AGRITERRA LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2020

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CHAIR'S STATEMENT AND STRATEGIC REVIEW

I am pleased to present the annual report of the Company for the year ending 31 March 2020. During the year, the Company focused on stabilising the operations in the aftermath of Cyclones Idai and Kenneth which significantly affected Mozambique.

The Company continues to observe the principles of the QCA Corporate Governance Code (the "Code") to the extent that they consider them to be applicable and appropriate for a Company of Agriterra's size and stage of development, through the maintenance of efficient and effective management frameworks accompanied by good communication. Further details are available at:
http://www.agriterra-ltd.com/corporategovernance.aspx.

Strategy and Business Model

The Company's strategy is to operate efficient, profitable businesses in Mozambique so as to create value for its shareholders and other stakeholders by supplying beef and milled maize products to the local market.

The Company currently has two operational agricultural divisions:

- Beef, which sources cattle from local farmers and then processes them through its own feedlot, abattoir operations and retail units through Mozbife Limitada ('Mozbife')
- Grain, which operates maize purchasing and processing businesses through Desenvolvimento e Comercialização Agrìcola Limitada ('DECA') and Compagri Limitada ('Compagri').

These two divisions have built strong brands in Mozambique. During the period the Company secured new investment of c.US$1m to set up a maize snack processing business on the site in Chimoio under the brand name of DECA Snax, to complement and add value to the maize meal operation, while expanding the range of products offered to the consumer. It was intended that this factory would become operational in this financial year, but COVID-19 related issues in China resulted in a delay in the supply of the necessary equipment and commencement of operations have been delayed until Q4 of 2020. The production line has now been commissioned and initial sales were made in December 2020.

The Company is aware of its environmental, social and governmental responsibilities and the need to maintain effective working relationships across a range of stakeholder companies. The major shareholder is represented on the Board ensuring their views are incorporated into the Board's decision-making process. In addition to the Company's staff and shareholders, the local community in Mozambique is a primary stakeholder. In purchasing maize and cattle directly from the local community, the Company plays an important role in local economic development, supporting small scale farmers and the developing commercial sector.

Mozambique overview

On 14 March 2019, Cyclone Idai made landfall at the port of Beira, Mozambique, before moving across the region. Millions of people in Malawi, Mozambique, and Zimbabwe were affected by what UNICEF declared, was the worst natural disaster to hit southern Africa in at least two decades. Six weeks later, Cyclone Kenneth made landfall in northern Mozambique – the first time in recorded history two strong tropical cyclones have hit the country in the same season. The UN estimate that due to the devastation caused by the cyclones 715,000ha of crop production was decimated, 160,000 homes destroyed and a total of 2.5 million people in Mozambique required humanitarian assistance.

The Company's operations are located in the affected areas, and although the buildings and assets were not damaged, there was an impact on our business; 50 members of staff lost their homes, and many of the small farmers who would normally supply maize and cattle were left without products to sell during the harvest season (April to August)

During this same period the Metical depreciated against the US$ going from 61 MZN in January 2019 to 63MZN after Cyclone Idai and ending at 65MZN to the US$ in March 2020. The Metical did remain steady against the Rand (4.30MZ), which helped reduce the annualised inflation in Mozambique from c.3.9% in 2018 to c.2.8% in 2019. As a result Standard Bank's prime Metical lending rate has reduced to 18% (19.5% at 31 March 2018).

Operations review

Grain division

Due to the disruptions caused by the cyclones, there was a major shortage of food in the central region of the country. As a result, DECA was contracted to process 3,000 tons of maize into meal for the World Food Programme ("WFP") for immediate aid into the region which lasted into the month of May.

Total maize purchased for the year (excluding WFP) was 24,498 tons and processed into 19,926 tons meal. Maize prices late season were driven up by a shortage in production caused by the cyclones where an estimated 700,000ha of crops was destroyed thus impacting on the ability to purchase affordable maize late season.

Beef division

The cyclones impacted on the ability to access the communities where the Company has traditionally sourced animals. The livestock sector was impacted in that a large number of animals died as a result of the cyclone (+5,000) and the animals that survived were affected by the lack or low quality of pasture and feed, and poor-quality drinking water, (+ 130,000). This increased prices and access became a constraint for the buying teams.

Total animals bought for the year was 6,045 head resulting in 1,200 tons of beef being produced for sale into the local market.

Mozbife was awarded a grant to build 9 Cattle Service Centres by the World Bank in 2 provinces, and these were completed in June 2020.

Key Performance Indicators

The Board monitors the Company's performance in delivery of strategy by measuring progress against Key Performance Indicators (KPIs). These KPIs comprise a number of operational, financial and non-financial metrics.

	2020	2019	2018
Grain division			
- Average milling yield	77%	76.2%	72.6%
- Meal sold (tonnes)	19,926	16,791	16,472
- EBITDA (note 5) (2019: as restated)	86,000	(509,000)	(597,000)
- Net debt	(4,001,000)	(3,670,000)	(3,625,000)
- Available headroom under banking facilities	746,000	537,000	1,709,000
Beef division			
- Slaughter herd size – number of head	2,100	2,468	3,956
- Average daily weight gain in feedlot (% of body mass)	0.34	0.32	0.25
- Meat sold (tonnes)	1,094	1,260	1,453
- EBITDA (note 5) (2019: as restated)	(905,000)	(520,000)	(1,252,000)
- Net debt	(665,000)	(663,000)	(180,000)
- Available headroom under banking facilities	99,000	195,000	309,000
Group			
- EPS (2019: as restated)	(14.1)	(15.5)	(31.1)
- Liquidity - cash plus available headroom under facilities	1,162,000	2,702,000	4,769,000

These indicators have been budgeted for the first time for FY-20 and are used to monitor progress on a monthly basis. Further strategic KPIs will be introduced once the immediate key goal of moving the existing businesses into profitability has been achieved.

Financial Review

In FY-20 Group revenue increased 22% to US$12.9m (FY19: US$10.6m). The effects of the cyclones meant that the first half of the year accounted for less than 30% of the total revenue earned. Our management team had to work hard to push the sales up in the second part of the year, to end the year with a Gross Margin of US$1.8m (FY19: US$1.2m) and EBITDA loss of US$(1.4m) (FY19: US$(1.7m). Finance costs were US$1.0m (FY19: US$1.0m) and depreciation charges were US$0.6m (FY19:US$0.6m) bringing the Loss attributable to shareholders to US$3.0m (FY19: US$3.3m) The grain division accounted for 69% of the revenue and 31% of the overall loss, while the beef generated 31% of the revenue and 51% of the overall loss. The management team are focussed on improving the overall performance of both businesses and to take the necessary actions that will get the beef operation to a point where it becomes a contributor towards the overall success of the Company.

During the year, a new fixed asset register was prepared. Asset values were brought in line with tax depreciation in Mozambique giving rise to an uplift in the net book value of assets. The uplift has been accounted for as a prior year adjustment (note 13) and the increase in the net book value at 1 April 2018 was $793,000. There was a consequential increase in the depreciation charge for the year ending 2019 of $136,000 and a write down in the value of intangible assets of $59,000.

Net Debt at 31 March 2020 was US$ 4.3m (FY19: US$2.4m). Since the year-end, additional working capital facilities have been agreed, to enable the Grain division to secure sufficient grain to meet its operational targets in the 2021 season.

Risk management

The Company is subject to various risks and the future outlook for the Company, and growth in shareholder value should be viewed with an understanding of these risks. According to the risk, the Board may decide to tolerate it, seek to mitigate it through controls and operating procedures, or transfer it to third parties. The following table shows the principal risks facing the Company and the actions taken to mitigate these:

Key risk factor	Detail	How it is managed	Change in the period
Foreign Exchange	The Company's operations are impacted by fluctuations in exchange rates and the volatility of the Metical.	The Company's borrowing facilities are denominated in Metical.	No change. The Metical has been relatively stable over the last couple of years as inflation falls and interest rates come down.
Political instability	Changes to government policy and applicable laws could adversely affect operations or the financial condition of the Company.	Contingency plans to protect assets and staff should political or military tensions escalate.	Reduced following the election results in December 2019, while military tension has increased in Northern Mozambique.
Land ownership in Mozambique	Property rights and land are exclusive to the state. The state grants rights to use and develop land "DUATs". The operations are dependent upon maintaining the relevant DUATs.	Observance of any conditions attaching to a DUAT.	No change.
Maize growing season	Adverse weather conditions, national or regional could impact on the availability and pricing of grain.	Diversify sources of supply and sign supply agreements.	Reduced - Cyclone Idai destroyed a large part of the crop in 2019, but fortunately this appears to have recovered in the 2020 season.
Cattle and cattle feed	Cattle are subject to diseases and infections. The availability and price of feed impacts profitability.	Stringent Bio-security measures are in place at the Farms and Feedlot. The division is now self-sufficient in roughage crops and acquires most of its feed from the Grain division.	Reduced – Improved farming and silage storage facilities. Some Foot and Mouth restrictions have been lifted.
Access to working capital	The Company is reliant on local banking facilities in Mozambique.	During the year, the Company secured additional overdraft facilities.	Increased – the exposure to reliance on the renewal of short-term facilities has increased.
Compliance	There is a risk of a breach of the Company's business or ethical conduct standards and breach of anti-corruptions laws, resulting in investigations, fines and loss of reputation.	The Board reinforces an ethical corporate culture. Anti-bribery policies are in place, with regular training throughout the organization.	No change.
COVID-19	COVID-19 has had a significant negative impact globally, both economically and socially. There is a risk that there will be a significant outbreak of the COVID-19 virus in Mozambique which could potentially impact the population through contraction of COVID-19 and Government enforced measures, and in turn impact the Company's operations.	Plans are in place to protect our staff and production capabilities. The Company remains alert to the fast-changing environment and is prepared to put in place mitigating actions as events develop. Our products, meal and beef, are key staples in the domestic Mozambican market and demand is not expected to be significantly affected should the pandemic take hold. The impact on future liquidity has been discussed further in the Going Concern section below.	The outbreak of COVID-19 occurred post period end. The outbreak has not yet spread significantly to Mozambique with only limited cases reported to date.

The Board is also responsible for establishing and monitoring the Company's systems of internal controls. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The Board reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment on a regular basis. In light of this control environment the Board considers that there is no current requirement for a permanent separate internal audit function.

Going concern

The Mozambican Government implemented a policy to minimise the spread of COVID-19 on the 1st April 2020 and has maintained this policy into December, with the likelihood that it will continue into 2021. The closure of the borders, industries and the logistics sectors have had a negative impact on the overall economy in Mozambique. The grain and beef sales have been encouraging, but growth is being restricted by the removal of the informal retail sector, which accounted for the bulk of our clientele.

Grain

The absence of reliable inter-province transportation and cash (due to movement restrictions) has resulted in a delay in the maize harvesting and buying season by over 3 months. This resulted in high raw material costs, more intense efforts to secure the maize and an adjustment of the initial forecast from 42,000 tons of maize to 35,000 tons. To date we have purchased at total of 27,000 tons (more than in FY2020) and we are confident that we will successfully secure the balance of 8,000 tons in the coming 3 months. Over the last 12 months, the Grain division has made significant progress in meeting the operating challenges to increase volumes and margins in order to move into profitability. More importantly this has been achieved whilst having to live within its means. New products and improved quality have been a significant factor in this performance and underpin the continued improvement in volumes in the FY21 forecast, together with the start-up phase of the DECA Snax project.

