
Tanzanian Shillings	2,585	(14)
Ghanian Cedis	(4)	(1)
Rwandan Franc	3	5
Sierra Leonean Leone	(8)	(24)
Mozambique Meticals	147	3
Rwandan Franc	3	394
Other	1	
Total net exposure	23,961	16,223

The effect of a 20% strengthening of GBP against the USD at the reporting date would, all other variables held constant, have resulted in an increase in post-tax profits and net assets by \$0.2m. A 20% weakening in the exchange rate would, on the same basis, have decreased post-tax profit and decreased net assets by \$0.2m.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it ensures cash is available in cleared funds before facilities are agreed. High cash balances are held as FCDO fund committed investments in full at investment approval but AgDevCo disburses amounts to investees in tranches over a period of time. Treasury is managed by the finance team. Cash for immediate needs is held in local current accounts and excess cash invested in low risk treasury funds and term deposits. Currency holdings are held to match commitments by currency. The majority of commitments are in USD therefore our balances are predominantly held in USD to match. Small amounts of Euros and African currencies are held to make payments to specific suppliers and meet the needs of our country offices.

The liquidity risk of each Group entity is managed centrally by the Group treasury function. Each operation has a facility with Group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the board in advance, enabling the Group's cash requirements to be anticipated. Where facilities of Group entities need to be increased, approval must be sought from the Group treasury function and the directors.

The contractual maturities (representing undiscounted contractual cash-flows) of current financial liabilities are all within 3 months.

Capital Disclosures

The Group does not have any debt financing and uses advances from funders to fund day to day operations. The Group finance function monitors the level of cash balances across the Group and the expected use of these funds for the next budget period compared to further drawdowns of funds from funders during that period. The Group aims to hold sufficient cash reserves to cover at least the anticipated net movement in cash for the next six months.

Notes to the accounts

16. Other receivables

Accounting policy:

The Group's other receivables comprise trade debtors and other receivables in the Consolidated statement of financial position.

	Group 2019 USD'000	Group 2018 USD'000
Accrued income	143	133
Dividend accrued	515	-
Prepayments	112	350
Other receivables	415	504
Other current tax receivable	233	228
Corporation Tax receivable	7	5
Total other receivables	1,425	1,220

17. Trade and other payables

Accounting policy:

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

	Group 2019 USD'000	Group 2018 USD'000
Trade payables	(555)	(558)
Other payables	(19)	26
Accruals	(1,994)	(1,520)
Total financial liabilities classified as financial liabilities measured at amortised cost	(2,568)	(2,052)
Other payables – tax and social security payments	(33)	(35)
Total trade and other payables	(2,601)	(2,087)

Notes to the accounts

18. Grant funds to be disbursed

Accounting policy:

Grant income is recognised in accordance FRS102 CH24. Grant income is recognised systematically in the consolidated statement of comprehensive income over the periods in which the entity recognised net expenses or made a qualifying investment into AgDevCo projects.

Grant funds to be disbursed is grant income which is received but not spent yet. It will be allocated to operational expenditure net of income received as it arises, or to investments once amounts are disbursed to investees.

	Group 2019 USD'000	Group 2018 USD'000
Grants waiting disbursement for operating expenditure	(2,607)	(2,459)
Grants waiting disbursement for investment	(60,284)	(66,622)
Total funds deferred	(62,891)	(69,081)

19. Grant funding received

Accounting policy:

Grant funds are requested for operational expenses and investments on a quarterly basis. Grant funds for investments are requested once the investment approval is granted and the commitment to the investee is made. High cash balances are held as AgDevCo's funders fund committed investments in full at investment approval once the commitment to invest is made. However, disbursements are sometimes made in tranches over a period of time. The following grants were received during the period:

	Group 2019 USD'000	Group 2018 USD'000
Grant income received for operating expenses	9,719	13,462
Grant income received for investments	44,899	35,944
Total grant funds received	54,618	49,406

20. Capital and reserves

Member guarantee

The Company is limited by guarantee and does not have share capital. Each of the five members' guarantee is limited to £1.

Notes to the accounts

Reserves

On 7 May 2019 the Company acquired 100% of the share capital of AgDevCo Limited through a share for membership swap with AgDevCo Limited's existing sole shareholder. Upon acquisition a reserve balance was created reflecting the fair value of the shares exchanged for membership. The cost of the investment in AgDevCo Limited has been deemed to be its fair value of \$75,902k at the date of acquisition.

21. Leases

Accounting policy:

The Group recognises its leases as either operating or finance leases and accounts for them in accordance with FRS102 as follows:

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

For the year, all leases entered into by the Group were deemed to be operating leases with payments recognised in the profit and loss account.

Operating lease commitments

	Group 2019 USD'000	Group 2018 USD'000
Less than one year	198	216
Between one and five years	289	249
More than five years	-	-
	487	465

During the year \$198k (2018: 133k) was recognised as an expense in the profit and loss account in respect of operating leases.

Notes to the accounts

22. Related party transactions

The Group has various related parties arising from its advisory relationships with key management personnel, its investment portfolio and its subsidiaries.

Key management personnel

Details of directors' remuneration paid through payroll are given in note 7. All exceptions are noted below.

