

Company registration No. 01056769

**SPEARHEAD INTERNATIONAL LIMITED**

**Annual Report and Financial Statements**

**For the year ended**

**31 December 2019**



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## OFFICERS AND PROFESSIONAL ADVISERS

### DIRECTORS

T J Zdziebkowski  
J A Lamont

### COMPANY SECRETARY

J K Clegg

### REGISTERED OFFICE

Beaufort House  
136 High Street  
Newmarket  
Suffolk  
CB8 8JP

### BANKERS

ING Wholesale Banking  
8-10 Moorgate  
London  
EC2R 6DA

### SOLICITORS

Mills & Reeve LLP  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1PH

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

The directors' report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies' exemption.

The directors have taken the small companies exemption contained in section 414B of the Companies Act 2006 from the requirement to prepare a strategic report.

### PRINCIPAL ACTIVITY

The principal activity of the Company is to act as a holding company for the subsidiaries of P&P Spearhead UK Holdings, Ltd, the immediate parent company of the Company, providing funding and co-ordination services. The Company is domiciled in the United Kingdom.

### DIVIDENDS

In the year the Company received dividends from subsidiaries of £2.3m (2018 – £nil) and paid an interim dividend of £nil (2018 – £7.8m). The directors do not recommend the payment of a final dividend (2018 – £nil).

### FUTURE DEVELOPMENTS AND GOING CONCERN

The company intends to continue its current activities in the future as a holding company. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year and to the date of this report, were as follows:

T J Zdziebkowski

J L Perkins (resigned 31 December 2019)

J A Lamont (appointed 1 March 2019)

The directors had no direct or indirect interests in the ordinary share capital of the Company at the year ended 31 December 2019 and 2018.

## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

### AUDITOR

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with the Companies Act 2006 section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

Approved by the Board of Directors and signed on behalf of the Board on 6 October 2020

  
J Lamont  
Director

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

	Note	2019 £'000	Restated 2018 £'000
Other operating income	4	1,071	1,361
Administrative expenses		(2,786)	(2,684)
<b>Loss before finance charges</b>		<b>(1,715)</b>	<b>(1,323)</b>
Income from shares in group undertakings		2,292	-
Interest receivable	10	3,565	4,333
Interest payable	9	(3,748)	(4,128)
<b>Profit/(loss) before taxation</b>	5	<b>394</b>	<b>(1,118)</b>
Tax on profit/(loss)	11	-	(87)
<b>Profit/(loss) for the financial year and total comprehensive income attributable to owners of the Company</b>		<b>394</b>	<b>(1,205)</b>

*Restated for IFRS 16 adjustments (note 2).*

All activities are derived from continuing operations.

## BALANCE SHEET

As at 31 December 2019

	Note	2019 £'000	Restated 2018 £'000
<b>Non-current assets</b>			
Tangible fixed assets	13	235	176
Right of use assets	14	14	49
Investments	15	74,916	43,818
Non-current loans to group undertakings	16	34,656	78,341
		<b>109,821</b>	<b>122,384</b>
<b>Current assets</b>			
Trade and other receivables	16	9,102	3,478
Cash and cash equivalents	16	661	2,934
Current loans to group undertaking	16	16,012	15,411
		<b>25,775</b>	<b>21,823</b>
<b>Total assets</b>		<b>135,596</b>	<b>144,207</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	18	(427)	(214)
Obligations under right of use leases	19	(17)	(34)
Current loans from parent undertakings	18	(16,012)	(15,411)
		<b>(16,456)</b>	<b>(15,659)</b>
<b>Net current assets</b>		<b>9,319</b>	<b>6,164</b>
<b>Total assets less current liabilities</b>		<b>119,140</b>	<b>128,548</b>
<b>Non-current liabilities</b>			
Non-current loans from parent undertakings	18	(66,512)	(76,297)
Non-current obligations under right of use leases	19	-	(17)
		<b>(66,512)</b>	<b>(76,314)</b>
<b>Total liabilities</b>		<b>(82,968)</b>	<b>(91,973)</b>
<b>Net assets</b>		<b>52,628</b>	<b>52,234</b>
<b>Equity</b>			
Share capital	20	3,101	3,101
Share premium account	21	48,811	48,811
Profit and loss account	22	716	322
<b>Shareholder's funds</b>		<b>52,628</b>	<b>52,234</b>

Restated for IFRS 16 adjustments (note 2).