Beef

The beef operation has had a negative impact due to the lockdown. We have encountered difficulties in accessing the cattle production areas and the market has shrunk significantly, since the oil and gas projects have slowed down due to a global contraction related to COVID-19. Our largest clients (accounting for 60% of monthly sales) were those supplying these companies in Northern Mozambique. The result is revenue 22% below budget and there is an expectation that this will not improve significantly in remainder of FY21. However, the overall operating performance is ahead of budget as a result of improved operating efficiencies and an increased unit value per tonne of meat.

These forecasts show that the Company needs to achieve its operating targets and renew its existing overdraft facilities to meet its commitments as they fall due. These conditions and events indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and the Company may therefore be unable to realise their assets and discharge their liabilities in the ordinary course of business. These financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Outlook

The Company had a difficult start to FY-21 as the COVID-19 lockdown was implemented in April 2020 and is expected to remain in force until early 2021. This has resulted in a challenging first quarter for both the grain and the beef operations.

Grain: In order to improve margins, the division secured an additional working capital facility early in the season, enabling it to purchase maize in the period when the market is saturated, and prices are lowest. In addition, some of the larger clients were encouraged to pre-pay for their meal, so as to secure the maize needed at the same time. There has also been renewed focus on the commercial strategy to align our pricing with the market; introduce a rebranding program to drive the sales of the 1kg packs (offering better margins); and finally , to encourage clients to buy more and pay quickly.

Beef: With demand under pressure from lockdown, the focus has been on realigning the cost base with lower projected volumes and refocusing the retail strategy. Non-performing retail outlets have been closed, a depot opened in Maputo to receive and sell carcasses and meat to the city market and rebranding of the product to focus on the retail consumer. On the supply side, the focus has been on strengthening supply chain links with commercial farmers, who are able to supply higher grade animals.

While the business environment is negatively affected by COVID-19, the outbreak of COVID-19 has not yet spread significantly in Mozambique with a relatively low volume of cases reported. Plans have been put in place to protect our staff and production capabilities. Our products, meal and beef, are key staples in the domestic Mozambican market and although demand is not expected to be significantly affected as the pandemic increases, there are potential short term risks associated with the availability of cash in the market, as companies in the tourism, services, logistics and extractives sectors are forced to reduce the staffing, until things normalise.

Board and senior management changes

On 30 April 2020 Ms. Thorburn stepped down as a non-executive director in order to focus on her other business interests in the region. Mr. Clayton took on the role of Head of the Audit Committee following Ms. Thorburn's resignation. I would like to thank Amanda for her contributions and wish her well in her new ventures.

Also, on 30 April 2020 Mr. Zandamela joined the Board as a non-executive director. Mr. Zandamela is a Mozambican national with over 20 years' experience in agriculture and business with a degree in Agronomy - Rural Engineering from the Eduardo Mondlane University and subsequently an MBA from the Montford University Southern Africa - Sandton Business School. From 2016 to 2019 Mr. Zandamela was responsible for all Mozambique commercial activities of Tongaat Hulett (agriculture and agri-processing business, focusing on the complementary feedstocks of sugarcane and maize).

Mr. Zandamela is currently Chairman of the Board of Directors of the Association of Sugar Producers of Moçambique and acted as Chairman of the National Sugar Distributors of Moçambique. I welcome Sergio to the Board, his experience in the agri-sector in Mozambique will give the Board valuable insight into Mozambique.

CSO Havers
Executive Chair
24 December 2020

Corporate Governance

The Company is quoted on AIM and is required to comply with the provisions of a recognised corporate governance code. The board elected to adopt the Quoted Company Alliance Corporate Governance Code (the “QCA code”). Further details are available at http://www.agriterra-ltd.com/corporategovernance.aspx.

The Board is committed to applying a standard of corporate governance commensurate with its size and stage of growth and the nature of its activities.

The Board

The board structure continues to be organised to ensure it has the appropriate balance of skills and independence. The Board currently comprises the Executive Chair, two non-independent Non-Executive Directors and two independent Non-Executive Directors who were appointed during the year. The Board is looking to further enhance its composition, skills and balance as the Company develops. The Board currently comprises:

Caroline Havers, Executive Chair (AC; IC chair)
Ms. Havers is a highly experienced litigation/dispute resolution lawyer having spent over 30 years within international law firms working with clients operating in a variety of African jurisdictions and industry sectors. During her legal career, Ms. Havers has been both a partner and managing director of different law firms. She provides advice on compliance and governance and is a long qualified CEDR Mediator.

Whilst the Company consolidates its operations in Mozambique, the Board appointed Ms. Havers as Executive Chair. It is intending to appoint a Chief Executive Officer, based in Mozambique in due course.

Hamish Rudland, Non-Executive Director (IC)
Mr. Rudland has extensive experience across logistics, agriculture, agro-processing, distribution and property. After graduating from Massey University, New Zealand, he returned to Zimbabwe in 1997 to start a passenger transport business that he soon diversified into fuel tank haulage in the early 2000s. Thereafter Mr. Rudland structured acquisitions of foreign-owned asset rich companies to list on the Zimbabwe Stock Exchange. Mr. Rudland has substantial investments in Zimbabwe Stock Exchange listed companies which focus on his core competencies but also synergise where advantages can be made.

As a result of Mr. Rudland’s relationship to Magister Investments Limited, he is not considered to be an “independent” director for the purposes of the QCA Corporate Governance Code.

Gary Smith, Non-Executive Director (AC; RC)
Mr. Smith is an experienced finance professional and is currently a non-executive director of several companies in Zimbabwe and Mauritius. Mr. Smith worked in the UK for several years where he was employed at Deutsche Bank, University of Surrey and Foxhills Club & Resort. Upon returning to Africa he worked for a large transport and logistics company in Mozambique for four years before returning home to Zimbabwe and the above positions.

Mr. Smith is a Chartered Accountant and a resident and citizen of Zimbabwe. As a result of Mr. Smith’s relationship with Magister Investments Limited, he is not considered to be an “independent” director for the purposes of the QCA Corporate Governance Code.

Neil Clayton, Non-Executive Director (AC Chair; RC Chair)
Mr. Clayton is a Chartered Accountant and has over 30 years of experience in a variety of listed and un-listed companies. Specifically, Mr. Clayton brings significant experience and expertise as regards listed companies operating in Africa as well as particular knowledge of the Company's business and requirements, having held an interim finance role at the Company during 2018.

Despite his recent work with the Company the Board considers Mr. Clayton to be an “independent” director for the purposes of the QCA Corporate Governance Code.

Sergio Zandamela, Non-Executive Director (appointed 30 April 2020) (IC)
Mr. Zandamela is a Mozambican national with over 20 years' experience in agriculture and business with a degree in Agronomy - Rural Engineering from the Eduardo Mondlane University and subsequently an MBA from the Montford University Southern Africa - Sandton Business School. From 2016 to 2019 Mr. Zandamela was responsible from for all Mozambique commercial activities of Tongaat Hulett (agriculture and agri-processing business, focusing on the complementary feedstocks of sugarcane and maize. Mr. Zandamela is currently Chairman of the Board of Directors of the Association of Sugar Producers of Moçambique and acted as Chairman of the National Sugar Distributors of Moçambique.

The Board considers Mr. Zandamela to be an “independent” director for the purposes of the QCA Corporate Governance Code.

The Executive Chair is expected to commit a minimum of 2 weeks per month and the non-executive directors are expected to commit 2 days a month. In addition, all directors are expected to devote any additional time that might be required in order to discharge their duties.

Until March 2020, Board meetings were held quarterly in Mozambique. The attendance record of directors who held office for the year is as follows:

	Meetings held	Meetings attended
Caroline Havers	4	4
Neil Clayton	4	4
Hamish Rudland	4	4
Gary Smith	4	4
Amanda Thorburn	4	3

The Board has entrusted the day-to-day responsibility for the direction, supervision and management of the business to the Senior Management Committee (the 'SMT'). For the financial year ended 31 March 2020 the SMT was comprised of the Executive Chair, the Operations Director and Chief Financial Officer in Mozambique.

Certain matters are specifically reserved to the Board for its decision including, inter alia, the creation or issue of new shares and share options, acquisitions, investments and disposals, material contractual arrangements outside the ordinary course of business and the approval of all transactions with related parties.

There is no agreed formal procedure for the directors to take independent professional advice at the Company's expense. The Company's directors submit themselves for re-election at the Annual General Meeting at regular intervals in accordance with the Company's Articles of Incorporation.

The Company has adopted a share dealing code for directors' dealings which is appropriate for an AIM quoted company. The directors and the Company comply with the relevant provisions of the AIM Rules and the Market Abuse Regulation (EU) No. 596/2014 relating to share dealings and take all reasonable steps to ensure compliance by the Company's employees.

Board committees
Due to the current size of the Board and the Company, there is no separate Nominations Committee and any new directors are appointed by the whole Board.

At the Board meeting held in March 2019 the new Audit ("AC"), Investment ("IC") and Remuneration Committees ("RC") were established. The Audit Committee and the Investment Committees have met in the last financial year.

The Audit Committee was chaired by Amanda Thorburn until her resignation on 30th April 2020, when Neil Clayton took over as Chair. The Audit Committee has been actively engaged in the planning and conduct of the Audit of these financial statements. The Committee has met formally since the year end and the Chair has had independent conversations with the Audit partners both in Mozambique and London where executive management have not been present.

Terms and conditions for Directors
The Executive Chair and Non-Executive Directors do not have service contracts but appointment letters setting out their terms of appointment. The appointments may be terminated on three months' notice by either party. The Non-Executive Directors receive an annual base fee reflecting their respective time commitments and do not receive any benefits in addition to their fees, nor are they eligible to participate in any pension, bonus or share-based incentive arrangements.

Directors' remuneration
Remuneration details are set out in note 9 to the financial statements.

Evaluation of Board performance
Given the Company's size, and the reconstitution of the Board since the end of 2017, no formal review of the effectiveness of its performance as a unit, as well as that of its committees and the individual directors has been taken. Performance reviews are to be carried out internally from time to time. Reviews will endeavour to identify skills development or mentoring needs of directors and the wider senior management team.

The Board recognises that the current procedures remain to be formally implemented and therefore do not accord with the QCA Guidelines. However it is anticipated that these procedures will be augmented to a standard appropriate for the size and stage of development of the Company.

Communication with shareholders
The Company aims to ensure all communications concerning the Company's activities are clear, fair and accurate. The Board is however keen to improve its dialogue with shareholders. The Company's website is regularly updated, and announcements are posted onto the Company's website.

The results of voting on all resolutions in future general meetings will be posted to the Company's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 percent of independent shareholders.

DIRECTORS' REPORT

The directors the Company hereby present their annual report together with the audited financial statements for the year ended 31 March 2020 for the Company.

Except where otherwise noted, amounts are presented in this Directors' report in United States Dollars ('$' or 'US$').

1. LISTING DETAILS

Agriterra is a non-cellular Guernsey registered company limited by shares, whose ordinary shares ('Ordinary Shares') are quoted on the AIM Market of the London Stock Exchange ('AIM') under symbol AGTA.

2. PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the Company is the investment in, development of and operation of agricultural projects in Africa. The Company's current operations are focussed on maize and beef in Mozambique. A review of the Company's performance by business segment and future prospects are given in the Chair's statement and strategic review, together with a review of the risks and uncertainties impacting on the Company's long-term performance.

3. RESULTS AND DIVIDENDS

The Company results for the year ending 31 March 2020 show a loss after taxation of US$ 2,993,000 (2019: loss as restated of $ 3,290,000). The Directors do not recommend the payment of a final dividend (2019: US$ nil). No interim dividends were paid in the year (2018: US$ nil).

Further details on the Company's performance in the year are included in the Chair's statement and strategic review.