Directors of entities within the Group, Keith Palmer and Daniel Hulls hold the following non-controlling Interests in AgDevCo companies which were paid for by the Parent and remain due at the period-end:

Group Company	Share	Currency	2019 Currency	2019 USD	2018 Currency	2018 USD
<i>Keith Palmer</i>						
AgDevCo Tanzania Ltd	0.05%	TZS	50,000	32	50,000	32
AgDevCo Malawi Ltd	nil%	MWK	1	-	1	-
Africa Agricultural Development Company Mocambique Lda	1%	MZN	200	7	200	7
<i>Daniel Hulls</i>						
AgDevCo Uganda Ltd	0.1%	UGX	10,000	3	10,000	3

The relevant individual directors hold the share(s) as nominee and on trust for AgDevCo Holdings Limited and each such director has no beneficial interest in any such shares.

Investment portfolio

The Group makes investments in the equity of unquoted agribusinesses which as a result it controls or influences. From time to time, costs are recharged between these related parties and the Group. These transactions are made on an arm's length basis.

Controlled subsidiaries and controlled investment entities

Transactions that occur between consolidated subsidiaries, which are related parties of the Company, are eliminated on consolidation. AgDevCo Limited provides funding to each of its subsidiaries in the form of share capital, interest-free intercompany loans and grants.

23. Subsidiaries

The principal subsidiaries of AgDevCo Holdings Limited, all of which have been consolidated in these Group financial statements, are as follows:

Name	Country of incorporation	% owned 2019	% owned 2018	Profit/(Loss) 2019	Net Assets 2019
				USD'000	USD'000
				0	
AgDevCo Zambia Ltd	Zambia	100	100	(9)	(68)
AgDevCo Uganda Ltd	Uganda	100	100	-	100
Africa Agricultural Development Company Mocambique Lda	Mozambique	100	100	(916)	(10,789)
AgDevCo Malawi Ltd	Malawi	100	100	(1,509)	(2,021)

Notes to the accounts

AgDevCo Limited	UK	100	100	44,059	109,122
AgDevCo Tanzania Ltd	Tanzania	100	100	(264)	(14,458)
AgDevCo Rwanda Ltd	Rwanda	100	100	(1)	(269)
AgDevCo Ghana Ltd	Ghana	100	100	(12)	57

The principal activity of all of the consolidated subsidiaries is to carry out grant funded activities and assist the group in investing in agriculture in sub-Saharan Africa.

AgDevCo Holdings Limited has accounted for the acquisition of 100% of the shares of AgDevCo Limited in the Company's company only financial statements as a purchase of an investment in a subsidiary. Under section 9 of FRS102, Agdevco Holdings have opted to use the cost model and as no consideration has been paid, cost has been measured at the fair value of Agdevco Limited's business.

24. Related undertakings

Controlled entities

The following equity investments held by Group for the purpose of subsequent resale were not consolidated in accordance with FRS102 CH9.9 and are carried at fair value through profit and loss.

Name	Country of incorporation	% owned 2019	% owned 2018	Profit/ (Loss) 2019	Net Assets 2019
				USD'000	USD'000
Saise Farming Enterprises Limited	Zambia	65	65	(391)	(223)
Katito Farming Enterprises Limited	Zambia	62	62	(652)	3,417
Babator Farming Company Limited	Ghana	100	100	(1,237)	(1,860)
Nurevas International AG	Switzerland	63	63	(1,195)	(7,736)
Nakifuma Farming Company Limited	Uganda	70	70	(262)	877
Empesa de Comercializacao Agricola Company Limitada	Mozambique	55	55	530	(1,429)

Associates

The Group also holds equity investments at investment level as part of its portfolio, which are carried at fair value through profit and loss. In line with the FRS102, they have been treated as part of the investment portfolio and are not consolidated. An associate is an entity over which an investor has significant influence but not control or joint control. The associate and investment level holdings treated in this way are as follows:

Name	Country of incorporation	% owned 2019	% owned 2018	Profit/ (Loss) 2019	Net Assets 2019
				USD	USD
Westfalia Fruto Mocambique Limitada	Mozambique	25	25	**	**
LAFCo	Mauritius	14	14	**	**
Eco Farm Mauritius Limited	Mauritius	-	25	**	**
NWK Grain Handlers Limited	Zambia	10	10	**	**
Montesco S.A.	Mozambique	50	50	**	**
RDI Limitada	Mozambique	50	50	**	**

Notes to the accounts

Citrum – Citrinos do Umbeluzi S.A.	Mozambique	48	48	**	**
Transurban Africa Limited	Mozambique	35	35	**	**
Sasumua Inc	Tanzania	18	18	**	**
Rungwe Avocado Company Limited	Tanzania	20	20	**	**
Equity for Tanzania Limited	Tanzania	49	49	**	**
ORI Meat Products (Mauritius) Limited	Tanzania	46	37	**	**
Afri-Oils Limited	Malawi	20	20	**	**
Africado Limited	Tanzania	33	-	**	**

**Information is not required as the Group holding is less than 50%

25. Ultimate controlling party

The ultimate controlling party of the Group and parent company as at 31 December 2019 were the members as set out on page 2.

26. Events after the reporting date

Covid-19 Pandemic

Subsequent to year end, the global economy has seen high levels of global market volatility in connection with the Covid-19 pandemic, which has had a macroeconomic impact across all industry sectors. The directors are closely monitoring the latest market developments relating to the pandemic. The directors consider that this is a non-adjusting event at 31 December 2019 for the purposes of these financial statements, but estimate that there may be an impact to the underlying investments, some of which may be significant. The Company has performed an evaluation of subsequent events through to the date of the signing, which is the date the financial statements were available to be issued and noted no other reportable events that would require disclosure in the Company's financial statements.