For the year ended 31 December 2019 the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small company regime.

The financial statements of Spearhead International Limited, registered number 01056769, were approved by the Board of Directors and authorised for issue on 6 October 2020. Signed on behalf of the Board of Directors

  
J Lamont  
Director

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

	Share capital (note 20) £'000	Share premium account (note 21) £'000	Profit and loss account (note 22) £'000 Restated	Total £'000 Restated
<b>Balance at 1 January 2018</b>	<b>3,101</b>	<b>48,811</b>	<b>9,277</b>	<b>61,189</b>
Loss for the year and total comprehensive income for the year	-	-	(1,205)	(1,205)
Dividends (note 12)	-	-	(7,750)	(7,750)
<b>Balance at 31 December 2018</b>	<b>3,101</b>	<b>48,811</b>	<b>322</b>	<b>52,234</b>
Profit for the year and total comprehensive income for the year	-	-	394	394
<b>Balance at 31 December 2019</b>	<b>3,101</b>	<b>48,811</b>	<b>716</b>	<b>52,628</b>

*Restated for IFRS 16 adjustments (note 2).*



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### Basis of accounting

Spearhead International Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 3.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets, fair value of financial instruments and related party transactions. Where required, equivalent disclosures are given in the group financial statements of P&P Spearhead UK Holdings, Ltd. The group financial statements of P&P Spearhead UK Holdings, Ltd are available to the public and can be obtained as set out in note 22.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of P&P Spearhead UK Holdings, Ltd. Details of the parent in whose consolidated financial statements the company is included are shown in note 22 to the financial statements.

#### New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IAS 8	Definition of material
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards
Amendments to IFRS 3	Definition of a business

The Company has not yet adopted these standards, but it is estimated that there will be no material impact to the financial statements on the application of the standards.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Adoption of new and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year;

Amendments to IFRS 9	Prepayment Features with Negative Compensation
IFRS 16	Leases
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to IFRS Standards 2015-2017	Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
Amendments to IAS 19	Employee Benefits Plan Amendment, Curtailment or Settlement
IFRIC 23	Uncertainty over Income Tax Treatments

Their adoption has not had any significant impact on the amounts reported in these financial statements except for IFRS 16 Leases. For full impact see note 2.

#### Going concern

The Company intends to continue its activities in the future as an intermediate holding company. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing, including control over its cash generative subsidiaries. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### Foreign currency

The financial statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rate of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

#### Leases

The company recognises right-of-use assets under lease agreements in which it is the lessee. The right-of-use assets comprise the initial measurement of the corresponding lease liability and payments made at or before the commencement day as well as any initial direct costs.

The right-of-use asset is depreciated over the lease-term and if necessary impaired in accordance with applicable standards. The company makes any adjustments for re-measurement of the lease liability and the right-of-use-asset in line with any rent reviews. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (application of the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

All leases are classified as right of use leases unless they are considered low value or short-term. The Group has not elected to separate non-lease components from the lease components for any leases.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Other operating income

Other operating income for management services provided to subsidiaries is recognised when the rights to receive payment is established.

#### Dividend income

Dividend income from investment in subsidiaries is recognised when the shareholder's rights to receive payment have been established, provided that it is probable that the economic benefit will flow to the Company and the amount of revenue can be measured reliably.

#### Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write down the cost of each asset to its residual value over its estimated useful economic life on the following basis:

Plant and equipment	3-10 years straight line
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Residual value is calculated on prices prevailing at the date of acquisition. Useful lives and residual values are reviewed at the end of every reporting period.

#### Investments

Fixed asset investments, including investments in subsidiaries are shown at cost less provision for any impairment.

#### Pensions

The Company makes contributions in respect of employees into personal pension arrangements. The amounts charged to the profit and loss account are the contributions payable in the year.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

#### Financial Assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

#### *Financial assets and liabilities at FVTPL*

Financial assets/liabilities are classified as at FVTPL where the financial asset/liability is either held for trading or it is designated as at FVTPL.

A financial asset or liability is classified as held for trading if:

- it has been acquired/incurred principally for the purpose of selling/repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset/liability other than a financial asset/liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset/liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets/liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned/paid on the financial asset/liability.

#### *Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### *Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

#### *Equity Instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

#### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost.

#### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

### Taxation

#### *Current tax*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

#### *Deferred tax*

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 balance sheet 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 taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### *Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 2. ADOPTION OF IFRS 16

#### **General impact of application of IFRS 16 Leases**

In the current year, the company, for the first time, has applied IFRS 16 Leases (as issued by the IASB in January 2016) and the related consequential amendments to other IFRSs. The date of initial application of IFRS 16 for the Company is 1 January 2019.

IFRS 16 introduces new or amended requirements for the definition of a lease, lessee accounting and lessor accounting (in particular, increased disclosure requirements). Details of these new requirements as well as their impact on the company financial statements are described below.

Under IFRS 16, the lessee and lessor accounting models are asymmetrical. While the IASB has retained the existing distinction between finance and operating leases for lessors, this is no longer relevant for lessees. In general, all leases within the scope of IFRS 16 are required to be brought on-balance by lessees, recognising a "right-of-use" asset and a related lease liability at commencement of the lease. The subsequent accounting is generally similar to the finance lease model set out in IAS 17. Furthermore IFRS 16 establishes a control model for the identification of leases, distinguishing between lease and service contracts on the basis of whether there is an identified asset controlled by the customer.

The Company decided to apply the full retrospective approach. Consequently, the Company has applied IFRS 16 in accordance with the transition provisions set out in IFRS 16, especially with respect to the full retrospective approach as set out in IFRS 16 and its respective disclosure requirements. Comparative information is restated as required by IAS 8, where possible without using hindsight. The transition leads to an increase in total assets reported as of 1 January 2019 of £44,000 and an increase in total liabilities as of 1 January 2019 of £(50,000). The difference is recognised as an adjustment to the opening balance of retained earnings as of 1 January 2019 and amounts to £6,000.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 2. ADOPTION OF IFRS 16 (CONTINUED)

#### Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior years.

#### Impact on profit/(loss)

	2019 £'000	2018 £'000
<b>Impact on profit/(loss) for the year</b>		
Increase in depreciation and amortisation expense	(30)	(30)
Increase in finance costs	(1)	(1)
Decrease in other expenses	34	33
<b>Impact on profit/(loss) for the year</b>	<b>3</b>	<b>2</b>

#### Impact on assets, liabilities and equity as at 31 December 2018

	As previously reported £'000	IFRS 16 adjustments £'000	As 31 Dec 2018 £'000
Right of use assets	-	49	49
<b>Total impact on total assets</b>	<b>-</b>	<b>49</b>	<b>49</b>
Obligations under right of use leases	-	(51)	(51)
<b>Total impact on total liabilities</b>	<b>-</b>	<b>(51)</b>	<b>(51)</b>
Profit and loss account	(324)	2	(322)

#### Impact on assets, liabilities and equity as at 31 December 2017

	As previously reported £'000	IFRS 16 adjustments £'000	As 31 Dec 2017 £'000
Right of use assets	-	81	81
<b>Total impact on total assets</b>	<b>-</b>	<b>81</b>	<b>81</b>
Obligations under right of use leases	-	(85)	(85)
<b>Total impact on total liabilities</b>	<b>-</b>	<b>(85)</b>	<b>(85)</b>
Profit and loss account	(9,281)	4	(9,277)

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2019

### **3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgements**

No critical judgements are made.

#### **Key sources of estimation uncertainty in applying the Company's accounting policies**

The following are the estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

#### **Impairment of investments**

The Company evaluates the recoverability of its investments and records an impairment if it is determined that the carrying value of any investment exceeds its recoverable amount. The recoverable amounts of investment have been determined based on value in use calculations based on forecast future cash flows. These calculations require the use of expected sales, discount rates and raw material and lease costs.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 4. OTHER OPERATING INCOME

	2019 £'000	2018 £'000
Management charge income from subsidiaries	1,068	1,356
Other	3	5
	<b>1,071</b>	<b>1,361</b>

### 5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after charging:

	Note	2019 £'000	Restated 2018 £'000
Net foreign exchange losses		531	264
Depreciation of tangible fixed assets	13	54	45
Depreciation of right of use assets	14	30	30
Staff costs	7	1,201	1,275

### 6. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP for the audit of the Company's annual financial statements and for non-audit services were as follows:

	2019 £'000	2018 £'000
For the audit of the Company's financial statements	7	4

Fees payable to the Company's auditor for non-audit services are disclosed in the P&P Spearhead UK Holdings, Limited consolidated accounts.