4. DIRECTORS

4.1. Directors in office

The Directors who held office during the year and until the date of this report were:

Director	Position
CSO Havers	Executive Chair
NWH Clayton	Non-Executive Director
HBW Rudland	Non-Executive Director
GR Smith	Non-Executive Director
A Thorburn (resigned 30 April 2020)	Non-Executive Director
SML Zandamela (appointed 30 April 2020)	Non-Executive Director

4.2. Directors' interests

As at the date of this report, the interests of the Directors and their related entities in the Ordinary Shares of the Company were:

	Ordinary Shares held
HBW Rudland*	10,622,433

Mr. Rudland's interest is held through Magister Investments Limited ('Magister'). Magister is a private limited company incorporated in the Republic of Mauritius, wholly owned by Mauritius International Trust Company Limited, as trustee of the Casa Trust (a Mauritius registered trust). Mr. Hamish Rudland is the Settlor of the Casa Trust and the beneficiaries of the Casa Trust are Mr. Rudland, his wife, Mrs. Bridgette Rudland and their three children (all of whom are under 18 years old).

4.3. Directors' emoluments

Details of the nature and amount of emoluments payable by the Company for the services of its Directors during the financial year are shown in note 9 to the financial statements.

4.4. Directors’ indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

5. SUBSTANTIAL SHAREHOLDINGS

To the best of the knowledge of the Directors, except as set out in the table below, there are no persons who, as of 20 December 2020, are the direct or indirect beneficial owners of, or exercise control or direction over 3% or more of the Ordinary Shares in issue of the Company.

	Number of Ordinary Shares	% Holding
Magister Investments Limited	10,622,433	50.01%
Gersec Trust Reg.	2,779,656	13.90%
Mr. William Philip Seymour Richards	982,500	4.63%
Global Resources Fund	678,886	3.20%
Peter Gyllenhammar AB	647,500	3.05%

6. EMPLOYEE INVOLVEMENT POLICIES

The Company places considerable value on the awareness and involvement of its employees in the Company’s performance. Within bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Company and that are of interest and concern to them as employees.

7. SUPPLIER PAYMENT POLICY AND PRACTICE

The Company’s policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment policy which is to abide by the terms of payment agreed with suppliers for each transaction. Suppliers are made aware of the terms of payment. The number of days of average daily purchases included in trade payables at 31 March 2020 was 39 days (2019: 20 days).

8. POLITICAL AND CHARITABLE DONATIONS

During the year no political and charitable donations were made in cash. However the Company did assist in the following form just after cyclone Idai where 15 tons of maize meal was donated to the Provincial Government Department of Disaster Management of Manica who was dealing with 1000’s of displaced communities in the districts who had been affected by localised flooding. This donation was received and immediately distributed to the districts where communities were most affected. (2019: $nil).

1000kgs of meal and 200 kgs of meat were also donated to the local hospital at the time of the cyclone which had suddenly been inundated with patients injured and sick after the event.

Management and employees also embarked on their own fundraising campaign where blankets, clothing and dried goods were collected and donated through the local Red Cross agency.

The Company also supported the plight of the 30 employees who were isolated and trapped for 4 weeks on Dombe farm after the cyclone where access was completely cut off. We managed to deliver dry goods and medication the employees and their families by boat during that period. The company also assisted employees financially whose houses were destroyed in the cyclone.

9. SOCIAL AND COMMUNITY ISSUES

The mission of the Company in Mozambique is to work with and support the local producers only by creating an efficient route to market of a top quality national product. We strongly believe in the “field to fork” process and will continue to develop this concept as the Company grows. We have recently created a slogan called “Do campo para mesa” meaning “From the field to the table” which simply cements our beliefs in the business. We respect that it is part of our wider responsibility to promote the development of the countries in which we operate. Central to this development and continued economic growth is employment and training. Wherever possible, the Company continues to ensure that its expertise and specialist skills and facilities are made available to the broader community.

Particular activities undertaken during the year have focused on (1) practical, ‘on the ground’ training for students from various universities in Mozambique studying, inter alia, production practices in beef and cattle, milling practices (including mill engineering), veterinary sciences and animal sciences; (2) dissemination of agricultural management knowledge and practices; and (3) provision of health and medical assistance.

Milling

With respect to educational activities, this year DECA hosted another two 6 month post-graduation internship for post graduate students in HR. One student has remained and IT technology in HR assisting the HR Manager in the day to day functions of the Administration department. Then we recruited 2 post graduate students in Finance who are currently under an internship and if successful will be taken on permanently in the finance department as cost accountants. We have also hosted one position for 3 months in the Technical department in the milling section in food technology, production and plant maintenance. Our Manager in Tete has recently graduated in business and economics and continues to run our facility in Tete as the senior Manager in charge post-graduation the previous year.

Beef

The Mozbife Vanduzi feedlot hosted 38 animal and veterinary science students on practical excursions and 17 students in the abattoir throughout the year as our facility offers a live and real time platform for students to view and learn many aspects in veterinary practices and applications. We have hosted 4 students on a 6 months placement from the Instituto Superior Politecnico de Gaza and 1 student from the Instituto Agrario de Chimoio throughout the year. In the abattoir we have had 2 female and 3 male students on attachment for practical aspects of their university courses from Gaza. We have recently employed a post graduate food technologist in the abattoir to support the quality control system who has since become permanent. We recently trained 60 employees in the abattoir and butcheries on meat processing and quality control practices to ensure our product is always of a high standard. Mozbife is currently working to become HACCP (international food standards accreditation) accredited from the farm to the feedlot in ensuring traceability and quality standard of products at all times.

With respect to the promotion of health and medical assistance, DECA recently donated its ambulance to Dr Abrantes' clinic in Chimoio which is the first port of call for the operations in case of any emergency. He also coordinates and monitors progress on mid to long term treatments ensuring employees are supported through whatever treatments are required. We have undertaken further work on the clinic in the district of Dombe to provide a service base for this very rural community.

Community relations initiatives have recently received a major boost this year. Mozbife has managed a US$ 823,000 project with the Catalytic fund to construct 9 community buying points in the various areas we operate in. The cattle service centres were finally completed in June 2020 after numerous challenges and delays initially caused by the cyclone and then by the time access was secured into these areas the rainy season had started. These cattle buying centres (or known as CBCs) will formalize the buying process by having state of the art equipment and infrastructure in place to support the activities. This investment has also brought about the creation of 9 associations who have all been registered and have received training in functioning as an association. The CBCs will certainly go a long way in cementing our support within these communities. We envisage bolting on other activities like maize buying and the selling of other produce which the association will supply.

Once again at Vanduzi, manure from the feedlot is given to surrounding small scale farming associations, being out growers for Companhia de Vanduzi and Westfalia who commercially export fruit and vegetables to the European market. Both DECA and Mozbife sponsored the annual Christmas party for three orphanages with over 200 children in Msika district, and meal was distributed to certain communities during the planting season to ensure local seed stocks were planted.

10. INDEPENDENT AUDITOR AND STATEMENT OF PROVISION OF INFORMATION TO THE INDEPENDENT AUDITOR

PKFLittlejohn LLP have expressed their willingness to continue in office as independent auditor of the Company and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is not aware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

11. ADDITIONAL INFORMATION AND ELECTRONIC COMMUNICATIONS

Additional information on the Company can be found on the Company's website at www.agriterra-ltd.com.

The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in compliance with AIM Rule 26.

By Order of the Board.

CSO Havers
Executive Chair
24 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Companies (Guernsey) Law, 2008, as amended (the '2008 Law') requires the Directors to prepare Company financial statements for each financial year in accordance with generally accepted accounting principles.

The Directors are required by the AIM Rules of the London Stock Exchange to prepare Company financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The financial statements of the Company are required by law to give a true and fair view and are required by IFRS as adopted by the EU to present fairly the financial position and financial performance of the Company.

In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 and Company transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements are properly prepared in accordance with the Companies (Guernsey) Law, 2008. 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 Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm they have discharged their responsibilities as noted above.

Independent auditor's report to the members of Agriterra Limited

Opinion

We have audited the group financial statements of Agriterra Limited (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to Note 3 in the financial statements, which indicates that the group is reliant upon the sales volume, prices and renewal of its bank facility in order for the group to meet committed expenditure requirements and working capital needs. There is currently uncertainty regarding the renewal of the facility. As stated in Note 3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.
Our opinion is not modified in respect of this matter.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit. No significant changes have come to light through the audit fieldwork which has required a revision our materiality figure.

We used 1.25% of the average of the 3 years turnover as a basis for determining Group materiality as the Group's key driver is revenue and there is a volatility with regards to revenue. We have determined our overall financial statement materiality to be US$148,000. Materiality for the significant components of the Group ranged from $29,000 to $120,000 based on 1.25% of the average of turnover for each component.

Group performance materiality was set at $89,000

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of $7,400. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the Directors and considered future events that are inherently uncertain. These included, but were not limited to the valuation of the biological assets and the impairment iof the underlying assets of the beef and grain divisions. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Our Group audit scope focused on the principal area of operation, being Mozambique, where the subsidiaries of the Parent Company trade. Each component was assessed as to whether they were significant or not significant to the group by either their size or risk. The parent Company and the three operating subsidiaries were considered to be significant due to identified risk and size. We have performed the audit of the Parent Company that is registered on Guernsey. However, the three remaining components located in Mozambique have been subject to full scope audits by a component auditor (a PKF network firm). As group auditors we maintained oversight and regular contact with the component auditor throughout all stages of the audit and we were responsible for the scope and direction of their work.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How the scope of our audit responded to the key audit matter**
Valuation of Biological Assets (see note 15)	
The Group has a material biological asset in respect livestock within the beef division. Under IAS41, this is held at fair value and there are significant estimates and assumptions required to determine the fair value. As such, there is a risk that the biological asset is overstated in the financial statements and the fair value valuation is not appropriate.	Our work in this area included reviewing the work performed by the component auditor in relation to the following: • documents prepared by the board detailing the basis of valuation of the biological assets, including the key assumptions and estimation factors therein; • the discounted cashflow valuation workings prepared by management and verifying their mathematical accuracy; • the key assumptions and judgements used in the estimation by management; • the reasonableness of the underlying inputs of the fair value calculation; • a sensitivity analysis to ensure any major fluctuations in the subjective elements of the FV calculation of the biological assets would not result in material misstatement and if they do, that they are appropriately disclosed; and • Consideration of whether there were any other indicators of impairment
Impairment of the underlying assets of the Beef and Grain Division (see Note 4)	
The Group's principal assets relate property, plant and equipment held within the Beef and Grain Divisions and the continuing losses incurred by the Group may indicate that there is a risk these assets are impaired. Management must assess whether there is any objective evidence of impairment of the Group's assets at the reporting date.	Our work in this area included the following: ▪ Reviewed the work performed by the component auditor in relation to their work on the following: • indications of impairment (e.g. adverse business changes, decrease in value, change in use, physical damage, operating losses, planned disposal, etc.); and • Review and challenge pf the management's budgets, cash flow forecasts and projections of the beef and grain division to ensure that the assets are recoverable

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with our engagement letter date 19 May 2020. 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.