### 7. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	2019 Number	2018 Number
Management and administration	9	9

	2019 £'000	2018 £'000
Their aggregate remuneration comprised:		
Wages and salaries	1,068	1,123
Social security costs	104	119
Other pension costs	29	33
	<b>1,201</b>	<b>1,275</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 8. DIRECTORS' REMUNERATION AND TRANSACTIONS

#### Aggregate directors' remuneration

The total amounts for directors' remuneration were as follows:

	2019 £'000	2018 £'000
Emoluments	637	464

As at 31 December 2019, 2 director (2018 - 1) held B shares in P&P Spearhead Jersey Holdings Ltd.

#### Highest paid director

The total remuneration for the highest paid director was as follows:

	2019 £'000	2018 £'000
Emoluments	319	332

### 9. INTEREST PAYABLE

	2019 £'000	Restated 2018 £'000
Right of use interest	1	1
Interest payable to group undertaking	3,747	4,127
	3,748	4,128

### 10. INTEREST RECEIVABLE

	2019 £'000	2018 £'000
Bank deposits	-	1
Interest receivable from group undertaking	3,565	4,332
	3,565	4,333

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 11. TAX ON PROFIT/(LOSS)

	2019 £'000	2018 £'000
Current tax		
Adjustment in respect of prior years	-	87
Total charge for the year	-	87

The standard rate of corporation tax for the year, based on UK standard rate of corporation tax is 19% (2018 – 19%). The actual tax credit for the current and previous year differs from standard rate for the reasons set out in the following reconciliation:

	2019 £'000	Restated 2018 £'000
Profit/(loss) before taxation	394	(1,118)
Tax on profit/(loss) at 19% (2018 – 19%)	75	(213)
Factors affecting charge for the year:		
Adjustments in respect of prior years	-	87
Expenses not deductible for tax purposes	-	-
Income not taxable for tax purposes	(440)	(61)
Tax losses not recognised	365	274
Total actual amount of current tax	-	87

Finance Bill 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As this has not been enacted by the balance sheet date, balances as at 31 December 2019 continue to be measured at 19%, as the deferred tax in the UK is currently unrecognised the amended tax rate would have no impact on the current balance sheet.

### 12. DIVIDENDS

	2019 £'000	2018 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2019 of nil (2018 – 6.6p) per share	-	7,750

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 13. TANGIBLE FIXED ASSETS

	Plant and equipment £'000
<b>Cost</b>	
At 1 January 2019	766
Additions	113
Disposal	(1)
<b>At 31 December 2019</b>	<b>878</b>
<b>Accumulated depreciation</b>	
At 1 January 2019	590
Charge for the year	54
Disposal	(1)
<b>At 31 December 2019</b>	<b>643</b>
<b>Carrying amount</b>	
<b>At 31 December 2019</b>	<b>235</b>
At 31 December 2018	176

### 14. RIGHT OF USE ASSETS

	Buildings £'000
<b>Cost</b>	
At 1 January 2019	157
Revaluation	(5)
<b>At 31 December 2019</b>	<b>152</b>
<b>Accumulated depreciation</b>	
At 1 January 2019	108
Charge for the year	30
<b>At 31 December 2019</b>	<b>138</b>
<b>Carrying amount</b>	
<b>At 31 December 2019</b>	<b>14</b>
At 31 December 2018	49

During the year, revaluations to right of use assets totalling £5,000 (2018: Enil) were recorded to reflect changes in the future rental payments due to rent reviews.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 15. INVESTMENTS

	Unlisted shares £'000
<b>Cost and net book value</b>	
Balance at 1 January 2018 and 1 January 2019	43,818
New equity acquired in the year	31,098
<b>Balance at 31 December 2019</b>	<b>74,916</b>

During the year, Farmwealth Limited, at the time a 100% subsidiary of the Company, issued new share capital totalling £31,098,000. The Company acquired all newly issued share capital and retains 100% of the issued share capital in Farmwealth Limited.

Unlisted shares at 31 December 2019 represent:

	Principal activity	Country of incorporation	Description of holding	Registered office address	% held
Greens of Soham Limited	Holding	England and Wales	Ordinary shares	#1	100
Farmwealth Limited	Holding	England and Wales	Ordinary shares	#1	100
Spearhead Czech s.r.o.	Holding	Czech Republic	Ordinary shares	#2	100
S.C. Agrinatura S.R.L.	Holding	Romania	Ordinary shares	#3	100
SPEARHEAD SLOVAKIA, s.r.o.	Holding	Slovakia	Ordinary shares	#4	89
GREEN POINT, spol. s r.o.	Primary production	Slovakia	Ordinary shares	#4	89
Radar s.r.o.	Primary production	Slovakia	Ordinary shares	#5	11
Spearhead d.o.o	Inactive	Serbia	Ordinary shares	#6	100

Spearhead International Limited owns 89% of SPEARHEAD SLOVAKIA, s.r.o. and Farmwealth Limited owns the remaining 11%. Spearhead International Limited owns 89% of GREEN POINT, spol. s r.o. and SPEARHEAD SLOVAKIA, s.r.o. owns the remaining 11%. Spearhead International Limited owns 11% of Radar s.r.o. and GREEN POINT, spol. s r.o. owns the remaining 89%. A charge is held over the shareholding in S.C. Agrinatura S.R.L.

The following shareholdings are in the ordinary shares of investments:

Greens of Soham Limited is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered office address	% held
Greenseed International Limited	Primary production	England and Wales	#1	100
Spearhead Marketing Limited	Supply chain management	England and Wales	#1	100
Greens Farming Limited	Primary production	England and Wales	#1	100
D C Produce Limited	Marketing	England and Wales	#1	100

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 15. INVESTMENTS (CONTINUED)

Farmwealth Limited is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered office address	% held
Top Farms Sp. z o.o.	Primary production	Poland	#7	100
Top Farms Głubczyce Sp. z o.o.	Primary production	Poland	#8	100
Top Gen Sp. z o.o.	Trading	Poland	#8	88
Top Farms Agro Sp. z o.o.	Trading	Poland	#7	99
Nasiennictwo Inwestycje Sp. z o.o.	Trading	Poland	#10	100
Jagroł Sp. z o.o.	Primary production	Poland	#11	100
Agro-Fundusz Mazury Sp. z o.o.	Primary production	Poland	#12	100
Top Farms Mazury Sp. z o.o.	Holding	Poland	#12	100
Top Farms Pomorskie Sp. z o.o.	Primary production	Poland	#12	100
Masfrost Ziębice Sp. z o.o.	Processing	Poland	#14	100
Masfrost Sp. z o.o.	Processing	Poland	#15	100
Dobryplon Sp. z o.o.	Inactive	Poland	#25	100
Top Farms CUW Sp. z o.o.	Marketing	Poland	#7	100
Ksiaz Rol Sp. Z o o	Primary production	Poland	#24	100
Anirol Sp. Z o o	Primary production	Poland	#24	100
Top Farms Wielkopolska Sp. z o.o.	Primary production	Poland	#16	100
Wielkopolska Grupa Ziemniaczana Sp. z o.o.	Marketing	Poland	#7	99
Wielkopolska Grupa Mleczna Sp. z o.o.	Marketing	Poland	#7	99
SPEARHEAD SLOVAKIA, s.r.o.	Holding	Slovakia	#4	11

Spearhead International Limited owns 89% of SPEARHEAD SLOVAKIA, s.r.o. and Farmwealth Limited owns the remaining 11%.

Spearhead Czech s.r.o. is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered office address	% held
EUROFARMS JIHLAVA, s.r.o.	Primary production	Czech Republic	#9	100
SALIX MORAVA a.s.	Primary production	Czech Republic	#2	100
AGROSUMAK a.s.	Primary production	Czech Republic	#17	100
Agro – družstvo MORAVA	Primary production and biogas	Czech Republic	#18	100
EUROFARMS AGRO-B spol. s r.o.	Primary production and biogas	Czech Republic	#19	100
Agrosales s.r.o.	Trading	Czech Republic	#9	100
POTATO, s.r.o.	Inactive	Czech Republic	#9	100
ROLANA spol. S R.O.	Primary production	Czech Republic	#23	100

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 15. INVESTMENTS (CONTINUED)