Joseph Archer (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

24 December 2020

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	Note	Year ended 31 March 2020 US$000	Year ended 31 March 2019 US$000 As restated
Continuing operations			
Revenue	5	**12,910**	10,629
Cost of sales		**(10,643)**	(9,891)
(Decrease) / increase in fair value of biological assets		**(489)**	478
Gross profit		**1,778**	1,216
Operating expenses		**(4,700)**	(4,055)
Other income	6	**842**	225
Profit on disposal of property, plant and equipment		**80**	340
Operating loss	6	**(2,000)**	(2,274)
Finance costs	10	**(964)**	(1,016)
Loss before taxation		**(2,964)**	(3,290)
Taxation	11	**(29)**	-
Loss for the year attributable to owners of the Company		**(2,993)**	(3,290)
		US cents	US cents
Earnings per share			
Basic and diluted earnings per share	12	**(14.1)**	(15.5)

Consolidated statement of comprehensive income
FOR THE YEAR ENDED 31 MARCH 2020

	Year ended 31 March 2020 US$000	Year ended 31 March 2019 US$000 As restated
Loss for the year	**(2,993)**	(3,290)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences	**(1,517)**	(119)
Other comprehensive loss for the year	**(1,517)**	(119)
Total comprehensive loss for the year attributable to owners of the Company	**(4,510)**	(3,409)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	**31 March 2020 US$000**	31 March 2019 US$000	1 April 2018 US$000
			As restated	As restated
Non-current assets				
Property, plant and equipment	**13**	**6,049**	6,963	7,108
Intangible assets	**14**	**92**	107	-
		6,141	7,070	7,108
Current assets				
Biological assets	**15**	**665**	830	1,137
Inventories	**16**	**825**	675	938
Trade and other receivables	**17**	**1,249**	698	1,096
Assets classified as held for sale		**-**	-	19
Cash and cash equivalents		**1,034**	2,197	3,541
		3,773	4,400	6,731
Total assets		**9,914**	11,470	13,839
Current liabilities				
Borrowings	**18**	**3,339**	1,708	4,235
Trade and other payables	**19**	**3,315**	1,186	469
		6,654	2,894	4,704
Net current (liabilities) / assets		**(2,881)**	1,506	2,027
Non-current liabilities				
Borrowings	**18**	**2,044**	2,850	-
		2,044	2,850	-
Total liabilities		**8,698**	5,744	4,704
Net assets		**1,216**	5,726	9,135
Share capital	**21**	**3,373**	3,373	3,373
Share premium		**151,442**	151,442	151,442
Share based payment reserve		**87**	172	1,988
Translation reserve		**(18,373)**	(16,856)	(16,737)
Accumulated losses		**(135,313)**	(132,405)	(130,931)
Equity attributable to equity holders of the parent		**1,216**	5,726	9,135

The financial statements on pages 18 to 41 were approved and authorised for issue by the Board of Directors on 23 December 2020.

Signed on behalf of the Board of Directors by:

CSO Havers
Executive Chair
24 December 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Note	Share capital	Share premium	Share based payment reserve	Translation reserve	Accumulated losses	Total Equity
		US$000	US$000	US$000	US$000	US$000	US$000
Balance at 1 April 2018		3,373	151,442	1,988	(16,737)	(131,724)	8,342
Prior year adjustment	13	-	-	-	-	793	793
Balance at 1 April 2018 restated		3,373	151,442	1,988	(16,737)	(130,931)	9,135
Loss for the year restated		-	-	-	-	(3,290)	(3,290)
Other comprehensive income:							
Exchange translation loss on foreign operations restated		-	-	-	(119)	-	(119)
Total comprehensive loss for the year		-	-	-	(119)	(3,290)	(3,409)
Transactions with owners							
Share based payments		-	-	(1,816)	-	1,816	-
Total transactions with owners for the year		-	-	(1,816)	-	1,816	-
Balance at 31 March 2019 restated		3,373	151,442	172	(16,856)	(132,405)	5,726
Loss for the year		-	-	-	-	**(2,993)**	**(2,993)**
Other comprehensive income:							
Exchange translation loss on foreign operations		-	-	-	**(1,517)**	-	**(1,517)**
Total comprehensive loss for the year		-	-	-	**(1,517)**	**(2,993)**	**(4,510)**
Transactions with owners							
Share based payments		-	-	**(85)**	-	**85**	-
Total transactions with owners for the year		-	-	**(85)**	-	**85**	-
Balance at 31 March 2020		**3,373**	**151,442**	**87**	**(18,373)**	**(135,313)**	**1,216**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE year ended 31 March 2020

	Note	Year ended 31 March 2020 US$000	Year ended 31 March 2019 US$000 As restated
Cash flows from operating activities			
Loss before tax from continuing operations		**(2,964)**	(3,290)
Adjustments for:			
Amortisation and depreciation	**13/14**	**619**	756
Profit on disposal of property, plant and equipment		**(80)**	(281)
Foreign exchange (gain) / loss		**(1,383)**	80
Net (increase) / decrease in biological assets	**15**	**(366)**	754
Decrease / (increase) in value of biological assets	**15**	**489**	(478)
Net finance costs	**10**	**964**	1,016
Operating cash flows before movements in working capital		**(2,721)**	(1,443)
(Increase) / decrease in inventories		**(192)**	238
(Increase) / decrease in trade and other receivables		**(579)**	392
Increase in trade and other payables		**2,207**	744
Cash used in operating activities		**(1,285)**	(69)
Corporation tax paid		**(14)**	-
Interest received		**14**	-
Net cash used in operating activities		**(1,285)**	(69)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment net of expenses incurred		**80**	346
Acquisition of property, plant and equipment	**13**	**(46)**	(920)
Acquisition of intangible assets	**14**	**(15)**	(193)
Net cash generated from / (used in) investing activities		**19**	(767)
Cash flows from financing activities			
Net drawdown / (repayment) of overdrafts	**18**	**1,732**	(3,258)
Net (repayment) / draw down of loans	**18**	**(732)**	3,773
Net draw down of leases		**108**	-
Finance costs		**(978)**	(1,016)
Net cash generated from / (used in) financing activities		**130**	(501)
Net decrease in cash and cash equivalents		**(1,136)**	(1,337)
Effect of exchange rates on cash and cash equivalents		**(27)**	(7)
Cash and cash equivalents at beginning of the year		**2,197**	3,541
Cash and cash equivalents at end of the year		**1,034**	2,197

1. GENERAL INFORMATION

Agriterra is incorporated and domiciled in Guernsey, the Channel Islands, with registered number 42643. Further details, including the address of the registered office, are given on page 41. The nature of the Company's operations and its principal activities are set out in the Directors' report. A list of the investments in subsidiaries and associate companies held directly and indirectly by the Company during the year and at the year-end, including the name, country of incorporation, operation and ownership interest is given in note 3.

The reporting currency for the Company is the US Dollar ('$' or 'US$') as it most appropriately reflects the Company's business activities in the agricultural sector in Africa and therefore the Company's financial position and financial performance.

The financial statements have been prepared in accordance with IFRSs.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 16 *Leases*

In the current period, the Group has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 April 2019.

The Group has applied IFRS 16 using the cumulative catch-up approach which:

- Requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (date of acquisition).
- Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 continues to be applied to those leases entered or changed before 1 April 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii).
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

(c) Impact on Lessor Accounting

The Group is not a Lessor

(d) Financial impact of initial application of IFRS 16

Other than short term leases, the Company does not have any operating leases. The weighted average incremental borrowing rate applied to lease liabilities previously categorised as finance leases is 18.5%.

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 9	Prepayment Features with Negative Compensation
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 IAS 23 Borrowing Costs
Amendments to IAS 19	Employee Benefits Plan Amendment, Curtailment or Settlement
IFRIC 23	Uncertainty over Income Tax Treatments

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective [and [in some cases] have not yet been adopted by the EU]:

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

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on a historical cost basis, except for certain financial instruments, biological assets and share based payments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets acquired. The principal accounting policies adopted are set out below in this note.

Going concern

The Company has prepared forecasts for the Company's ongoing businesses covering the period of 12 months from the date of approval of these financial statements. These forecasts are based on assumptions including, *inter alia*, that there are no significant disruptions to the supply of maize or cattle to meet its projected sales volumes and that key inputs are achieved, such as forecast selling prices and volume, budgeted cost reductions, and projected weight gains of cattle in the feedlot. They further take into account working capital requirements and currently available borrowing facilities.

These forecasts show that with active management of working capital and the timing of capital expenditure, there is sufficient headroom under the banking facilities currently available to the Company. Certain short-term overdraft facilities fall due for renewal in May 2021. Whilst there are no contractual obligations, the Company will continue to rely on the bank guarantee currently provided by its majority shareholder.

The Company's focus remains on continuing to improve operational performance of the Grain and Beef divisions with emphasis on volume and pricing growth to increase gross margins.

Over the last 12 months, the Grain division has made significant progress in meeting the operating challenges to increase volumes and margins in order to move into profitability. More importantly this has been achieved whilst having to live within its means. New products and improved quality have been a significant factor in this performance and underpin the continued improvement in volumes in the FY21 forecast, together with the start-up phase of the DECA Snax project.

The Beef division is starting to show a recovery in profitability as a result of the actions taken by management over the last 12 months and is expected to generate positive operational cash flows over the next 18 months.

COVID-19: As set out in the strategic report, the actions taken by the Government of Mozambique to limit the spread of COVID-19, has impacted the availability of local maize and demand for Beef form the Oil and Gas sector. The Key focus of the Company has been to maintain the health of its workforce with stringent hygiene measures implemented at all our operations. To date there has been no site closures or cessation of operations. However, the future evolution of COVID-19 is not currently known and therefore a sensitised version of the Company's forecasts has been prepared.

Corporate overheads are forecast to be consistent with the current run rate.

The divisional forecasts for FY-21 show a significant improvement in operating performance as compared to that reported for the year ended 31 March 2020. However, there can be no certainty that the turnaround plans will be successful, and the forecasts are sensitive to small adverse changes in the operations of the divisions. As set out in notes 18 and 20 the Company is funded by a combination of short and long-term borrowing facilities. $2.7m of overdraft facilities are due for renewal within the next 12 months and the Company is required to make $0.7m of repayments in respect of the bank loan instalments amount together with principal on finance leases of $167,000. The forecasts show that the Company will require the renewal of its overdraft facilities in the review period.

The Company has also received correspondence from the banks providing overdraft facilities indicating that they do not presently see any reason why the current overdraft facilities would not be extended at their respective renewal dates. Consequently, the forecasts include all contractual interest and capital repayments and assume that both the term loan and overdraft facilities will continue to be available and will be renewed for a further year when they are reviewed in 2021.

Based on the above, whilst there are no contractual guarantees, the directors are confident that the existing financing will remain available to the Company. The directors, with the operating initiatives already in place and funding options available are confident that the Company will achieve its cash flow forecasts. Therefore, the directors have prepared the financial statements on a going concern basis.

The forecasts show that the Company needs to achieve its operating targets and renew its existing overdraft facilities to meet its commitments as they fall due. These conditions and events indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and the Company may therefore be unable to realise their assets and discharge their liabilities in the ordinary course of business. The auditors make reference to going concern in their audit report by way of a material uncertainty. These financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March 2020. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

As at 31 March 2020, the Company held equity interests in the following undertakings:

Direct investments

	Proportion held of equity instruments	Country of incorporation and place of business	Nature of business
Subsidiary undertakings			
Agriterra (Mozambique) Limited	100%	Guernsey	Holding company

Indirect investments of Agriterra (Mozambique) Limited

	Proportion held of equity instruments	Country of incorporation and place of business	Nature of business
Subsidiary undertakings			
DECA - Desenvolvimento E Comercialização Agrícola Limitada	100%	Mozambique	Grain
Compagri Limitada	100%	Mozambique	Grain
Mozbife Limitada	100%	Mozambique	Beef
Carnes de Manica Limitada	100%	Mozambique	Beef
Aviação Agriterra Limitada	100%	Mozambique	Dormant

Foreign currency

The individual financial statements of each company in the Group are prepared in Mozambican Metical the currency of the primary economic environment in which it operates (its 'functional currency'). The consolidated financial statements are presented in US Dollars.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's operations are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for each month, unless exchange rates fluctuate significantly during the month, in which case exchange rates at the date of transactions are used. Exchange differences arising from the translation of the net investment in foreign operations and overseas branches are recognised in other comprehensive income and accumulated in equity in the translation reserve. Such translation differences are recognised as income or expense in the year in which the operation or branch is disposed of.