S.C. Agrinatura S.R.L. is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered office address	% held
S.C. Silosud S.A.	Trading	Romania	#3	100
S.C. Agrinatura Serv S.R.L.	Primary production	Romania	#3	70
S.C. Agroservice Piatra S.A.	Primary production	Romania	#20	55
S.C. Agrifarm Aliprod S.R.L.	Primary production	Romania	#3	100
S.C. Independenta G&T Prest S.R.L.	Primary production	Romania	#21	100
S.C. Agronica S.R.L.	Primary production	Romania	#3	100
S.C. Agritac S.R.L.	Primary production	Romania	#3	100

GREEN POINT, spol. s r.o. is the holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered office address	% held
Radar s.r.o.	Primary production	Slovakia	#5	89

Spearhead International Limited owns 11% of Radar s.r.o. and GREEN POINT, spol. s r.o. owns the remaining 89%.

SPEARHEAD SLOVAKIA, s.r.o. is the holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered office address	% held
Poľnohospodárske družstvo Podhorany	Primary production	Slovakia	#22	98
GREEN POINT, spol. s r.o.	Primary production	Slovakia	#4	11

Spearhead International Limited owns 89% of GREEN POINT, spol. s r.o. and SPEARHEAD SLOVAKIA, s.r.o. owns the remaining 11%.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 15. INVESTMENTS (CONTINUED)

The registered office address of the subsidiary undertaking above are as follows;

- #1: Beaufort House, 136 High Street, Newmarket, Suffolk, CB8 8JP, UK
- #2: Revoluční 130/30, 751 17 Horní Moštěnice, Czech Republic
- #3: 2, Viilor street, Alexandria, Teleorman, 140110, Romania
- #4: 1545, Farná, 93566, Slovakia
- #5: 479, Poľnofarma, Zbehy, 95142, Slovakia
- #6: Brace Jerkovic 185a, Office II-4, Belgrade-Vozdovac, 11000 Belgrade, Serbia
- #7: ul. Przelot 24, 60-408 Poznań, Poland
- #8: ul. Bolesława Chrobrego 23, 48-100 Głubczyce, Poland
- #9: Heroltice 65, 586 01 Jihlava, Czech Republic
- #10: ul. Mickiewicza 14; 60-834 Poznań, Poland
- #11: Pierzchno 14, 62-035 Kórnik, Poland
- #12: Drogosze 49/1, 11-410 Barciany, Poland
- #13: Lubawska 7 14-200 Hawa, Poland
- #14: Nadrzeczna 1A 57-220 Ziębice, Poland
- #15: ul. Port 1 82-340 Tolkmicko, Poland
- #16: Piotrowo Pierwsze 6, 64-020 Czempirń, Poland
- #17: Komenského 211, 742 01 Suchdol nad Odrou, Czech Republic
- #18: Kojetín - Kojetín I-Město, Komenského náměstí 1052, 75201, Czech Republic
- #19: Jablonského tř. 409, 378 21 Kardašova Řečice, Czech Republic
- #20: Comuna Piatra, Teleorman, Romania
- #21: Sat Smardioasa, comuna Smardioasa, Teleorman, Romania
- #22: 220, Podhorany, 95146, Slovakia
- #23: Lejšovka 91, PSČ 503 03, Czech Republic
- #24: Spółka z Ograniczoną Odpowiedzialnością, Radoszkowska 3, 63-130 Książ Wielkopolski, Poland
- #25: Bolesława Chrobrego 23, 48-100, Głubczyce, Poland



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 16. OTHER FINANCIAL ASSETS

#### Trade and other receivables

	2019 £'000	2018 £'000
Other debtors	51	14
Amounts owed by parent company	8,271	714
Amounts owed by group undertakings	588	2,488
Prepayments and accrued income	192	262
	<b>9,102</b>	<b>3,478</b>

Amounts owned by parent and group undertakings represent short term loans provided for cashflow purposes. They are non-interest bearing and repayable on demand.

#### Loans to group undertakings

	2019 £'000	2018 £'000
Amount falling due within one year	16,012	15,411
Amounts falling due after more than one year	34,656	78,341
Total loans to group undertakings	<b>50,668</b>	<b>93,752</b>

Loans due from group undertakings are interest bearing and repayable over a fixed term. Interest rates applied are equivalent to commercial rates available to the Company.

#### Cash and cash equivalents

	2019 £'000	2018 £'000
Cash and cash equivalents	661	2,934

### 17. DEFERRED TAX

At the balance sheet date, the Company has an unrecognised deferred tax asset in respect of unused tax losses of £2,436,000 (2018 - £2,237,000) available for offset against future taxable profits. These unused losses were in respect of operating losses. The Company also has unrecognised deferred tax assets in connection with accelerated tax depreciation of £116,000 (2018 - £83,000) and in connection with other temporary differences of £6,000 (2018 - £2,000). No deferred tax asset has been recognised in respect of these assets due to the unpredictability of future taxable profit streams relevant for these specific losses.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 18. OTHER FINANCIAL LIABILITIES

Trade and other payables	2019 £'000	2018 £'000
Trade creditors	244	155
Accruals and deferred income	110	38
Other creditors	73	21
	<b>427</b>	<b>214</b>

### Loans to group undertakings

	2019 £'000	2018 £'000
Current loans from parent company	16,012	15,411
Non-current loans from parent company	66,512	76,297
Total loans from parent company	<b>82,524</b>	<b>91,708</b>

Loans from parent company are interest bearing and repayable over a fixed term. Interest rates applied are equivalent to commercial rates available to the Company.

### 19. OBLIGATIONS UNDER RIGHT OF USE LEASES

	Minimum lease payments		Present value of lease Payments	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts payable under right of use leases:				
Within one year	18	35	17	34
In the second to fifth years inclusive	-	18	-	17
	<b>18</b>	<b>53</b>	<b>17</b>	<b>51</b>
Less: Future finance charges	(1)	(2)		
Present value of lease obligations	<b>17</b>	<b>51</b>	<b>17</b>	<b>51</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	(17)	(34)	(17)	(34)
Amount due for settlement after 12 months	-	17	-	17

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Directors consider that the fair value of the Group's lease obligations approximates their carrying amount.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 20. SHARE CAPITAL

	2019		2018	
	Number '000	Value £'000	Number '000	Value £'000
<b>Issued: Ordinary shares of 2.5p each</b>				
Issued and fully paid	124,027	3,101	124,027	3,101

The Company has one class of ordinary shares which carry no right to fixed income. The shares are allotted and fully paid.

### 21. SHARE PREMIUM ACCOUNT

Group	Share premium £'000
Balance at 1 January 2018	48,811
Balance at 31 December 2018	48,811
Balance at 31 December 2019	48,811

### 22. PROFIT AND LOSS ACCOUNT

Group	Profit and loss account £'000
Balance at 1 January 2018	9,277
Loss for the year	(1,205)
Dividends (note 12)	(7,750)
Balance at 1 January 2019	322
Profit for the year	394
Balance at 31 December 2019	716

### 23. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with its fellow group companies on the grounds that consolidated financial statements are prepared by P&P Spearhead UK Holdings, Ltd, a company registered in Great Britain. The group financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2019

### **24. ULTIMATE PARENT COMPANY AND ULTIMATE CONTROL**

The Company's ultimate parent company and ultimate controlling party is Paine Schwartz Partners Food Fund IV GP, Ltd (formerly known as Paine & Partners Capital Fund IV GP, Ltd), a company registered in Cayman Islands. The registered address is Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1 9008. The ultimate parent company is managed by Paine Schwartz Partners, LLC (formerly known as Paine & Partners, LLC). The Company's immediate controlling party is P&P Spearhead UK Holdings, Ltd. The parent company of P&P Spearhead UK Holdings, Ltd is P&P Spearhead Jersey Holdings Ltd. The parent undertaking of the largest and smallest group, which includes the Company and for which group financial statements are prepared, is P&P Spearhead UK Holdings, Ltd, a company incorporated in Great Britain. The registered office of P&P Spearhead UK Holdings, Ltd is Suite 1, 3<sup>rd</sup> Floor, 11-12 St. James's Square, London, SW1Y 4LB. Copies of the group financial statements for P&P Spearhead UK Holdings, Ltd are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

### **25. SUBSEQUENT EVENTS**

During 2020 the Covid-19 pandemic has been prevalent in the UK. Its impact on the Company in 2020 as at the date of these financial statements has been limited at both an operational and financial level. Appropriate actions have been undertaken to protect employees and stakeholders and ensure compliance with local regulations. The Directors do not believe it will have a significant future impact on the financial performance or position of the Company.