The following are the material exchange rates applied by the Company:

	Average Rate		Closing Rate	
	2020	2019	**2020**	2019
Mozambican Metical: US$	**65.59**	60.82	**67.45**	63.73

Operating segments

The Chief Operating Decision Maker is the Board. The Board reviews the Company's internal reporting in order to assess performance of the business. Management has determined the operating segments based on the reports reviewed by the Board which consider the activities by nature of business.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, value added taxes and other sales related taxes.

Performance obligations and timing of revenue recognition:
All of the Company's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are collected or delivered to the customer. There is limited judgment needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually it will have a present right to payment. Consideration is received in accordance with agreed terms of sale.

Determining the contract price:
All of the Company's revenue is derived from fixed price lists and therefore the amount of revenue to be earned from each transaction is determined by reference to those fixed prices.

Allocating amounts to performance obligations:
For most sales, there is a fixed unit price for each product sold. Therefore, there is no judgment involved in allocating the price to each unit ordered.

There are no long-term contracts in place. Sales commissions are expensed as incurred. No practical expedients are used.

Operating loss

Operating loss is stated before investment revenues, other gains and losses, finance costs and taxation.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Company did not incur any borrowing costs in respect of qualifying assets in any year presented.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Share based payments

The Company issues equity-settled share-based payments to certain employees of the Company. These payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant and the value is expensed on a straight-line basis over the vesting year, based on the Company's estimate of the shares that will eventually vest and adjusted for non-market based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Employee benefits

Short-term employee benefits

Short-term employee benefits include salaries and wages, short-term compensated absences and bonus payments. The Company recognises a liability and corresponding expense for short-term employee benefits when an employee has rendered services that entitle him/her to the benefit.

Post-employment benefits

The Company does not contribute to any retirement plan for its employees. Social security payments to state schemes are charged to profit and loss as the employee's services are rendered.

Leases

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in operating expenses in profit or loss.

Taxation

The Company is resident for taxation purposes in Guernsey and its income is subject to income tax, presently at a rate of zero per cent per annum. The income of overseas subsidiaries is subject to tax at the prevailing rate in each jurisdiction.

The income tax expense for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, when tax is recognised in other comprehensive income or directly in equity as appropriate. Taxable profit differs from accounting profit as reported in the income statement 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.

Current tax expense is the expected tax payable on the taxable income for the year. It is calculated on the basis of the tax laws and rates enacted or substantively enacted at the balance sheet date and includes any adjustment to tax payable in respect of previous years. Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the asset can be utilised. This requires judgements to be made in respect of the availability of future taxable income.

The Company's deferred tax assets and liabilities are calculated using tax rates that are expected to apply in the year when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

No deferred tax asset or liability is recognised in respect of temporary differences associated with investments in subsidiaries, branches and joint ventures where the Company is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation (see below) and impairment. Historical cost includes expenditure that is directly attributable to the acquisition. Subsequent costs are included in the asset’s carrying value when it is considered probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is charged on a straight-line basis over the estimated useful lives of each item, as follows:

Land and buildings:		
Land	Nil	
Buildings and leasehold improvements	2%	– 33%
Plant and machinery	5%	– 25%
Motor vehicles	20%	– 25%
Other assets	10%	– 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds received with the carrying amount of the asset immediately prior to disposal and are included in profit and loss.

Intangible assets

Intangible assets comprise investment in management information and financial software. This is amortised at 10% straight line.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss because the Company does not record any assets at a revalued amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

Biological assets

Consumer biological assets, being the beef cattle herd, are measured in accordance with IAS 41, *'Agriculture'* at fair value less costs to sell, with gains and losses in the measurement to fair value recorded in profit and loss. Breeding cattle, comprising bulls, cows and heifers are expected to be held for more than one year, and are classified as non-current assets. The non-breeding cattle comprise animals that will be grown and sold for slaughter and are classified as current assets.

Cattle are recorded as assets at the year-end and the fair value is determined by the size of the herd and market prices at the reporting date.

Cattle ceases to be a biological asset from the point it is slaughtered, after which it is accounted for in accordance with the accounting policy below for inventories.

Forage crops are valued in accordance with IAS 41, *'Agriculture'* at fair value less costs to harvest. As there is no ready local market for forage crops, fair value is calculated by reference to the production costs of previous crops. The cost of forage is charged to profit or loss over the year it is consumed.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

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

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVPL") depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVPL, at the end of each reporting period. The Company applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision. The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year-end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The Company applies a general approach on all other receivables classified as financial assets. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

The Company derecognises a financial asset 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 party. The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or have expired.

Trade and other receivables

Trade receivables are accounted for at amortised cost. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate expected credit loss allowances for estimated recoverable amounts as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material. Other receivables are accounted for at amortised cost and are stated at their nominal value as reduced by appropriate expected credit loss allowances.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

All purchases of financial liabilities are recorded on trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Company's financial liabilities approximate to their fair values.

The Company's financial liabilities consist of financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on de-recognition is taken to the statement of comprehensive income.

Borrowings

Borrowings are included as financial liabilities on the Company balance sheet at the amounts drawn on the particular facilities net of the unamortised cost of financing. Interest payable on those facilities is expensed as finance cost in the period to which it relates.

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently carried at amortised cost.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e. using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e. discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies which are described in note 3, the directors are required to make judgments, 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 estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. The effect on the financial statements of changes in estimates in future years could be material.

Impairment

Impairment reviews for non-current assets are carried out at each balance sheet date in accordance with IAS 36, Impairment of Assets. Reported losses in the Beef and Grain divisions were considered to be indications of impairment and a formal impairment review was undertaken.
The impairment reviews are sensitive to various assumptions, including the expected sales forecasts, cost assumptions, capital requirements, and discount rates among others. The forecasts of future cash flows were derived from the operational plans in place to address the requirement to increase both volumes and margins across the two divisions. Real commodity prices were assumed to remain constant at current levels.

Discount rate: Current central bank prime MIMO benchmark rate is 10.25% and with inflation at around 3.2%, the benchmark real interest rate is around 7.05%. The real rate assumed in these forecasts is 12.5%, consistent with prior years. Current nominal bank borrowing rates are 15.9%, but these are expected to fall further as the economy recovers from the COVID-19 Pandemic and inflation remains stable. Neither division is sensitive to an increase in the discount rate to 25%

Grain division: The forecasts for the Grain division show a return towards the 10 year moving average with meal sales increasing to 31,000 tonnes in FY-21 (Year ending 31 March 2020: 19,926). A shortfall in the projected volumes of 18% or a reduction in the gross margin of more than 16% would lead to an indication of impairment.

Beef division: The forecasts for the Beef division show volumes of all meat products improving to 1,193 tonnes in FY-21 (Year ending 31 March 2020: 1,094 tonnes) and to 1,797 tonnes in FY-22. A fall in forecasted sales volumes of 4% or a reduction in budgeted gross margin of 2% would be required to indicate possible further impairment. The assets of the Beef division were impaired by $ 3.1m in the year ended 31 May 2016 following the decision to destock the ranches. The Board continues to evaluate the development of these assets, however it is too early to consider whether or not the previous impairment charge should be reversed.

No impairments were recorded in the year ended 31 March 2020 or the year ended 31 March 2019.

Non-current assets

During the year, the Company implemented the new asset module in the Mozambique operations. The project included the compilation of a new register of assets from a review of all existing assets. In addition, it was decided to bring the accounting values for these assets into line with the written down values in accordance with tax legislation in Mozambique. As a result, there was an overall uplift in the value of fixed assets of $793,000 at 1 April 2018. This has been accounted for as a prior year adjustment. There was a fall in the value of intangible assets of $59,000 at 1 April 2019. Further details are given in notes 13 and 14.

Biological assets

Cattle are accounted for as biological assets and measured at their fair value at each balance sheet date. Fair value is based on the estimated market value for cattle in Mozambique of a similar age and breed, less the estimated costs to bring them to market, converted to US$ at the exchange rate prevailing at the year end. Changes in any estimates could lead to the recognition of significant fair value changes in the consolidated income statement, or significant changes in the foreign currency translation reserve for changes in the Metical to US$ exchange rate.

The herd may be categorised as either the breeding herd or slaughter herd, depending on whether it was principally held for reproduction or slaughter. At 31 March 2020 the value of the breeding herd disclosed as a non-current asset was $nil (31 March 2019: $nil). The value of the herd held for slaughter disclosed as a current asset was $ 0.7m (31 March 2019: $ 0.8m).

Recoverability of input Value Added Tax

Mozambique Value Added Tax ('IVA') operates in a similar manner to UK Value Added Tax ('VAT'). The Company is exempt from IVA on its sales of maize products under the terms of Mozambique tax law. The Company is able to recover input sales tax on substantially all of the purchases of the Grain division. The Company is always therefore in a net recovery position of IVA in respect of its Grain operations. To date the Company has succeeded in recovering a portion of the IVA balance from prior years from the Mozambique Government amounting to $0.8m, while the remaining historical IVA balance has been fully provided for. As at 31 March 2020, the gross and net IVA recoverable assets are respectively $ 0.1 million (31 March 2019: $1,046,000) and $nil (31 March 2019: $nil) at the US$ to Metical exchange rate of 67.45 (31 March 2019: 63.73) at that date.

5. SEGMENT REPORTING

The Board considers that the Company's operating activities comprise the segments of Grain and Beef and which are undertaken in Africa. In addition, the Company has certain other unallocated expenditure, assets and liabilities, either located in Africa or held as support for the Africa operations.

Segment revenue and results

The following is an analysis of the Company's revenue and results by operating segment:

Year ending 31 March 2020	Grain US$000	Beef US$000	Unallo-cated US$000	Elimina-tions US$000	Total US$000
Revenue					
External sales[2]	**8,955**	**3,955**	**-**	**-**	**12,910**
Inter-segment sales[1]	**453**	**-**	**-**	**(453)**	**-**
	9,408	**3,955**	**-**	**(453)**	**12,910**
Segment results					
- Operating loss	**(964)**	**(1,452)**	**(562)**	**-**	**(2,978)**
- Interest expense	**(805)**	**(155)**	**(4)**	**-**	**(964)**
- Other gains and losses	**883**	**95**	**-**	**-**	**978**
Loss before tax	**(886)**	**(1,512)**	**(566)**	**-**	**(2,964)**
Income tax	**(29)**	**-**	**-**	**-**	**(29)**
Loss after tax	**(915)**	**(1,512)**	**(566)**	**-**	**(2,993)**

Year ending 31 March 2019 as restated	Grain US$000	Beef US$000	Unallo-cated US$000	Elimina-tions US$000	Total US$000
Revenue					
External sales[2]	5,586	5,043	-	-	10,629
Inter-segment sales[1]	873	-	-	(873)	-
	6,459	5,043	-	(873)	10,629
Segment results					
- Operating loss	(956)	(1,380)	(503)	-	(2,839)
- Interest expense	(916)	(100)	-	-	(1,016)
- Other gains and losses	309	252	4	-	565
Loss before tax	(1,563)	(1,228)	(499)	-	(3,290)
Income tax	-	-	-	-	-
Loss after tax	(1,563)	(1,228)	(499)	-	(3,290)

(1) Inter-segment sales are charged at prevailing market prices.
(2) Revenue represents sales to external customers and is recorded in the country of domicile of the Company making the sale. Sales from the Grain and Beef divisions are principally for supply to the Mozambique market.

The segment items included in the consolidated income statement for the year are as follows:

Year ending 31 March 2020	Grain US$000	Beef US$000	Unallo-cated US$000	Elimina-tions US$000	Total US$000
Depreciation and amortisation	167	452	-	-	619

Year ending 31 March 2019 as restated	Grain US$000	Beef US$000	Unallo-cated US$000	Elimina-tions US$000	Total US$000
Depreciation and amortisation	138	608	10	-	756

Segment assets, liabilities and capital expenditure

Segment assets consist primarily of property, plant and equipment, biological assets, inventories, trade and other receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities, including an overdraft financing facility in the Grain segment, and bank loans and overdraft financing facilities in the Beef segment.

Capital expenditure comprises additions to property, plant and equipment.

The segment assets and liabilities at 31 March 2020 and capital expenditure for the year then ended are as follows:

	Grain US$000	Beef US$000	Unallocated US$000	Total US$000
Assets	**5,223**	**4,332**	**359**	**9,914**
Liabilities	**(7,249)**	**(1,300)**	**(149)**	**(8,698)**
Capital expenditure	**16**	**45**	**-**	**61**

Segment assets and liabilities are reconciled to Group assets and liabilities as follows:

	Assets **US$000**	Liabilities US$000
Segment assets and liabilities	**9,555**	**(8,549)**
Unallocated:		
Intangible asset	**27**	**-**
Other receivables	**16**	**-**
Cash and cash equivalents	**316**	**-**
Accrued liabilities	**-**	**(149)**
	9,914	**(8,698)**

The segment assets and liabilities at 31 March 2019 and capital expenditure for the year then ended are as follows:

	Grain US$000	Beef US$000	Unallocated US$000	Total US$000
Assets	4,636	4,825	2,009	11,470
Liabilities	(4,742)	(861)	(141)	(5,744)
Capital expenditure	355	727	31	1,113

Segment assets and liabilities are reconciled to Company assets and liabilities as follows:

	Assets US$000	Liabilities US$000
Segment assets and liabilities	9,461	(5,603)
Unallocated:		
Intangible asset	21	-
Other receivables	16	-
Cash and cash equivalents	1,972	-
Accrued liabilities	-	(141)
	11,470	(5,744)

Key performance Indicator

The Board considers that earnings before interest, tax, depreciation and amortisation ("EBITDA") is a key performance indicator in measuring operational performance. It is calculated as follows:

Year ending 31 March 2020	Grain	Beef	Unallocated	Total
	US$000	US$000	US$000	US$000
Loss before tax	**(886)**	**(1,512)**	**(566)**	**(2,964)**
- Interest expense	**805**	**155**	**4**	**964**
- Depreciation and amortisation charge	**167**	**452**	**-**	**619**
EBITDA	**86**	**(905)**	**(562)**	**(1,381)**

Year ending 31 March 2019 as restated	Grain	Beef	Unallocated	Total
	US$000	US$000	US$000	US$000
Loss before tax	(1,563)	(1,228)	(499)	(3,290)
- Interest expense	916	100	-	1,016
- Depreciation and amortisation charge	138	608	10	756
EBITDA	(509)	(520)	(489)	(1,654)

Significant customers

In the year ended 31 March 2020, two customers of the Grain segment generated revenue of $3.5m amounting to 18.7% of Company revenue for one customer and 8.5% for the other. Two customers of the Beef segment generated revenue of $1.5m amounting to 7.1% of Company revenue for one customer and 4.7% for the other (Year ended 31 March 2019: two customers of the Grain division generated revenue of $ 2.3m amounting to 22.0% of Company revenue and one customer of the Beef division generated revenue of $1.3m amounting to 12.5% of Company revenue).

6. OPERATING LOSS

Operating loss has been arrived at after charging / (crediting):

	Year ended 31 March 2020 US$000	Year ended 31 March 2019 US$000
Other income: recovery of historic VAT claim	**(804)**	-
Depreciation of property, plant and equipment (see note 13)	**595**	736
Amortisation of intangible asset (see note 14)	**24**	20
Profit on disposal of property, plant and equipment	**(80)**	(810)
Net foreign exchange gain	**56**	(11)
Staff costs (see note 8)	**1,915**	1,971

7. AUDITORS REMUNERATION

Amounts payable to the auditors and their associates in respect of audit services are as follows:

	Year Ended 31 March 2020 US$000	Year Ended 31 March 2019 US$000
Fees payable to the Company's previous auditor and their associates		
For the audit of the Company's accounts	**-**	130
For the forensic audit of the Company's subsidiaries	**-**	55
For the audit of the Company's subsidiaries	**-**	79
Overruns in respect of prior years	**68**	-
	68	264
Fees payable to the Company's auditor and their associates		
For the audit of the Company's accounts	**58**	-
For the audit of the Company's subsidiaries	**37**	-
Total audit fees	**163**	264

Prior to their appointment as the Company's auditor for the year ended 31 March 2020, PKF Littlejohn LLP were engaged to perform an independent forensic audit of the Company's subsidiaries for the previous year end. The fee was $122,000.

Other than as disclosed above, the Company's auditor and their associates have not provided additional services to the Company.

8. STAFF COSTS

The average monthly number of employees (including executive Directors) employed by the Company for the year was as follows:

	Year ended 31 March 2020 Number	Year ended 31 March 2019 Number
Office and Management	**31**	**60**
Operational	**488**	**497**
	519	**557**

Their aggregate remuneration comprised:

	Year ended 31 March 2020 US$000	Year ended 31 March 2019 US$000
Wages and salaries	**1,808**	1,904
Social security costs	**60**	67
Correction of prior period social security costs	**47**	-
	1,915	1,971

9. REMUNERATION OF DIRECTORS

	Year ended 31 March 2020	Year ended 31 March 2019
CS Havers	**31**	41
NWH Clayton	**10**	2
HWB Rudland	**12**	10
GR Smith	**12**	10
A Thorburn	**11**	1
	76	64

In addition N Clayton received $55,000 (2019: $5,000) and A Thorburn received $27,000 (2019: $nil) in respect of consultancy services to the Company. All remuneration relates to short term benefits.

10. FINANCE COSTS

	Year Ended 31 March 2020 US$000	Year Ended 31 March 2019 US$000
Interest receivable on bank deposits	**14**	-
Interest expense on bank borrowings and overdrafts	**(890)**	(1,009)
Interest expense on leases	**(88)**	(7)
Net finance costs	**(964)**	(1,016)

11. TAXATION

	Year Ended 31 March 2020 US$000	Year Ended 31 March 2019 US$000 As restated
Loss before tax from continuing activities	**(2,964)**	(3,290)
Tax credit at the Mozambican corporation tax rate of 32% (2019: 32%)	**(949)**	(1,053)
Tax effect of expenses that are not deductible in determining taxable profit	**66**	107
Tax effect of (income not taxable) or losses not allowable	**264**	125
Tax effect of net losses not recognised in overseas subsidiaries (net of effect of different rates)	**619**	821
Statutory taxation payments irrespective of income	**29**	-
Tax expense	**29**	-

The tax reconciliation has been prepared using a 32% tax rate, the corporate income tax rate in Mozambique, as this is where the Company's principal assets of its continuing operations are located.

The Company has not recognised any tax credits for the year ended 31 March 2020 (2019: $nil). The Company has operations in overseas jurisdictions where it has incurred taxable losses which may be available for offset against future taxable profits amounting to approximately $ 9,049,000 (2019: $ 11,386,000). No deferred tax asset has been recognised for these tax losses and other deductible timing differences as the requirements of IAS 12, 'Income taxes', have not been met.

The Company is resident for taxation purposes in Guernsey and its income is subject to Guernsey income tax, presently at a rate of zero percent per annum (2019: zero percent per annum). No tax is payable for the year. Deferred tax has not been provided for, as brought forward tax losses are not recoverable under the Income Tax (Zero 10) (Guernsey) Law, 2007 (as amended).

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:	Year ended 31 March 2020 US$000	Year ended 31 March 2019 US$000 As restated
Loss for the year for the purposes of basic and diluted earnings per share attributable to equity holders of the Company	**(2,993)**	(3,290)
Weighted average number of Ordinary Shares for the purposes of basic and diluted earnings per share	**21,240,618**	21,240,618
Basic and diluted earnings per share - US cents	**(14.1)**	(15.5)
Basic and diluted earnings per share from continuing activities - US cents	**(14.1)**	(15.5)

The Company has issued options over ordinary shares which could potentially dilute basic loss per share in the future. There is no difference between basic loss per share and diluted loss per share as the potential ordinary shares are anti-dilutive. Details of options are set out in note 22.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$000	Plant and machinery US$000	Motor vehicles US$000	Other Assets US$000	Total US$000
Cost					
At 1 April 2018	7,659	4,362	1,856	325	14,202
Prior year adjustment	1,226	848	(801)	(297)	976
At 1 April 2018 as restated	8,886	5,210	1,055	28	15,178
Additions	53	545	598	41	1,237
Disposals	-	(100)	(212)	-	(312)
Exchange rate adjustment	(329)	(226)	(56)	(3)	(613)
At 31 March 2019 as restated	**8,610**	**5,429**	**1,385**	**66**	**15,490**
Additions	**-**	**42**	**-**	**4**	**46**
Disposals	**-**	**(17)**	**(7)**	**-**	**(24)**
Exchange rate adjustment	**(475)**	**(301)**	**(76)**	**(4)**	**(856)**
At 31 March 2020	**8,135**	**5,153**	**1,302**	**66**	**14,656**
Accumulated depreciation and impairment					
At 1 April 2018	3,327	2,521	1,823	217	7,887
Prior year adjustment	(771)	1,635	(501)	(181)	183
At 1 April 2018 as restated	2,556	4,156	1,322	36	8,070
Charge for the year	216	814	47	6	1,083
Disposals	-	(88)	(202)	-	(290)
Exchange rate adjustment	(105)	(185)	(44)	(2)	(336)
At 31 March 2019 as restated	**2,667**	**4,697**	**1,123**	**40**	**8,527**
Charge for the year	**291**	**204**	**90**	**10**	**595**
Disposals	**-**	**(17)**	**(7)**	**-**	**(24)**
Exchange rate adjustment	**(157)**	**(267)**	**(64)**	**(3)**	**(491)**
At 31 March 2020 as restated	**2,801**	**4,617**	**1,142**	**47**	**8,607**
Net book value					
31 March 2020	**5,334**	**536**	**160**	**19**	**6,049**
31 March 2019	5,943	732	262	26	6,963

During the year, a new fixed asset register was prepared. Asset values were brought in line with tax depreciation in Mozambique giving rise to an uplift in the net book value of assets. The uplift has been accounted for as a prior year adjustment and the increase in the net book value at 1 April 2018 was $673,000. There was a consequential increase in the depreciation charge for the year ending 2019 of $136,000.

For the year ended 31 March 2020, a depreciation charge of $595,000 (2019: $ 736,000) has been included in the consolidated income statement within operating expenses.

Property, plant and equipment with a carrying amount of $4,366,000 (2019: $ 4,719,000) have been pledged to secure the Company's bank overdrafts and loans (note 18). The Company is not allowed to pledge these assets as security for other borrowings or sell them to another entity.

The Company adopted IFRS 16 on 1 April 2019. At 31 March 2020 the net book value of plant and equipment and motor vehicles classified as right of use assets amounted to $328,000 (2019: $421,000) and $142,000 (2019: $nil) respectively.

At 31 March 2020 and 31 March 2019, the Company had no contractual commitments for the acquisition of property, plant and equipment.

14. INTANGIBLE ASSETS

	US$000
Cost	
At 1 April 2018	Nil
Additions	193
Exchange rate adjustment	(7)
At 31 March 2019	186
Prior year adjustment	**(69)**
At 1 April 2019 as restated	**117**
Additions	**15**
Exchange rate adjustment	**(6)**
At 31 March 2020	**126**
Accumulated amortisation	
At 1 April 2018	**Nil**
Charge for the year	**20**
Exchange rate adjustment	**-**
At 31 March 2019	**20**
Prior year adjustment	**(10)**
At 1 April 2019 as restated	**10**
Charge for the year	**24**
Exchange rate adjustment	**-**
At 31 March 2020	**34**
Net book value	
31 March 2020	**92**
31 March 2019 as restated	107

Intangible assets comprise investment in management information and financial software. As part of the review of the Group's non-current assets, software with a net book value of $59,000 that had been capitalised in the prior year was written off as an operating expense in the prior year and included in prior year adjustments.

15. BIOLOGICAL ASSETS

	US$000
Fair value	
At 31 March 2018	1,137
Purchase of biological assets	1,608
Sale, slaughter or other disposal of biological assets	(2,362)
Change in fair value of the herd	478
Foreign exchange adjustment	(31)
At 31 March 2019	**830**
Purchase of biological assets	**2,395**
Sale, slaughter or other disposal of biological assets	**(2,029)**
Change in fair value of the herd	**(489)**
Foreign exchange adjustment	**(42)**
At 31 March 2020	**665**

At 31 March 2020 and 2019, all cattle are held for slaughter. The slaughter herd has been classified as a current asset. Forage crops included in current assets are US$ 5,978 (2019: US$ 5,000).

At 31 March 2020 the slaughter herd comprised 2,100 head (2019: 2,468), with an average weight of 250kgs (2019: 270 kgs) and average value of US$ 314 (2019: US$ 335).

For valuation purposes, cattle that are not in the feedlot are grouped into classes of animal (e.g. bulls, cows, steers etc.) and a standard animal weight per breed and class was then multiplied by the number of animals in each class to determine the estimated total live weight of all animals in the herd. This methodology is supported by the induction weights recorded when the cattle are subsequently moved to the feedlot. For animals in the feedlot, their weight has been estimated based on their individual weigh in data at the closest weigh in date to the year end. Cattle are generally kept for periods less than 3 months before slaughter.

The Company's slaughter herd have been pledged in full to secure the Beef division's bank overdraft and loans (see note 18).

16. INVENTORIES

	31 March 2020 US$000	31 March 2019 US$000
Consumables and spares	**157**	297
Raw materials	**189**	48
Finished goods	**479**	330
	825	675

During the year inventories amounting to US$9,174,000 (2019: US$7,690,000) were included in cost of sales.

Inventories with a carrying amount of $442,000 (2019: $331,000) have been pledged to secure the Grain division's bank overdraft and inventories with a carrying value of $179,000 (2019: $168,000) having been pledged to secure the Beef division's bank overdraft and loans (see note 18).

17. TRADE AND OTHER RECEIVABLES

	31 March 2020 US$000	31 March 2019 US$000
Trade receivables	**522**	542
Other receivables	**712**	138
Prepayments	**15**	18
	1,249	698

Trade receivables

	31 March 2020 US$000	31 March 2019 US$000
Trade receivables - gross	**872**	865
Loss allowance	**(350)**	(323)
	522	542

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due.

At 31 March 2020	Current	More than 30 days	More than 60 Days	More than 90 days	Total
	US$000	**US$000**	**US$000**	**US$000**	**US$000**
Expected loss rate	0%	0%	0%	91%	40%
Gross trade receivables	209	184	93	386	872
Loss allowance	-	-	-	350	350

At 31 March 2019	Current	More than 30 days	More than 60 Days	More than 90 days	Total
	US$000	US$000	US$000	US$000	US$000
Expected loss rate	0%	0%	0%	97%	37%
Gross trade receivables	384	124	25	332	865
Loss allowance	-	-	-	323	323

The closing loss allowances for trade receivables as at 31 March 2020 reconcile to the opening loss allowances as follows:

	31 March 2020 US$000	31 March 2019 US$000
Loss allowances at 1 April previously calculated under IAS 39	**323**	39
Increase in loan loss allowance recognised in profit or loss during the year	**32**	297
Receivables written off during the year as uncollectible	**-**	-
Exchange rate adjustment	**(5)**	(13)
Loss allowances at 31 March	**350**	323

Trade receivables are provided for when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. This is used as the basis of the ECL provision disclosed above. The Company determines the percentage based on historic trends. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Trade receivables with a carrying amount of $98,000 (2019: $134,000) have been pledged to secure the Grain division's bank overdraft and trade receivables with a carrying value of $229,000 (2019: $324,000) have been pledged to secure the Beef division's bank overdraft and loans (see note 18).

Further details on the Company's financial assets are provided in note 20.

18. BORROWINGS

	31 March 2020 US$000	31 March 2019 US$000
Non-current liabilities		
Bank loans	**1,661**	2,510
Leases	**383**	340
	2,044	2,850
Current liabilities		
Bank loans	**711**	753
Leases	**87**	48
Overdraft	**2,541**	907
	3,339	1,708
	5,383	4,558

Bank Borrowings

Beef division

The Beef division has an overdraft facility of 30 million Metical ($ 0.44m). The amount drawn down at 31 March 2020 was $ 0.41m (2019: $ 0.32m). The facility carries an interest rate at the Bank's prime lending rate (15.2%) at 31 March 2020 (2019: 19.5%). The facility was repaid in October 2020 and is no longer available.

The facilities are secured as follows:	**31 March 2020 US$000**	31 March 2019 US$000
Fixed Charge		
Property, plant and equipment	**2,676**	2,913
Floating Charge		
Cattle	**659**	825
Meat Inventories	**179**	168
Trade receivables	**229**	324
	3,743	4,230

Grain division

In May 2018 the division's overdraft facility was restructured into a 240 million Metical ($ 3.77m) 5 year term loan with an interest rate of the Bank's prime lending rate +0.25% and a 12 month 60 million Metical ($ 0.94m) overdraft facility at the Bank's prime lending rate less 1.75%. At 31 March

2020, the principal outstanding on the term loan was 160 million Metical ($ 2.37m) and the amount drawn on the overdraft facility was 53.8 million Metical ($ 0.80m). On 30 September 2020, the overdraft facility was restructured into a 60 million Metical ($0.9m) 33 month term loan at the Bank's prime lending rate less 1.75%

The facilities are secured as follows:

	31 March 2020	31 March 2019
	US$000	US$000
Fixed Charge		
Property, plant and equipment	**1,690**	1,806
Floating Charge		
Maize and maize product inventories	**442**	331
Trade receivables	**98**	134
	2,230	2,271

As further security to the bank loans and overdrafts, Agriterra Limited has issued a Corporate guarantee in favour of the bank. Under the terms of the guarantee, it may only be called upon once the bank has exhausted all possible means of recovering the debt in Mozambique.

Reconciliation to cash flow statement

	At 31 March 2019	**Cash flow**	**Foreign Exchange**	**At 31 March 2020**
	US$000	**US$000**	**US$000**	**US$000**
Non-current bank loan	**2,510**	**(732)**	**(117)**	**1,661**
Non-current leases	**340**	**64**	**(21)**	**383**
Current bank loan	**753**	**-**	**(42)**	**711**
Current leases	**48**	**44**	**(5)**	**87**
Overdrafts	**907**	**1,732**	**(98)**	**2,541**
	4,558	**1,108**	**(283)**	**5,383**

	At 31 March 2018	Cash flow	Foreign Exchange	At 31 March 2019
	US$000	US$000	US$000	US$000
Non-current bank loan	-	2,631	(121)	2,510
Non current leases	-	356	(16)	340
Current bank loan	50	736	(33)	753
Current leases	-	50	(2)	48
Overdrafts	4,185	(3,258)	(20)	907
	4,235	515	(192)	4,558

Leases

The Company applied IFRS 16 on 1 April 2019 and used the cumulative catch up approach on transition. Accordingly, the comparatives have not been restated.

Amounts recognised in profit and loss	**31 March 2020**	31 March 2019
	$'000	$'000
Depreciation expense on right-of-use assets	132	12
Interest expense on lease liabilities	88	6
Expense relating to short-term leases and low value assets	50	50
	270	68

At 31 March 2020, the Group is committed to $13,000 (2019 $50,000) for short-term leases. The total cash outflow for leases (principal and interest) amounts to $174,000 (2019: $55,000).

Maturity Analysis	**31 March 2019 $'000**	31 March 2019 $'000
Year 1	-	-
Year 2	-	-
Year 3	-	-
Year 4	470	-
Year 5	-	388
	470	388
Analysed as:		
Current	87	48
Non-current	383	340
	470	388

The Group does not face a significant liquidity risk with regard to its lease liabilities.

19. TRADE AND OTHER PAYABLES

	31 March 2020 US$000	31 March 2019 US$000
Trade payables	**1,386**	622
Other payables	**1,775**	294
Accrued liabilities	**154**	270
	3,315	1,186

'Trade payables', 'Other payables' and 'Accrued liabilities' principally comprise amounts outstanding for trade purchases and ongoing costs. No interest is charged on any balances.

The Directors consider that the carrying amount of financial liabilities approximates their fair value.

20. FINANCIAL INSTRUMENTS

20.1. Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to shareholders. The capital structure of the Company comprises its net debt (the borrowings disclosed in note 18 after deducting cash and bank balances) and equity of the Company as shown in the statement of financial position. The Company is not subject to any externally imposed capital requirements.

The Board reviews the capital structure on a regular basis and seeks to match new capital requirements of subsidiary companies to new sources of external debt funding denominated in the currency of operations of the relevant subsidiary. Where such additional funding is not available, the Company funds the subsidiary company by way of loans from the Company. The Company places funds which are not required in the short term on deposit at the best interest rates it is able to secure from its bankers.

Current interest rates on borrowings in Mozambique are very high, with the prime lending rate at 18.0% at 31 March 2020 (2019: 19.5%). In light of this, the Company has been rationalising its operations, with particular focus on disposing of surplus assets to reduce external debt levels. The Company has restructured its loan facilities in Mozambique to finance its Grain operations (note 18).

20.2. Categories of financial instruments

The following are the Company financial instruments as at the year-end held at amortised cost:

	31 March 2020 US$000	31 March 2019 US$000
Financial assets		
Cash and bank balances	**1,034**	2,197
Other loans and receivables	**827**	681
	1,861	2,878
Financial liabilities		
Trade and other payables	**3,315**	1,186
Borrowings – current	**3,339**	1,708
Borrowings – non-current	**2,044**	2,850
	8,698	5,744
	(6,837)	(2,866)

20.3. Financial risk management objectives

The Company manages the risks arising from its operations, and financial instruments at Executive operating and Board level. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework and to ensure that the Company has adequate policies, procedures and controls to manage successfully the financial risks that the Company faces.

While the Company does not have a written policy relating to risk management of the risks arising from any financial instruments held, the close involvement of the senior executives in the day to day operations of the Company ensures that risks are monitored and controlled in an appropriate manner for the size and complexity of the Company. Financial instruments are not traded, nor are speculative positions taken. The Company has not entered into any derivative or other hedging instruments.

The Company's key financial market risks arise from changes in foreign exchange rates ('currency risk') and changes in interest rates ('interest risk'). The Company is also exposed to credit risk and liquidity risk. The principal risks that the Company faces as at 31 March 2020 with an impact on financial instruments are summarised below.

20.4. Market Risk

The Company is exposed to currency risk and interest risk. These are discussed further below.

20.5. Currency risk

Certain of the Company companies have functional currencies other than US$ and the Company is therefore subject to fluctuations in exchange rates in translation of their results and financial position into US$ for the purposes of presenting consolidated accounts. The Company does not hedge against this translation risk. The Company's financial assets and liabilities by functional currency of the relevant company are as follows:

	Assets		**Liabilities**	
	31 March 2020 US$000	31 March 2019 US$000	**31 March 2020 US$000**	31 March 2019 US$000
United States Dollar ('US$')	**321**	1,972	**-**	141
Great British Pound ('GBP')	**10**	-	**149**	-
Mozambique Metical ('MZN')	**1,530**	906	**8,538**	5,603
	1,861	2,878	**8,687**	5,744

The Company transacts with suppliers and/or customers in currencies other than the functional currency of the relevant Company (foreign currencies). The Company does not hedge against this transactional risk. As at 31 March 2020 and 31 March 2019, the Company's outstanding foreign currency denominated monetary items were principally exposed to changes in the US$ / GBP and US$ / MZN exchange rate.

The following tables detail the Company's exposure to a 5, 10 and 15 per cent depreciation in the US$ against GBP and separately to a 10, 20 and 30 per cent depreciation of the US$ against the Metical. For a strengthening of the US$ against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances would be of opposite sign. The sensitivity analysis includes only outstanding foreign currency denominated items and excludes the translation of foreign subsidiaries and operations into the Company's presentation currency. The sensitivity also includes intra-Company loans where the loan is in a currency other than the functional currency of the lender or borrower. A negative number indicates a decrease in profit and other equity.

	31 March 2020 US$000	31 March 2019 US$000
GBP Impact		
Profit or loss		
5% Increase in US$	**(7)**	(7)
10% Increase in US$	**(14)**	(14)
15% Increase in US$	**(21)**	(21)
Other equity		
5% Increase in US$	**(7)**	(7)
10% Increase in US$	**(14)**	(14)
15% Increase in US$	**(21)**	(21)
MZN Impact		
Profit or loss		
10% Increase in US$	**-**	-
20% Increase in US$	**-**	-
30% Increase in US$	**-**	-
Other equity(1)		
10% Increase in US$	**(2,242)**	(6,407)
20% Increase in US$	**(4,484)**	(12,815)
30% Increase in US$	**(6,726)**	(19,222)

(1) This is mainly due to the exposure arising on the translation of US$ denominated intra-Company loans provided to Metical functional currency entities which are included as part of the Company's net investment in the related entities.

20.6. Interest rate risk

The Company is exposed to interest rate risk because entities in the Company hold cash balances and borrow funds at floating interest rates. As at 31 March 2020 and 31 March 2019, the Company has no interest-bearing fixed rate instruments.

The Company maintains cash deposits at variable rates of interest for a variety of short-term periods, depending on cash requirements. The Grain and Beef operations in Mozambique are also financed through bank facilities. The rates obtained on cash deposits are reviewed regularly and the best rate obtained in the context of the Company's needs. The weighted average interest rate on deposits was nil % (2019: nil). The weighted average interest on drawings under the overdraft facilities and bank loans was 18.68% (2019: 20.14%). The Company does not hedge interest rate risk.

The following table details the Company's exposure to interest rate changes, all of which affect profit and loss only with a corresponding effect on accumulated losses. The sensitivity has been prepared assuming the liability outstanding at the balance sheet date was outstanding for the whole year. In all cases presented, a negative number in profit and loss represents an increase in finance expense/decrease in interest income. The sensitivity as at 31 March 2020 and 31 March 2019 is presented assuming interest rates on cash balances remain constant, with increases of between 20bp and 1000bp on outstanding overdraft and bank loans. This sensitivity to interest rate rises is deemed appropriate because the Company interest bearing liabilities are Metical based. Although the macroeconomic scenario in Mozambique is now improving and interest rates are falling, they remain high with prime rates of 18% at 31 March 2020 (2019: 19.5%). Any further depreciation in the Metical could see this trend reverse.

	31 March 2020(1) US$000	31 March 2019(1) US$000
+ 20 bp increase in interest rates	**(9)**	(5)
+ 50 bp increase in interest rates	**(22)**	(12)
+100 bp increase in interest rates	**(43)**	(24)
+200 bp increase in interest rates	**(87)**	(47)
+500 bp increase in interest rates	**(217)**	(118)
+800 bp increase in interest rates	**(348)**	(189)
+1000 bp increase in interest rates	**(435)**	(236)

(1) The table above is prepared on the basis of an increase in rates. A decrease in rates would have the opposite effect.

20.7. Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as outstanding receivables. The Company's principal deposits are held with various banks with a high credit rating to diversify from a concentration of credit risk. Receivables are regularly monitored and assessed for recoverability. The impact of COVID-19 on the credit risk of the Company has been considered in the Going Concern disclosures in note 3.

The maximum exposure to credit risk is the carrying value of the Company financial assets disclosed in note 20.2. Details of provisions against financial assets are provided in note 17.

20.8. Liquidity risk

The Company policy throughout the year has been to ensure that it has adequate liquidity by careful management of its working capital. The operating executives continually monitor the Company's actual and forecast cash flows and cash positions. They pay particular attention to ongoing expenditure, both for operating requirements and development activities, and matching of the maturity profile of the Company's overdrafts to the processing and sale of the Company's maize and beef products. The impact of COVID-19 on the liquidity risk of the Company has been considered in the Going Concern disclosures in note 3.

At 31 March 2020 the Company held cash deposits of $1,034,000 (2019: $2,197,000). At 31 March 2020 the Company had overdraft and bank loans facilities of approximately $6,805,041 (2019: $5,063,000) of which $5,383,107 (2019: $ 4,558,000) were drawn. As at the date of this report the Company has adequate liquidity to meet its obligations as they fall due.

The following table details the Company's remaining contractual maturity of its financial liabilities. The table is drawn up utilising undiscounted cash flows and based on the earliest date on which the Company could be required to settle its obligations and assuming business conditions at 31 March 2020. The table includes both interest and principal cash flows.

	31 March 2020 US$000	31 March 2019 US$000
1 month	**2,650**	2,159
2 to 3 months	**218**	134
4 to 12 months	**982**	601
1 to 2 years	**2,619**	1,634
3 to 5 years	**437**	1,216
	6,906	5,744

21. SHARE CAPITAL

	Authorised Number	**Allotted and fully paid Number**	**US$000**
At 31 March 2018 and 31 March 2019 and 31 March 2020	**23,450,000**	**21,240,618**	**3,135**
At 31 March 2018 and 31 March 2019 and 31 March 2020			
Deferred shares of 0.1p each	**155,000,000**	**155,000,000**	**238**
Total share capital	**178,450,000**	**176,240,618**	**3,373**

The Company has one class of ordinary share which carries no right to fixed income.

The deferred shares carry no right to any dividend; no right to receive notice, attend, speak or vote at any general meeting of the Company; and on a return of capital on liquidation or otherwise, the holders of the deferred shares are entitled to receive the nominal amount paid up after the repayment of £1,000,000 per ordinary share. The deferred shares may be converted into ordinary shares by resolution of the Board.

22. SHARE BASED PAYMENTS

22.1. Charge in the year

The Company recorded a charge within Operating expenses for share based payments of $ nil (2019: $ nil) in respect of options issued in previous years vesting during the year. No options were issued during the year (2019: $nil).

22.2. Outstanding options and warrants

The Group, through the Company, has two unapproved share option schemes which were established to provide equity incentives to the Directors of, employees of and consultants to the Company. The schemes' rules provide that the Board shall determine the exercise price for each grant which shall be at least the average mid-market closing price for the three days immediately prior to the grant of the options. The minimum vesting year is generally one year. If options remain unexercised after a year of 4 or 5 years from the date of grant, or vesting, the options expire. Options are forfeited if the employee leaves the Company before the options vest.

In addition to share options issued under the unapproved share option schemes, on 1 June 2015, the Company created a warrant instrument (the 'Instrument') to provide suitable incentives to the Company's employees, consultants and agents, and in particular those based, or those spending considerable time, on site at the Company's operations. Up to 1,000,000 warrants (the 'Warrants') to subscribe for new Ordinary Shares in the Company (the 'Warrant Shares') may be issued pursuant to the Instrument. The exercise price of each Warrant is £0.65 (the share price of the Company being approximately 0.6p when the Instrument was created) and the subscription year during which time the Warrants may be exercised and Warrants Shares issued is the 5-year year from 1 June 2016 to 1 June 2021. Subject to various acceleration provisions, a holder of Warrants is not entitled to sell more than 1,000 Warrant Shares in any day nor more than 10,000 Warrant Shares (in aggregate) in any calendar month, without Board consent. 50,000 Warrants are in issue.

The following table provides a reconciliation of share options and warrants outstanding during the year. The number of shares or warrants and their respective exercise prices have been adjusted to reflect the share consolidation (see note 21):

	Year ended 31 March 2020 Number	**Weighted average exercise price (p)**	Year ended 31 March 2019 Number	Weighted average exercise price (p)
At beginning of year	**151,160**	**263**	335,850	160
Granted in the year	**-**	**-**	-	-
Terminated in the year	**-**	**-**	-	-
Lapsed in the year	**(58,080)**	**455**	(184,690)	83
At end of year	**93,080**	**142**	151,160	263
Exercisable at year end	**93,080**	**142**	151,160	263

A transfer of $84,681 was made from the share-based payments reserve to the accumulated losses reserve in respect of the options that lapsed during the year.

At 31 March 2020, the following options and warrants over ordinary shares of 10p each have been granted and remain unexercised:

Date of grant	**Total options**	**Exercisable Options**	**Exercise price P**	**Expiry date**
29 July 2012	**18,080**	**18,080**	350p	29 July 2023
15 March 2014	**25,000**	**25,000**	150p	15 March 2024
1 June 2015	**50,000**	**50,000**	65p	1 June 2021
	93,080	**93,080**		

23. RELATED PARTY DISCLOSURES

Magister Investments Limited ("Magister"), holds 50.01% of the ordinary share capital of the Company and is the ultimate controlling party.

The remuneration of the Directors, who are the key management personnel of the Company, is set out in note 9.

24. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The impact of COVID-19 is a non-adjusting event after the reporting period. The impact of COVID-19 on the estimates and judgments of the financial statements has been considered by the Company and although there are inherent risks and uncertainties as disclosed on page 3 in the Chair's statement, as at the date of signing, COVID-19 has not had a material impact on the financial statements. Further details in relation to Going Concern are disclosed in note 3.

On 26 May 2020, the Company announced that the Grain division has entered into a new one-year revolving overdraft facility of 306m Metical with an interest rate of 85% of the Prime lending rate. This facility has been secured by a guarantee from Magister Investments Limited, the Company's majority shareholder.

COMPANY INFORMATION AND ADVISERS

Country of incorporation	Guernsey, Channel Islands
Registered address	Connaught House St Julian's Avenue St Peter Port Guernsey GY1 1GZ
Directors	Caroline Havers (Executive Chair) Neil Clayton (Non-executive) Hamish Rudland (Non-executive) Gary Smith (Non-executive) Sergio Zandamela (Non-executive)
Auditor	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
Solicitors	Carey Olsen 8-10 Throgmorton Avenue London EC2N 2DL
Nominated adviser and broker	Strand Hanson 26 Mount Row London W1K 3SQ
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD