

Royal FloraHolland in figures

2021 Financial Statements



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Consolidated balance sheet at 31 December 2021

(After proposed appropriation of profit or loss (amounts x €1,000))

Assets

	Note	2021	2020
Fixed assets			
Intangible fixed assets	(1)	52,509	47,944
Tangible fixed assets	(2)		
Land		105,765	109,171
Buildings		284,150	296,833
Equipment, packaging and logistic resources		64,117	68,959
Other fixed operating assets		43,262	37,557
Not used for business operations		84,307	92,852
		581,601	605,372
Financial fixed assets	(3)		
Participating interests		10,949	11,314
Other receivables		4,474	6,338
Deferred taxes		3,987	–
		19,410	17,652
Current assets			
Inventories		791	596
Receivables			
Trade receivables	(4)	41,514	32,561
Receivables from members/non-members		–	2,338
Receivables from group companies		–	–
Receivables from participating interests		2,722	5,791
Deferred tax assets		–	190
Other receivables, prepaid expenses and accrued income	(5)	16,358	8,132
		60,594	49,012
Cash and cash equivalents	(13)	54,349	8,027
Total		769,254	728,603

Liabilities

	Note	2021	2020
Group equity			
Equity	(6)	214,262	214,571
Minority interests	(7)	2,689	2,524
		216,951	217,095
Provisions	(8)		
Provision for deferred tax		–	1,039
Other provisions		5,775	6,229
		5,775	7,268
Non-current liabilities			
'B' depositary receipts*	(9)	227,334	233,002
'C' depositary receipts*	(10)	247	475
'D' depositary receipts*	(11)	3,193	5,898
Long-term bank loans	(12)	9,679	3,759
Financial lease obligations	(12)	5,739	–
Other liabilities	(12)	5,862	–
		252,055	243,134
Current liabilities			
Credit institutions	(13)	4,330	14,790
Debts to members/non-members	(14)	66,988	47,642
Repayment obligations to members/non-members	(14)	8,900	8,842
Repayment obligations on non-current liabilities		3,324	–
Accounts payable		26,869	25,879
Refundable deposits	(15)	100,125	96,162
Other liabilities, accrued expenses and deferred income	(16)	83,937	67,791
		294,473	261,106
Total		769,254	728,603

* Subordinated loans: the effective net worth is the sum of these loans plus the group equity. At year-end 2021, the effective net worth was €445.1 million (2020: €453.9 million).

Consolidated profit and loss account for 2021

(amounts x €1,000)

	Note	2021	2020
Operating income			
Commission payments		98,273	82,134
Contributions		9,661	9,106
Lot and auction trolley fees		58,674	56,017
Transaction and service fees		34,933	32,453
Packaging		52,842	48,311
Trolley and CC container rental		31,983	26,980
Property rental		52,391	52,123
Miscellaneous revenue	(20)	53,135	34,198
		391,892	341,322
Operating expenses			
Wages and salaries	(21)	149,668	129,611
Social security costs		16,512	16,006
Pension costs		13,948	13,180
Amortisation, depreciation and impairments	(22)	88,788	78,099
Other operating expenses	(23)	112,378	109,416
		381,294	346,312
Operating profit/loss		10,598	-4,990

	Note	2021	2020
Operating profit/loss		10,598	-4,990
Financial income and expenses			
Interest expenses and similar charges		-2,168	-2,440
Interest income and similar income		624	599
		-1,544	-1,841
Profit/loss before tax		9,054	-6,831
Profit/loss from participating interests	(3)	2,088	1,184
Corporation tax	(24)	-4,266	134
Minority interests	(7)	-331	-262
Profit/loss after tax		6,545	-5,775

Consolidated statement of cash flows in 2021

(amounts x €1,000)

	Note	2021	2020
Operating activities			
Operating profit/loss		10,598	-4,990
Amortisation, depreciation and impairments		91,334	78,099
Proceeds from disposal of fixed assets		-11,275	-2,988
Movement in provisions		-1,191	212
		89,466	70,333
Change in working capital			
Decrease/increase in inventories		-195	53
Decrease/increase in trade receivables		-8,953	15,864
Decrease/increase in receivables from participating interests		3,069	-2,080
Decrease/increase in other receivables		-5,698	9,227
Decrease/increase in debts to members / non-members		16,066	-34,887
Decrease/increase in accounts payable		-957	-6,850
Decrease/increase in refundable deposits		3,963	-807
Decrease/increase in other liabilities		16,248	13,930
		23,543	-5,551
Interest received		624	599
Dividend received		2,286	1,930
Interest paid		-2,271	-4,112
Corporation tax paid/received		-4,568	-1,045
		-3,928	-2,627
Cash flow from operating activities			
		109,081	62,155

	Note	2021	2020
Investing activities			
Investments in tangible fixed assets		-48,966	-41,841
Disposals of tangible fixed assets		21,668	4,799
Investments in intangible fixed assets		-32,170	-13,177
Disposals of intangible fixed assets		-	-
Repayment of long-term receivables	(3)	2,461	1,754
Grants of long-term receivables	(3)	-4,777	-100
Acquisition of group companies	(1)	1,758	-7,300
Sale of group companies	(1)	-	-
Investment in financial fixed assets	(3)	-	-
Disposal of financial fixed assets		-	-
Cash flow from investing activities		-60,025	-55,866
Financing activities			
Movement in bank overdrafts	(13)	-10,459	-7,171
Repayment of long-term loans	(12)	3,540	-280
Financial lease obligations		5,739	-
Other liabilities		5,862	-
Change in repayment obligations on non-current liabilities		3,324	-
Dividend paid to holders of minority interests	(7)	-282	-236
Capital contributions		29,392	24,435
Payouts on 'A' and 'E' depositary receipts		-4,149	-3,422
Payouts on 'B', 'C' and 'D' depositary receipts		-36,001	-23,281
Receipts from non-current liabilities and bank loans	(12)	280	-
Cash flow from financing activities		-2,755	-9,955
Currency translation differences		21	-
Net cash flow		46,322	-3,666
Cash and cash equivalents at 1 January		8,027	11,693
Cash and cash equivalents at 31 December		54,349	8,027
Movement in cash and cash equivalents		46,322	-3,666

Consolidated statement of comprehensive income for 2021

(amounts x €1,000)

	Note	2021	2020
Consolidated net income after tax		6,545	-5,775
Direct movements in equity			
Translation differences for foreign participating interests		21	-134
Total comprehensive income		6,566	-5,909

Notes to the consolidated accounts for 2021

General notes

Objectives

Coöperatie Royal FloraHolland UA, further referred to in this report as Royal FloraHolland, is a cooperative with excluded liability for its members. The cooperative aims to maximise sales revenues for its members at the lowest possible cost of sales, by organising a system of marketplaces and related services and facilities. Members of the cooperative comprise natural persons and legal entities who operate one or more companies that grow ornamental plants or flowers. The registered office of Royal FloraHolland is in Aalsmeer. Its full address is Legmeerdijk 313, 1430 BA Aalsmeer, the Netherlands, and the cooperative is registered with the Chamber of Commerce under number 34284016.

Liability of members of the cooperative

Members of Royal FloraHolland enjoy exclusion of liability under the Articles of Association. This means that the members of the cooperative cannot be held liable for unrecoverable losses other than through the cooperative financing in the form of depositary receipts. The 'A' depositary receipts arising from profits and registered to individual members form part of the equity of the cooperative. In addition, each member of the cooperative participates in 'B' depositary receipts by contributing a percentage of their product revenue sold and settled via the cooperative, with the applicable percentage proposed by the Management Board and determined by the Council of Members. Depositary receipts are subordinated to claims from creditors and other providers of loan capital. 'B' depositary receipts can be paid out on proposal by the Management Board and after approval by the Council of Members after expiry of the full term of the related annual instalments, provided that the risk-bearing capital is at least 45%. The financial statements have been prepared subsequent to the proposal for profit appropriation. 50% of the profit/loss of the current financial year has therefore been added to the general reserve and 50% has been included under debts to members/non-members.

Applied accounting standards

The financial statements have been prepared in compliance with Part 9 of Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting. In the interest of clarity regarding the particular nature of the business operation, the profit and loss accounts are presented in greater detail than strictly required under the Annual Accounts Models Decree. The model used in this report is more comprehensive than the prescribed model. Unless stated otherwise, amounts presented in these notes are expressed in thousands of euros.

Consolidation principles

The 2021 consolidated financial statements include Royal FloraHolland and its group companies, with which it forms an organisational and economic unit (collectively referred to as ‘the group’). Group companies are companies in which Royal FloraHolland has a direct or indirect controlling interest in their governance and financial policies. A controlling interest in a company is assumed if Royal FloraHolland either owns more than 50% of the share capital, or holds special rights, e.g. potential voting rights that can be exercised directly, such that this company must be considered to be a group company.

Group companies are fully consolidated in the financial statements. The interests of third parties in equity and profit (or loss) are stated separately. Intercompany transactions, receivables and liabilities are eliminated. Consolidation and deconsolidation are applied from the date at which control is respectively obtained or relinquished. Group companies are included in the consolidated financial statements according to Royal FloraHolland’s accounting policies for valuation and determination of income.

In addition, on 27 October 2021 Floriway BV (formerly Logistiek2 BV) acquired Gebroeders De Winter Holding BV, Hoza BV and Van Marrewijk Holding BV through the acquisition of 100% of the voting shares in those three parties, thus also becoming an indirect shareholder of their subsidiaries. The acquired companies are leading transport firms in the floriculture industry. A list of participating interests is provided on page 103. In 2021, the holdings in Metz Vastgoed BV and Metz Vastgoed II BV were sold.

Immediately after Floriway BV acquired the shares in the aforementioned companies, RFH Logistics Holding BV sold 15% of the share capital of Floriway to WVV BV. As of 27 October 2021, RFH Logistics Holding BV has therefore had an 85% majority shareholding in Floriway BV, meaning that Royal FloraHolland has dominant control. Consequently, Gebroeders De Winter Holding BV, Hoza BV and Van Marrewijk Holding BV and their subsidiaries have been fully consolidated in the Royal FloraHolland group. A right and obligation was also agreed to repurchase the remaining 15% interest in Floriway BV, which has been fully disclosed as a liability in the financial statements.

The purchase accounting method was applied for the initial valuation and recognition of the acquired interest in Gebroeders De Winter Holding BV, Hoza BV and Van Marrewijk Holding BV. This means that the acquired assets and liabilities are recognised at fair value as at the acquisition date. The difference between the acquisition cost and the company’s share in the fair value of the identifiable assets and liabilities acquired at the time of the transaction of a participating interest is recognised as goodwill. Initial recognition of the acquisition is provisional. This means that the recognition of the acquisition is not definitive and that the goodwill may be revised either upwards or downwards.

Accounting policies for the valuation of assets and liabilities, income determination and cash flows

General information

The accounting policies for asset and liability valuation and income determination are based on historical costs. The assets and liabilities are recognised at amortised cost, unless stated otherwise. An asset is recognised in the balance sheet if it is probable that future economic benefits will accrue to the company and its value can be reliably determined. A liability is recognised in the balance sheet if it is probable that settlement will be accompanied by an outflow of cash at a value that can be reliably determined.

The accounting policies applied for valuation and income determination have remained unchanged with respect to the previous year. The figures from the previous financial year have been adjusted where necessary for clarity. This applies in particular to receivables from and debts payable to members/non-members.

Currency conversion

Royal FloraHolland uses the euro as its functional currency. Upon initial recognition, transactions in foreign currencies are converted into the functional currency at the exchange rate as applicable on the transaction date. Monetary balance-sheet items in foreign currencies are converted to the functional currency at the exchange rate on the balance-sheet date. Non-monetary balance-sheet items in foreign currencies that are valued at historical cost are converted to the functional currency at the exchange rate on the transaction date.

Exchange differences that arise during the settlement or conversion of monetary items in foreign currency are booked into the profit and loss account, with the exception of exchange differences arising from the net investment in a foreign business operation or loans obtained to finance or effectively hedge the net investment in a foreign business operation. These exchange differences are recognised directly in the translation differences reserve.

The translation differences reserve forms part of the 'Statutory reserves' item. On the balance-sheet date the assets and liabilities of the foreign business operation are converted into the presentation currency (the euro) at the exchange rate applicable on that date,

and the income and expenses in the profit and loss account are converted at the exchange rate applicable on the transaction date for that year. The resulting exchange differences are recognised directly in the statutory translation differences reserve. In the event of disposal of a foreign business operation, the relevant cumulative amount of the translation differences, which forms part of group equity, is recognised in the profit and loss account as part of the income from the sale.

Judgements and estimates

In the application of the accounting policies and rules for the preparation of the financial statements, the group management must make various judgements and estimates.

Intangible fixed assets

An intangible fixed asset is recognised in the balance sheet if:

- it is likely that the future economic benefits embodied in the asset will accrue to the group; and
- the costs of the asset can be reliably determined. Intangible fixed assets are carried at the acquisition cost net of amortisation and any impairment losses. The annual straight-line amortisation is based on the expected economic life:
 - Software: amortisation over 3 - 7 years;
 - Goodwill: amortisation over 10 years.

Impairments can occur when changes or circumstances suggest the carrying value of an asset is unlikely to be recovered (or not in full).

The costs of software development are capitalised provided they meet the specified conditions for technical, commercial and financial feasibility. A statutory reserve is maintained that equates to the balance-sheet value. For the purpose of determining potential impairments, the goodwill arising from an acquisition is allocated on the acquisition date to the cash-generating unit that stands to benefit from the acquired activities, when considered in combination with software development by Royal FloraHolland.

During successive development phases, estimates are used for the capitalisation of development hours for several components. In previous years, a stricter policy was followed with respect to the accounting for hours worked, whereby time spent on in-house software development was capitalised subject to a 15% discount. This was no longer the case in 2021. The quantitative impact for 2021 concerns an increase in intangible fixed assets and a reduction in costs of € 1 million.

Property, plant and equipment

Tangible fixed assets are carried at the historical cost or production cost net of depreciation and any applicable impairment losses.

The annual straight-line depreciation is based on the estimated economic life:

- Land and assets not used in business operations are not depreciated;
- Buildings and site facilities: depreciation over 10 - 33 1/3 years.
- Equipment, packaging, logistic resources and other fixed operating assets: depreciation over 2 - 15 years.

The costs of major maintenance are included in the asset cost when incurred and if the criteria for capitalisation are met. These costs are written off over the estimated interval between such maintenance activities, in accordance with the component method of depreciation. All other maintenance costs are recognised directly in the profit and loss account. Impairments can arise when changes or circumstances indicate that the carrying value of an asset is unlikely to be recovered in the future (or not in full). (See also the explanation below concerning impairments of fixed assets.) Unused land intended for sale to third parties is not considered to be economically exchangeable and is valued at the historical cost of acquisition per location, net of cumulative impairment losses.

The land intended either for sale to trading partners or for company use in Aalsmeer, Naaldwijk and Rijnsburg is considered to be economically exchangeable.

Property investments refer to property which is held to generate rental income and not intended for operational use. Properties under construction or development for future use as investments are recognised separately within property investments. Property investments are initially recognised at acquisition cost, including transaction expenses. Following initial recognition, the property investments are carried at historical cost (net of cumulative depreciation and impairment losses). A property investment ceases to be capitalised in the event of disposal. In the case of permanent disuse, an impairment loss is recognised if no future economic benefits can be expected. The gain or loss arising from the disposal is determined as the difference between the net income and carrying value of the asset, and is recognised in the profit and loss account. In the event of the sale of a tangible fixed asset, the realised portion of the revaluation reserve is included in the other reserves.

Impairments of fixed assets

An important component of Royal FloraHolland's strategy is to provide attractive market-places that efficiently facilitate traders and secure their loyalty. This strategy calls for significant investments in assets, especially in land, buildings and software, and is an important part of the Royal FloraHolland long-term vision. However, given the market conditions and developments in the financial, digital and property sectors, medium-term and long-term fluctuations in the valuation of fixed assets cannot be ruled out. These fluctuations

can therefore lead to impairments, despite the long-term vision. Royal FloraHolland periodically reviews its policies on depreciation, amortisation, valuation principles and investments, in particular in relation to investments in land, buildings and software. At each balance-sheet date, Royal FloraHolland evaluates potential indications that an asset or cash-generating unit may be subject to an impairment. If such indications exist, the carrying value of the asset is assessed against its recoverable value, which is the higher of the net realisable value and the value in use. An impairment loss is recognised directly as an expense in the profit and loss account, with a simultaneous reduction in the carrying value of the asset concerned.

Financial fixed assets

On each balance-sheet date the group assesses whether a financial asset or group of financial assets has incurred an impairment. For all categories of financial assets valued at the amortised cost of acquisition, if an impairment is objectively indicated, the corresponding impairment loss is determined and recognised in the profit and loss account. For those financial assets valued at the amortised cost of acquisition, the size of the impairment loss is determined as the difference between the carrying value of the asset and the best possible estimate of the future cash flows, discounted at the effective rate of interest that was determined for that financial asset at initial recognition of the instrument. Participating interests subject to significant influence by the group over their financial and operating policies are valued at the net asset value. Significant group influence is in any case assumed to be present when the shareholding exceeds 20%. The net asset value is calculated in accordance with the accounting policies that apply to these financial statements. If the calculated net asset value of a participating interest is negative, then the carrying value is set to zero. In such a situation, if and to the extent that Royal FloraHolland guarantees the debts of the participating interest, whether in full or in part, or has the firm intention to enable the participating interest to repay its debts, a provision is recognised.

Participating interests not subject to significant influence over their financial and operating policies are recognised at acquisition cost net of any necessary write-downs due to permanent impairment. Receivables recognised under financial fixed assets are carried at amortised cost, net of any provision deemed necessary for bad debts.

Mergers and Acquisitions

Acquisitions are recognised in the financial statements using the purchase accounting method. This means that the acquired assets and liabilities are recognised at fair value as at the acquisition date. The difference between the acquisition cost and the company's share in the fair value of the identifiable assets and liabilities acquired at the time of the transaction of a participating interest is recognised as goodwill.

Inventories

Inventories mainly comprise single-use packaging; they are valued at acquisition cost or the net realisable value if lower. The acquisition cost of inventories is determined according to the 'first in, first out' rule. The acquisition cost is made up of the purchase price plus additional costs. Additional costs comprise any import duties and other taxes, transport and handling costs, plus any other costs directly attributable to obtaining the inventories. The net realisable value is determined based on the prices in the most recent sales transactions net of the estimated selling costs.

Receivables

Any loans provided and other receivables are initially recognised at fair value plus transaction costs and subsequently valued at amortised cost net of any required provision for bad debts. If there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value of the receivables.

Cash and cash equivalents

Cash and cash equivalents refers to cash and the balances in bank accounts, which are stated at nominal value. Cash and cash equivalents to which the group will not or is not expected to have access for more than twelve months are classified as financial fixed assets.

Provisions

A provision is recognised when on the balance-sheet date, the group has a legally enforceable or constructive payment obligation the settlement of which is likely to require an outflow of money and where the amount can be reliably estimated. The size of the provision is determined as the best estimate of the amounts necessary to settle the relevant liabilities and losses as at the balance-sheet date. Unless stated otherwise, provisions are recognised at present value.

Pensions

As of 1 January 2020, Royal FloraHolland has placed the basic pension scheme with Pensioenfond PGB, and the supplementary pension scheme has been placed with ABN AMRO Pensioenen. The scheme with Pensioenfond PGB is a conditional defined-benefit (average salary) scheme with conditional indexation. The accrual percentage is 1.75%. The board of Pensioenfond PGB decides annually whether indexation is possible on the basis of the policy funding ratio as at 30 September.

A condition for partial or full indexation is that the policy funding ratio must exceed 110% in September. Indexation on 1 January 2021 was not possible. The policy funding ratio was 107.9% as at September 2021 and 111.5% as at December 2021 (2020: 96.3%). The scheme with ABN AMRO Pensioenen is a defined contribution scheme. Amounts are contributed to the pension capital in accordance with the age-dependent scale.

Until 31 December 2019, Royal FloraHolland had an insured pension scheme with Nationale-Nederlanden (NN). In 2020, Royal FloraHolland reached agreement with the unions on the use of the separate investment fund, which is intended for pension purposes. The amounts released will be used to unconditionally index the pension accrued with NN by 1.232% over a period of 5 years (from 1 January 2021 to 1 January 2025). Until 2020, Royal FloraHolland had a Partner Pension at both NN and PGB on an accrual basis. As of 2021, the Partner Pension scheme at PGB is also on a risk basis.

Work anniversaries

The provision for work anniversaries relates to the present value of the cost of future bonuses to employees for long periods of service, taking into account the risks of early termination of employment and death. The present value is based on a discount rate of 0.6% (2020: 0.3%).

Restructuring

The restructuring provision relates to the costs attributable to redundancies under the social plan. The restructuring provision is recognised at nominal value.

Non-current liabilities

Non-current liabilities are initially recognised at fair value. If subsequent valuations are not based on fair value with value adjustments recognised in the profit and loss account, then on initial recognition the directly attributable transaction costs are deducted from the fair value. After initial recognition, non-current liabilities are valued at the amortised cost according to the effective interest method. Profit or loss is recognised in the profit and loss account as soon as the liabilities cease to be recognised in the balance sheet, as well as through the process of amortisation.

Depository receipts

Members participate in the capital of the cooperative by holding fully or partially paid-up 'A' depository receipts (equity) and 'B' depository receipts (loan capital). In addition, the cooperative may agree with members, but also with non-members, that under certain conditions they can participate in the loan capital of the cooperative by means of 'C' and 'D' depository receipts.

On 31 December 2016, the credit balance in a member's participation account was used to fully pay up their 'A' depositary receipt. If the credit balance was in excess of €20,000, the excess amount became the new balance in the participation account. This balance, and the balance in the participation accounts of former members on that date, make up the Final Balance.

The conditions under which members and/or non-members can participate in depositary receipts, including stipulations regarding interest and rights to distribute/claim the paid balances, are stated in Articles 17 and 40 of the Articles of Association of the cooperative.

Current liabilities

Current liabilities are initially recognised at fair value. If subsequent valuations are not based on fair value with value adjustments recognised in the profit and loss account, then on initial recognition the directly attributable transaction costs are deducted from the fair value. After initial recognition, current liabilities are valued at the amortised cost according to the effective interest method. Profit or loss is recognised in the profit and loss account as soon as the liabilities are no longer recognised in the balance sheet, as well as through the process of amortisation.

Refundable deposits

Deposit refund liabilities are recognised at the face value of the deposits paid for reusable packaging in circulation as at the balance-sheet date, net of an estimated amount for packaging that will not be returned. There is a release each year of the outstanding deposit refund liabilities for the reusable packaging as at the balance-sheet date.

Leasing

The judgement as to whether an agreement entails a lease is based on the economic reality at the commencement date of the contract. In the case of finance leases (whereby the advantages and disadvantages of ownership of the leased object are borne entirely or almost entirely by the lessee), the leased object and the related liabilities are recognised in the balance sheet at commencement of the agreement at the fair value of the leased object, or at the present value of the minimum lease payments if lower. The initial direct costs for the lessee are included in the initial recognition of the asset. The lease payments are split into interest expenses and repayment of the outstanding liability, with a constant interest rate applicable to the remaining net liability. The lease obligations, excluding the interest component, are recognised under non-current liabilities. The interest component is reported in the profit and loss account over the term of the contract.

Capitalised leased objects are depreciated over the shorter of the lease term and the useful life of the object.

In the case of operating leases, the lease payments are charged to the profit and loss account on a straight-line basis over the lease term. In operating leases where Royal FloraHolland is the lessor, the lease income is credited to the profit and loss account on a time-weighted basis over the lease term. Initial direct costs are charged directly to the profit and loss account.

Determination of profit or loss

The profit or loss, i.e. the net result from the operating income and expenses for the financial year, is attributed to the year in which it was earned. Operating income ('profit') other than product revenues is recognised provided it was realised on or before the balance-sheet date. Operating expenses ('losses') that originate before the end of the financial year are recognised only if they are known prior to preparation of the financial statements.

Income

Income from the sale of goods is recognised as soon as all significant rights and risks related to ownership of the goods are transferred to the purchaser, Royal FloraHolland no longer has the goods at its disposal, the income can be reliably determined, and it is likely that the income will accrue to Royal FloraHolland.

Income from services is recognised on a pro rata basis for the services rendered, based on services rendered up to the balance-sheet date as a proportion of the total value of services to be rendered, provided that the result can be reliably estimated.

Employee benefits

Periodically payable remuneration

Wages, salaries and social security costs are recognised in the profit and loss account according to the terms of employment and to the extent that they are due to employees or the tax authorities respectively.

Profit/loss from participating interests

The group's share in the profit or loss of participating interests in which the group does not have a controlling interest is recognised in the profit and loss account based on the net asset value. Insofar as recognition is not based on the net asset value, the profit/loss referred to is the dividend received in the financial year and any impairment losses.

Financial income and expenses

Interest income and expenses

Interest income and expenses are recognised on a time-weighted basis, taking into account the effective interest rate of the corresponding assets and liabilities. Recognised transaction costs on loans received are taken into account when recognising the interest expenses.

Exchange differences

Exchange differences occurring in the settlement or conversion of monetary items are recognised in the profit and loss account for the period in which they occur.

Dividends

Dividends receivable from participating interests and securities not valued at net asset value are recognised as soon as Royal FloraHolland obtains the right to them.

Taxes

Corporation tax on the stated profit is calculated taking account of tax-exempt items and fully or partially non-deductible expenses. A deferred tax liability or deferred tax asset is recognised for taxable or deductible temporary differences. A deferred tax asset is recognised under current assets if it is expected that this receivable can be set off against tax payable in future. The deferred tax asset is recognised as available for carry-forward losses to the extent that it is likely that taxable profit will be available in future for set-off. Deferred tax assets and liabilities are recognised at their nominal value, based on the current and future tax rate of 25.0%.

Statement of cash flows

The statement of cash flows is prepared according to the indirect method.

The funds in the statement consist of cash and cash equivalents. Cash flows in foreign currencies are converted at an estimated average exchange rate. Exchange differences relating to cash and cash equivalents are shown separately in the statement of cash flows.

Income and expenses from interest, dividends received and corporation tax are stated in the cash flow from operating activities. Dividends paid are stated in the cash flow from financing activities. The acquisition cost of acquired group companies and the selling price of group companies that were sold are stated in the cash flow from investing activities, provided that payment was made in cash or cash equivalents. The cash resources available in these group companies have been deducted from the purchase price and the selling price respectively. Transactions that do not involve an exchange of cash resources are not included in the statement of cash flows.

Financial instruments

Financial instruments include both primary financial instruments such as receivables, securities and debt, and financial derivatives. All purchases and sales of financial assets in accordance with standard market conventions are recognised on the transaction date, i.e. the date at which the group enters into the binding agreement.

The principles that apply to the primary financial instruments are explained in the notes per balance-sheet item. Valuation and recognition of derivatives are explained the section 'Derivatives and hedge accounting'.

Fair value of financial instruments

The fair value is the amount at which an asset can be traded or a liability settled between properly informed parties who are mutually independent and willing to enter into a transaction. If a reliable fair value cannot immediately be determined, the fair value is approximated based on the fair value of its components or of a comparable financial instrument, or by using valuation models and methods. Such methods include:

- the use of recent market transactions between independent parties;
- the use of the current fair value of another instrument that is almost identical;
- analysis based on discounted cash flows or other valuation models.

The fair values of financial instruments are explained in the notes to the balance sheet, under 'Financial instruments and risk management'.

Derivatives and hedge accounting

Royal FloraHolland neither holds nor issues financial instruments for trading purposes. The group uses derivatives such as interest-rate swaps to hedge the risks to which it is exposed due to interest rate fluctuations.

The group applies cost price hedge accounting based on individual hedge documentation.

The group documents the following:

- How the individual hedging relationship fits with the risk management objectives, and a description of the hedging strategy, including expectations regarding the effectiveness of the hedging relationship.
- The hedging instrument involved in the individual hedging relationship and the hedged position or transaction.

The hedges that meet these strict conditions for hedge accounting are recognised as explained below.

The valuation of the derivative depends on the hedged item and is as follows:

- If the hedged item is recognised in the balance sheet at cost price, then the derivative is also valued at cost price.
- The hedging instrument in the cost price hedge cannot be revalued until the hedged item is recognised in the balance sheet.

The effect on determination of income is as follows:

- At each balance-sheet date, the effectiveness of the hedge is assessed.
- If the critical terms of the hedge instrument and the hedged item do not match (or did not match in the past), then this is an indication that a component of the cost price hedge is ineffective.
- In that event, the ineffective component is determined using the dollar offset method.
- If the ineffectiveness cumulatively results in a loss as at the balance-sheet date, the ineffectiveness is recognised in the profit and loss account.

Cost price hedge accounting is discontinued when:

- The hedge instrument expires, or is sold, terminated or exercised. The cumulative gain/loss realised on a hedge instrument that was not yet recognised in the profit and loss account when the hedge was effective is recognised in the balance sheet as an individual accrual until the hedged transaction takes place.
- The hedging relationship no longer fulfils the criteria for hedge accounting.

The group applies cost price hedge accounting for the interest-rate swaps that ensure that certain variable-rate debts are converted into fixed-rate loans. The ineffective component of the change in value of the interest-rate swaps is recognised in the profit and loss account under financial income and expenses.

Risk management

The principal risks related to the group's financial instruments are the interest-rate risk, credit risk and liquidity risk. Transactions in foreign currencies take place only to a limited extent. Assets and liabilities are also generally denominated in euros. The exchange risk is therefore limited.

A description of the group policy to limit these risks is provided in the 'Financial instruments and risk management' section of the notes to the consolidated balance sheet.

Notes to the consolidated balance sheet for 2021

(amounts x €1,000)

Fixed assets

(1) Intangible fixed assets

The carrying value as at the balance-sheet date and movements are as follows:

	GOODWILL	SOFTWARE	2021	2020
Balance as at 1 January	5,821	42,123	47,944	46,172
Movements				
Investments	12,221	19,332	31,553	14,086
Transfers	-	-	-	5
Amortisation	-1,095	-13,754	-14,849	-11,195
Disposals	-	-	-	-
Corrections	-	-1,416	-1,416	-
Impairment losses	-4,307	-6,416	-10,723	-1,124
Balance as at 31 December	12,640	39,869	52,509	47,944
Cumulative purchase value	21,038	81,038	102,076	88,996
Cumulative amortisation and impairment losses	-8,398	-41,169	-49,567	-41,052
Balance as at 31 December	12,640	39,869	52,509	47,944

During the annual impairment tests, Royal FloraHolland concluded on the basis of new information from 2021 regarding the estimable quantity that an impairment loss of €4.3 million was to be recognised as an expense in relation to the goodwill on the FloraXchange BV acquisition.

This is the consequence of the development of Floriday, RFH's digital floriculture marketplace that provides a meeting point for supply and demand, and the integration of the catalogue function of the FloraXchange platform into Floriday in 2022.

In addition, an impairment loss of €6.4 million has been charged during the year on software. This relates to new software developments, strategic choices having been taken whereby some of the legacy systems are to be replaced in the future.

Goodwill was recognised at the time of acquisition of the companies listed below:

	2021	2020
FloraXchange BV	–	5,094
Blueroots BV	594	679
Floriway participating interests	12,004	–
Other	42	48
Total	12,640	5,821

On 27 October 2021, Floriway BV acquired the shares of Gebroeders de Winter Holding BV and its direct and indirect subsidiaries De Winter Transport BV, Logistics Flower Center BV, De Winter Logistics Support BV, De Winter Logistics Services BV and Carrosserie Center Westland BV. On 27 October 2021, Floriway BV also acquired the shares of Hoza BV and its subsidiary P.M. van Zaal Transport BV. Also on 27 October 2021, Floriway BV acquired the shares of Van Marrewijk Holding BV and its subsidiaries Van Marrewijk Verhuur BV and Wematrans BV. The companies acquired (referred to in the following as ‘Floriway participating interests’) are leading transport firms in the floriculture industry.

Immediately after Floriway BV acquired the shares of De Winter, Van Zaal and Wematrans, RFH Logistics Holding BV sold 15% of the share capital of Floriway to the former owners of one of the companies acquired. As of 27 October 2021, RFH Logistics Holding BV thus held an 85% majority shareholding in Floriway, meaning that Royal FloraHolland has dominant control. The activities of the Floriway participating interests and their subsidiaries have therefore been fully consolidated in the Royal FloraHolland group.

RFH Logistics Holding BV also has an agreed right and obligation to repurchase the remaining 15% interest in Floriway BV, which has been disclosed as a liability in the financial statements. The acquisition price contains estimates based on assumed future performance indicators.

Because the activities related to the acquired companies have been acquired for the long term, the estimated economic life of the goodwill is 10 years.

(2) Tangible fixed assets

The carrying value as at the balance-sheet date and movements are as follows:

	BALANCE AS AT 1 JANUARY	INVESTMENTS	TRANSFERS	DEPRECIATION AND IMPAIRMENT LOSSES	DISPOSALS	CONSOLIDATION OF FLORIWAY	CORRECTIONS	BALANCE AS AT 31 DECEMBER
Land								
Land	79,574	-	5,438	-	-6,331	-	-	78,681
Site facilities	29,597	120	682	-3,036	-	-	-279	27,084
Subtotals	109,171	120	6,119	-3,036	-6,331	-	-279	105,765
Buildings	296,833	7,304	17,568	-33,181	-3,976	48	-446	284,150
Equipment, packaging and logistic resources								
Equipment	23,556	3,099	2,734	-3,541	-	-	-24	25,824
Packaging and resources used in logistic processes	45,403	5,324	78	-12,512	-	-	-	38,293
Subtotals	68,959	8,423	2,812	-16,053	-	-	-24	64,117
Other fixed operating assets	37,557	1,790	926	-10,945	-	13,955	-21	43,262
Not used for business operations								
Land and buildings	68,057	-	-5,438	-	-	-	-	62,619
Operating assets under development	24,795	18,882	-21,988	-	-	-	-	21,688
Subtotals	92,852	18,882	-27,426	-	-	-	-	84,307
2021 totals	605,372	36,519	-	-63,215	-10,307	14,003	-770	581,601
2020 totals	631,420	41,821	-5	-65,780	-2,084	-	-	605,372

	LAND	BUILDINGS	EQUIPMENT, PACKAGING AND LOGISTIC RESOURCES	OTHER FIXED OPERATING ASSETS	NOT USED FOR BUSINESS OPERATIONS	2021	2020
Cumulative purchase value	135,445	964,986	295,785	182,781	138,153	1,728,025	1,688,582
Cumulative depreciation and impairment losses	-40,556	-680,835	-231,669	-139,519	-53,846	-1,146,424	-1,083,210
Balance as at 31 December	105,765	284,150	64,117	43,262	84,307	581,601	605,372

Land not used for business operations is freehold land for sale to trading parties and/or third parties. The freehold land available for sale to trading parties is held for future sale to customers of Royal FloraHolland in support of the central marketplace function.

The carrying value of the land includes an amount of €6.5 million for a site for which Royal FloraHolland has no legal ownership. The Green Horti Center is located on this site, which Royal FloraHolland has leased as a long-term ground lease to Plant Port 2 BV.

In 2021, three large property sales took place. On 1 April, the development site in Rijnsburg was sold. The site had a carrying amount of €0.25 million and a gain of €1.8 million was realised on disposal. Also on 1 April, the Fleurada building, located at Middle Broekweg 41a, Naaldwijk, was sold. The site had a carrying amount of €3.4 million and a gain of €2.2 million was realised on disposal. On 10 December, the TPW Venus 181 building in Naaldwijk was sold. The site had a carrying amount of €6.7 million and a gain of €7.4 million was realised on disposal.

Tangible fixed assets are depreciated based on their estimated economic life.

As at the balance-sheet date, the fair value of land and buildings not used for business operations was €125.8 million (2020: €98.6 million).

Operating assets under development refer to investments not yet in use as at the balance-sheet date. Investments put into use during the year are assigned to the appropriate asset category via the 'transfers' column. Investments put into use in 2021 include the renovation of the new Floradôme office in Aalsmeer, the replacement lines 1-3 of the bucket washing facility at Rijnsburg, phase 2 of the renovation of the Naaldwijk parking deck and the purchase of new auction trolleys.

Investments not yet put into use at the close of 2021 include the new Marginpar building at Aalsmeer Oost, the groundwork and residential infrastructure at Aalsmeer Oost, phase 1 of a newly installed product line at Aalsmeer Oost and lines 4 and 5 of the replacement bucket washing facility at Rijnsburg.

(3) Financial fixed assets

The carrying value as at the balance-sheet date and movements are as follows:

	PARTICIPATING INTERESTS	OTHER RECEIVABLES	DEFERRED TAXES	2021	2020
Balance as at 1 January	11,314	6,338	-	17,652	19,949
Movements					
Investments	-	-	-	-	-
Disposals	-360	-	-	-360	-
Profit/loss from participating interests	2,088	-	-	2,088	1,287
Dividend distribution	-2,286	-	-	-2,286	-1,930
Loans granted	-	53	-	53	200
Repayments	-	-57	-	-57	-1,754
Additions	-	-	4,724	4,724	-
Reclassifications	-	-	-737	-737	-
Other movements	193	-1,860	-	-1,667	-100
Balance as at 31 December	10,949	4,474	3,987	19,410	17,652

Deferred tax assets and liabilities within the group tax entity are presented on a net basis. As at 31 December 2021, this resulted in a deferred tax asset. The deferred tax position originates on the one hand from deferred tax assets resulting from: (1) differences between the commercial and fiscal valuation of tangible fixed assets that reach fiscal salvage value and the reinvestment reserve formed on property; (2) tax-deductible losses; and (3) the work anniversary provision and provision for CC containers, which are not admitted for tax purposes. On the other hand, the deferred tax position is also determined by deferred tax liabilities resulting from: (1) differences between the commercial and tax valuation of tangible fixed assets with regard to maintenance costs, which are recognised directly in the profit and loss account for tax purposes rather than being capitalised in the balance sheet; and (2) previously formed tax provisions for major maintenance.

The deferred tax provision has been formed based on the current and future corporation tax rate of 25.0%. This provision has a term of more than one year.

The carrying value of the participating interests as at the balance-sheet date is broken down as follows:

	2021	2020
FloriWorld BV	1,540	2,100
Plant Port I BV	2,988	2,955
Veiling Rhein Maas GmbH & Co KG	3,827	3,297
Plantion Holding BV	1,225	1,225
Other participating interests	1,369	1,737
Totals	10,949	11,314

Participating interests

The profit or loss from participating interests in the consolidated profit and loss account comprised a profit of €2.1 million (2020: €1.2 million profit).

Other receivables

This item includes loans to associated companies to the value of €4.5 million (2020: €4.3 million). These loans bear an average interest rate of Euribor + 1.5% (2020: + 1.5%). Loan components that must be repaid within 12 months after the financial year-end are included under current assets (€1.8 million). Loans totalling €274,000 have less than 5 years remaining to maturity (2020: €2.1 million) and loans totalling €4.2 million have 5 years or longer to maturity (2020: €4.2 million).

Transactions with related parties

All transactions with participating interests were effected on market terms. The related parties of Royal FloraHolland comprise the participating interests and 'other related parties'. Other related parties are: Vereniging van Bloemenveilingen in Nederland, Stichting Fonds Coöperatieve Bloemenveilingen, Bloemenbureau Holland, Plant Port 2 BV, VvE Verenigde Bloemenveilingen Aalsmeer, Stichting derdengelden FloraXchange, Sierteelt Verpakkings Pool CV, Stichting Obligatiehouders Floriworld, Stichting Florilog and members of the Supervisory Board and Management Board. The most common transactions with related parties are in the areas of financing, levies charged to growers and buyers, and salaries and general expenses.

Current assets

Receivables

(4) Trade receivables

All receivables included under trade receivables are due in less than one year.

(5) Other receivables, prepaid expenses and accrued income

	2021	2020
Taxes and social security contributions	670	136
Prepaid costs	8,353	5,647
Other receivables	6,764	1,939
Prepaid expenses and accrued income	571	410
Balance as at 31 December	16,358	8,132

Other receivables, prepaid expenses and accrued income are due in less than one year. The increase in taxes and social security contributions is primarily due to an increase in VAT receivable at the year-end. The increase in prepaid costs is primarily due to a higher number of prepayments than in 2020. Other receivables principally concern a receivable of €1.8 million in relation to the sale of the Bleiswijk site. This amount is in an escrow account and will be received in 2022. Prepaid expenses and accrued income principally concern an advance payment of €3.0 million in relation to the development of the Aalsmeer site. Other receivables, prepaid expenses and accrued income have also risen as a result of the addition of the Floriway entities to the scope of consolidation.

Group equity

(6) Equity

As at the balance-sheet date, the cooperative's equity amounted to €214.3 million (2020: €214.6 million). The consolidated equity is identical to the company equity. Further information is provided in the notes to the company balance sheet.

(7) Minority interests*

	2021	2020
Balance as at 1 January	2,524	2,536
Movements		
Share in net profit/loss in financial year	447	224
Dividend distribution	-282	-236
Balance as at 31 December	2,689	2,524

* 'Minority interests' refers to the minority interests held by third parties in Royal FloraHolland group companies. A list of participating interests is provided on page 103.

(8) Provisions

	DEFERRED TAXES	OTHER PROVISIONS	2021	2020
Balance as at 1 January	1,039	6,229	7,268	8,234
Movements				
Additions	87	1,015	1,102	5,400
Withdrawals	-389	-1,129	-1,518	-6,351
Release	-	-340	-340	-15
Reclassification	-737	-	-737	-
Balance as at 31 December	-	5,775	5,775	7,268

Deferred tax assets and liabilities within the group tax entity are presented on a net basis.

The balance of €737,000 as at 31 December 2021 has therefore been reclassified to financial fixed assets.

The remaining provisions comprise provisions for long-service awards (€4.5 million), restructuring expenses (€0.5 million), missing CC containers (€0.4 million) and payments for prolonged illness (€0.3 million). The provision for missing CC containers was formed for the shortfall in CC containers found when the CC labels were replaced in early 2019. During 2021, the shortfall in CC containers was largely offset by the purchase of new CC containers for €0.9 million. The restructuring provision relates to a change in the logistics process whereby a transition is being made from the current supply-driven distribution process to a demand-driven order picking process. The majority of the restructuring provision has a term of less than one year, while the majority of other provisions have a term of more than one year.

Non-current liabilities

The balances stated under non-current liabilities for 'B' depositary receipts, 'C' depositary receipts and 'D' depositary receipts as at 31 December 2021 have a term longer than one year. Payouts to be made during 2022 have a term shorter than one year, and are therefore recognised under current liabilities.

(9) 'B' depositary receipts

	2021	2020
Balance as at 1 January	233,002	233,651
Movements		
Capital contribution credits	26,878	22,216
Additional payouts during current financial year	-28,736	-18,916
Payouts in next financial year, recognised under current liabilities	-3,810	-3,949
Balance as at 31 December	227,334	233,002
Of which:		
Term < 1 year	3,810	3,949
Term >1 and <5 years	137,253	130,178
Term > 5 years	90,081	102,824
Total	231,144	236,951

Payout obligations within 12 months after the end of the financial year as shown in the table are recognised under current liabilities.

As in the previous year, the capital contribution consists of a contribution of 0.5% deducted from the product revenues of members and non-members. In 2021, the total value of these capital contributions (spread over the 'A', 'B', and 'D' depositary receipts) was €29.4 million (2020: €24.4 million).

Article 17, paragraph 4(e) of the Articles of Association states that if the risk-bearing capital ratio exceeds the upper limit, the Council of Members can decide, on recommendation by the Management Board, to repay more than just the oldest annual instalment ahead of schedule. In June 2016 the General Members' Meeting decided to maintain the upper limit for the risk-bearing capital at 55%.

Credits against 'B' depositary receipts each year start earning interest from 1 January of the subsequent year.

In 2021, the Royal FloraHolland 2013 annual instalment was repaid early for a total of €28.7 million. No interest was paid in 2021 (2020: 0.0%). The total expected to be paid out to former members in 2022 is €3.8 million (2020: €3.9 million).

Article 17, paragraph 4(h) of the Articles of Association stipulates that 'B' depositary receipts are subordinated to all third-party claims against Royal FloraHolland.

(10) 'C' depositary receipts

	2021	2020
Balance as at 1 January	475	1,102
Movements		
Additional payouts during current financial year	-	-3
Payouts in next financial year, recognised under current liabilities	-331	-624
Other movements	103	-
Balance as at 31 December	247	475
Of which:		
Term < 1 year	331	624
Term >1 and <5 years	247	431
Term > 5 years	-	44
Total	578	1,099

Payout obligations within 12 months after the end of the financial year as shown in the table are recognised under current liabilities.

The amounts paid in for 'C' depositary receipts are repayable after five years. The interest rate paid in 2021 was 0.5% (2020: 0.5%).

Article 17, paragraph 5 of the Articles of Association stipulates that 'C' depositary receipts are subordinated to all claims against Royal FloraHolland by third-parties and holders of 'B' depositary receipts.

(11) 'D' depositary receipts

	2021	2020
Balance as at 1 January	5,898	6,519
Movements		
Capital contribution credits	444	386
Additional payouts during current financial year	-2,611	-816
Payouts in next financial year, recognised under current liabilities	-538	-191
Balance as at 31 December	3,193	5,898
Of which:		
Term < 1 year	538	191
Term >1 and <5 years	1,597	3,467
Term > 5 years	1,596	2,431
Total	3,731	6,089

Payout obligations within 12 months after the end of the financial year as shown in the table are recognised under current liabilities.

Credits against 'D' depositary receipts each year start earning interest from 1 January of the subsequent year. In 2021, the Royal FloraHolland 2013 annual instalment was repaid early for a total of €2.6 million. No interest was paid in 2021 (2020: 0.0%). The total expected to be paid out to former non-member holders in 2022 is €538,000 (2020: €191,000).

Article 17, paragraph 5 of the Articles of Association stipulates that 'D' depositary receipts are subordinated to all claims against Royal FloraHolland by third-parties and holders of 'B' depositary receipts.

(12) Long-term bank loans and Other liabilities

	LONG-TERM BANK LOANS	FINANCIAL LEASE OBLIGATIONS	OTHER LIABILITIES	2021	2020
Balance as at 1 January	3,759	–	–	3,759	4,319
Movements					
Repayments	–280	–	–	–280	–280
Payouts in next financial year, recognised under current liabilities	–280	–	–	–280	–280
Other movements	560	–	–	560	–
Consolidation FloriWay	5,920	5,739	5,862	17,521	–
Balance as at 31 December	9,679	5,739	5,862	21,280	3,759

The balance of long-term bank loans as at 31 December 2021 has a term longer than one year, but shorter than five years. Repayment obligations within 12 months after the end of the financial year are recognised under current liabilities. The bank loans are secured by charges on rental income, shares and receivables, by a mortgage on property and by an overlapping security arrangement (*wederzijdse zekerhedenregeling*). The average interest rate is 2.90%.

Current liabilities

All current liabilities are due in less than one year.

(13) Credit institutions and cash and cash equivalents

This includes the credit facility with the banks. In 2017, Royal FloraHolland arranged refinancing whereby a syndicate of banks provided a credit facility for a total of €195.0 million, comprising €75.0 million of revolving credit and a €120.0 million facility for short-term loans of one, three or six months. In 2019 the term of the credit facility was extended to September 2024. At year-end 2021, none of this facility was utilised (2020: €14.8 million).

The main conditions for the availability of this credit facility are that the leverage ratio (net debt/EBITDA) must not exceed 3.5 (over a 12-month period), and the risk-bearing capital must be at least 35%. These two ratios are measured and reported twice per year. As at 31 December 2021, Royal FloraHolland satisfied the requirements for both of these ratios as agreed in the bank covenant. This credit facility is unsecured. The cash and cash equivalents are at the free disposal of the legal entity.

(14) Debts and repayment obligations to members/non-members

Debts to members/non-members include the product revenues of 27, 28, 29, 30 and 31 December 2021 that were yet to be paid out. The rise of €6.7 million is due to the fact that the figure at year-end 2021 includes product revenues from 27 December that had not yet been paid out, whereas the figure for 2020 only includes undistributed product revenues from 28, 29, 30 and 31 December. The repayment obligations to members/non-members include the 2021 repayment obligation for 'A', 'B', 'C' and 'D' depositary receipts plus closing balances on participation reserves.

(15) Refundable deposits

There is a release each year of the outstanding deposit refund liabilities for the reusable packaging as at the balance-sheet date. Up to and including 2020, this release was calculated on the basis of a percentage of 1.4%. Due to a change in the estimation method used to calculate the percentage, the release percentage for the financial year 2021 has been set at 1.7%. The quantitative effect of the change in the basis of estimation in 2021 is €0.4 million.

(16) Other liabilities, accrued expenses and deferred income

	2021	2020
Taxes and social security contributions	15,823	7,957
Holidays and holiday pay	13,558	12,696
Interest expense payable to banks and on members' loans	833	935
Accrued expenses and deferred income	6,527	8,288
Other liabilities	47,196	37,915
Balance as at 31 December	83,937	67,791

The increase in taxes and social security contributions is primarily results from the €9.2 million of corporation tax payable on the 2021 profit, which was partly driven by the difference between the commercial and tax carrying values of tangible fixed assets. The increase in other liabilities is due to the fact that the amount for pending invoices at 31 December 2021 was higher than at 31 December 2020, and to the addition of the Floriway entities to the scope of consolidation.

(17) Financial instruments and risk management

General information

The information provided in these notes is intended as an aid to estimating the size of risks associated with the financial instruments presented in the balance sheet, as well as those not presented in the balance sheet.

Unlike the derivatives, the group's primary financial instruments serve to finance the group's operating activities or result directly from these activities. The group also transacts in derivatives (solely interest-rate swaps) to hedge the interest-rate risk arising from the group's financing activities. Group policy is not to trade in financial instruments for speculative purposes.

The principal risks related to the group's financial instruments are the interest-rate risk, credit risk and liquidity risk. The group policy pursued to manage these risks is described in the following sections.

Interest-rate risk

The interest-rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest-rate risk is subdivided into a fair value interest-rate risk and a cash flow interest-rate risk. The fair value interest-rate risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in the market interest rate. The cash flow interest-rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rate.

Receivables and liabilities with variable interest rate agreements expose Royal FloraHolland to risks concerning future cash flows. Because Royal FloraHolland has no receivables and liabilities valued at fair value, it therefore incurs no risks regarding the fair value of fixed-interest receivables and liabilities due to changes in market interest rates. Royal FloraHolland has no major financial assets exposed to fair value interest-rate risk, and other than cash and cash equivalents, it has no major financial assets exposed to a cash flow interest-rate risk. Therefore, no financial derivatives are contracted to hedge the interest-rate risk of the group's receivables.

The exposure of the group to cash flow interest-rate risk due to fluctuations in market interest rates is mainly related to the variable interest rates on the group's non-current liabilities. The interest-rate risk arising from the variable interest rate on the 'B' depositary receipts and the Javado Vastgoed BV bank loan is — in view of the interest rate level — only partially hedged by means of interest-rate swaps. Given the current balance of the credit facility, the cash flow interest-rate risk of a 1% rise in the Euribor rate equates to €0.1 million.

In addition, intra-group financing gives rise to a cash flow interest-rate risk due to long-term loans at variable interest rates. As at 31 December 2021, the proportion of loans with a variable interest rate related to group financing was 100% (2020: 100%).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligations, causing the other party to incur a financial loss. Royal FloraHolland's counterparties in derivative and liquidity transactions are restricted to financial institutions with high creditworthiness.

The services of Royal FloraHolland are spread across a large group of customers, thus avoiding any undesirable concentration of trade receivables. To manage the risk of irrecoverable trade receivables, this position is continuously monitored. Parties that purchase services from Royal FloraHolland are assessed in advance as to their creditworthiness. Based on the outcome of this assessment, the customer is permitted to purchase certain services, in respect of which it may be asked to provide certain collateral to limit the risk of bad debts. The majority of trade receivables are covered by bank guarantees, bonds and a credit insurance policy covering Royal FloraHolland clock auction and Connect purchases. As at 31 December 2021, Royal FloraHolland holds a total of €41.3 million in bank guarantees and security deposits (31 December 2020: €38.7 million).

As at 31 December 2021, trade receivables totalled €41.6 million (31 December 2020: €32.6 million). This amount is net of a provision for doubtful debtors of €0.3 million.

Expected credit losses are valued based on all possible situations and developments that could arise during the expected total life of the receivable and cause the debtor to default. In addition, the valuation of credit losses is based on information obtainable at reasonable cost and effort on current developments and forecasts related to the market and important trading relationships. Receivables from debtors who are deemed insolvent or who have applied for suspension of payments are provided for in full, as are receivables that are more than 90 days overdue.

The group assumes the full credit risk of members and suppliers by guaranteeing weekly payment for the products they sell and supply, but solely insofar as invoicing and payment collection are carried out by Royal FloraHolland, and provided that the members and suppliers have complied with the applicable conditions of the Auction Regulations. The group has drawn up guidelines to limit the size of the credit risk for each financial institution and debtor. The credit risk insurance policy covers 90% of the receivables risk. The group also continuously monitors its receivables and applies a strict reminder procedure. The measures outlined above mitigate the credit risk to the group to the maximum extent possible.

Liquidity risk

Liquidity risk is the risk that Royal FloraHolland will have difficulty raising the funds necessary to fulfil its short-term liabilities. For Royal FloraHolland, prudent management of the liquidity risk means holding sufficient cash and cash equivalents, and ensuring adequate financing headroom in the form of promised and committed credit facilities.

The bank covenant contains further agreements with credit institutions on the credit-worthiness ratios of Royal FloraHolland. No assets have been pledged as security for the credit facility. One bank loan to one group company is secured with a mortgage on group property together with pledged rental income and receivables. For another bank loan to another group company, the shares in the company concerned have been pledged by the intermediate holding company, together with the operating assets and receivables.

Royal FloraHolland prepares liquidity plans on a regular basis. In the intervening period, liquidity risks are managed through monitoring and corrective action where necessary. The liquidity plans take account of the limited availability of cash and cash equivalents, including bank guarantees and the possibility of accelerated refunding of packaging deposits, which are classified as current liabilities. An explanation of the liquidity risks of the interest-rate swaps is provided below under 'Fair value of derivatives'. An explanation of the credit facility and related covenants is provided in the notes on non-current liabilities.

Fair value of derivatives

The fair value of the interest-rate swaps used to hedge the interest-rate risk on variable-rate long-term liabilities is determined by discounting the expected future cash flows from these interest-rate swaps using the zero coupon curve.

As at the year-end, the group has one interest-rate swap contract outstanding. Under that contract, the group receives the market interest rate equal to the 6-month Euribor on a nominal amount of €2.6 million (2020: €2.9 million) and pays interest of 1.03% on that nominal amount. This interest-rate swap contract took effect on 1 July 2016 and matures on 1 January 2023.

The interest-rate swap serves to hedge the interest-rate risk exposure of the group on the Javado Vastgoed BV bank loan. As at 31 December 2021, the outstanding principal on the Javado Vastgoed BV bank loan was €3.8 million (2020: €4.0 million). The variable interest rate on the bank loan is based on the 6-month Euribor. More information on the obligations related to the bank loan is provided in the note on non-current liabilities.

The interest-rate swap contracts have a fair value of €0.1 million negative (2020: €0.8 million negative) and they form part of an effective hedging relationship, in which cost price hedge accounting is applied based on individual hedge documentation. Royal FloraHolland has no margin call obligations on interest-rate swap contracts. The interest-rate swap contracts therefore do not expose the group to possible liquidity risks.

(18) Off-balance sheet assets, obligations and arrangements

	31 December 2021				31 December 2020			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Investment obligations	32,470	360	990	33,820	16,012	364	990	17,366
Operating lease obligations	1,324	2,734	243	4,300	1,130	2,047	2	3,179
Rental obligations	1,653	704	–	2,357	1,210	1,329	–	2,539
Guarantees	1,774	–	–	1,774	1,589	–	–	1,589
Miscellaneous service contracts	70,115	89,043	9,274	168,431	68,921	125,404	10,736	205,061
Total	107,336	92,840	10,507	210,682	88,862	129,144	11,728	229,735

Obligations pertaining to operating leases and rents are in line with 2020. Investment obligations rose by €16.4 million compared to 2020. This is due to major new obligations entered into in respect of forthcoming investments, including for the development of Aalsmeer Oost.

As at 31 December 2021, Royal FloraHolland has issued bank guarantees for an amount of €1.8 million (2020: €1.6 million).

The miscellaneous service contracts fell by €36.6 million compared to 2020, mainly due to the expiry of a number of contracts with ICT suppliers for software development and administration activities.

The minimum future rental income is €15.5 million (2020: €14.3 million), divided over the coming years as follows:

	31 December 2021				31 December 2020			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Rental income	12,989	2,467	5	15,461	13,401	831	35	14,267
Total	12,989	2,467	5	15,461	13,401	831	35	14,267

Furthermore, several claims have been filed against Royal FloraHolland and there are also pending disputes. All claims are contested. Where necessary and relevant, Royal FloraHolland has obtained legal advice concerning the claims and disputes. However, the outcome of the negotiations and/or proceedings cannot be predicted with any certainty.

(19) Notes to the statement of cash flows

In 2021, Floriway BV acquired Gebroeders De Winter Holding BV, Hoza BV and Van Marrewijk Holding BV. The payment was made in cash and is disclosed in the statement of cash flows. The investments in tangible fixed assets include only those investments that caused an outflow of cash resources in 2021.

Notes to the consolidated profit and loss account for 2021

(amounts x €1,000, unless stated otherwise)

Product revenues

(x €1 million)	2021	2020
Total clock revenue	2,220	1,783
Direct sales revenue	3,407	2,871
Total product revenues of Royal FloraHolland	5,627	4,654

Royal FloraHolland's clock auction revenue accounted for 39.5% in 2021 (2020: 38.3%). The share of direct sales revenue in 2021 was 60.5% (2020: 61.7%). In 2021, Royal FloraHolland members generated total product revenue of €5,323 million (2020: €4,389 million), while other suppliers generated total product revenue in 2021 of €304 million (2020: €265 million).

Members can use the Temporary Exemption from Member Obligations (TEMO) scheme, on which Royal FloraHolland charges commission. In 2021, members retrospectively paid TEMO commission to Royal FloraHolland on €249 million of non-auction product revenues (2020: €234 million).

Operating income

(20) Miscellaneous revenue

The miscellaneous revenue booked in 2021 was €53.1 million (2020: €34.2 million). The increase is principally due to the inclusion in this item of gains from the sale of land and buildings. In 2021, this mainly concerned gains on the sale of properties. More information is provided in the note 'Tangible fixed assets'.

The increase in miscellaneous revenue was partly due to an increase in services for imports such as Flower Handling (€1.2 million), and Kopen Op Afstand (€0.9 million).

Operating expenses

(21) Wages and salaries

	2021	2020
Group employees' salaries	120,028	102,781
External personnel	29,640	26,830
	149,668	129,611

Compensation paid to the Supervisory Board and remuneration paid to the Management Board

The compensation paid to members of the Supervisory Board and the remuneration paid to members of the Management Board are based on the amounts charged to the profit and loss account in the financial year.

The compensation for the Supervisory Board (nine persons) amounted to €392,000 (2020: €392,000). This compensation for their work is a fixed sum. The Chair of the Supervisory Board is paid €50,000 per year plus €50,000 to cover the cost of a replacement for his duties in his own production business. The Vice Chair is paid €36,500 per year. The ordinary members are paid €31,500 per year.

For participation in committees, a committee chair is paid €10,000 and members are paid €5,000 per year. Supervisory Board members also receive a fixed allowance for travel and accommodation costs of €2,500 per year in quarterly instalments. The Chair of the Supervisory Board claims the actual travel and accommodation expenses. The cooperative bears the costs of any training or consultancy provided to members of the Supervisory Board. Training costs paid to the members of the Supervisory Board totalled €28,000 in 2021.

Fixed and variable remuneration paid to the two members of the Management Board totalled €1.3 million before tax in 2021 (2020: €1.2 million). This figure included variable remuneration totalling €263,000 payable to the two members. This is their variable remuneration for the year 2021, which will be paid in 2022. The variable remuneration paid to S. van Schilfgaarde is 34% of his fixed salary, and for D. van Mechelen the variable component is 17% of his fixed salary.

Management remuneration*	2021	2020	2021	2020	2021	2020	2021	2020
	FIXED	FIXED	VARIABLE	VARIABLE	PENSION	PENSION	TOTAL	TOTAL
D. van Mechelen	453	425	76	51	22	18	551	494
S. van Schilfgaarde	554	524	187	116	20	20	761	660
	1,007	949	263	167	42	38	1,312	1,154

* This table excludes the employer's portion of other social security costs payable by Royal FloraHolland.

The employer's portion of other social security costs (excluding pension contributions) paid for D. van Mechelen in 2021 was €13,000 (2020: €13,000); for S. van Schilfgaarde, it was €13,000 (2020: €13,000). The fixed portion of the remuneration for the two members of the Management Board is made up of their gross salary, holiday bonus and pension contributions.

(23) Other operating expenses

Expenses charged to the group in the financial year for the services of the external auditor, the firm of accountants and the entire network to which this firm of accountants belongs, are as follows:

	2021	2020	2021	2020	2021	2020
Accountant's fees	PWC NEDERLAND	PWC NEDERLAND	PWC OTHER (NETWORK)	PWC OTHER (NETWORK)	TOTAL	TOTAL
Audit of the financial statements	496	518	19	17	515	535
Other audit engagements	44	156	29	14	73	170
Tax consultancy services	–	–	25	1	25	1
	539	674	73	32	612	706

The fees stated above for the audit of the financial statements are based on the total fees for the audit of the financial statements, regardless of whether the activities had already been carried during the financial year.

(24) Corporation tax

	2021	2020
Based on profit/loss for financial year	-8,916	-658
Corrections to previous years	-75	-94
Movement in deferred tax	4,725	886
	-4,266	134

Tax burden

	2021	2020
Applicable tax rate	25.0%	25.0%
Effective tax rate	39.5%	6.0%

Average numbers of employees and FTEs

	2021	2020	2021	2020
	AVERAGE NUMBER OF EMPLOYEES	AVERAGE NUMBER OF EMPLOYEES	AVERAGE NUMBER OF FTEs	AVERAGE NUMBER OF FTEs
Operations	1,922	1,915	1,376	1,404
Commercial	462	467	402	408
Support services	304	242	288	227
Royal FloraHolland	2,688	2,624	2,066	2,039
Participating interests*	56	55	55	56
Floriway	407	–	339	–
	3,151	2,679	2,460	2,095

* Including 40 employees (39 FTEs) working abroad.

(22) Depreciation, amortisation and impairments

	2021	2020
Intangible fixed assets	25,573	12,319
Tangible fixed assets	63,215	65,780
	88,788	78,099

The increase in the amortisation and impairment of intangible fixed assets was partly due to a €6.4 million impairment loss in relation to software, as a result of strategic choices whereby part of the legacy systems are to be replaced in the future. An impairment loss of €4.3 million has also been charged in relation to the goodwill on the FloraXchange BV acquisition. This is the consequence of the development of Floriday, RFH's digital floriculture marketplace that provides a meeting point for supply and demand, and the integration of the catalogue function of the FloraXchange platform into Floriday in 2022. The depreciation of tangible fixed assets increased mainly as a result of accelerated write-downs of disposed assets and assets that will no longer be used in future.

The numerical reconciliation between the applicable and effective tax rate is as follows:

Operating profit/loss before tax	9,054	
Profit/loss from participating interests	2,088	
Minority interests	-331	
Profit/loss before tax	10,812	
Corporation tax based on applicable tax rate	-2,703	25.0%
Differences due to differences in tax rates and disallowed expenses	-1,372	12.7%
Offsettable losses	-117	1.1%
Corrections to previous years	-75	0.7%
Corporation tax based on effective tax rate	-4,267	39.5%

The difference between the effective and the applicable tax rates in 2021 is mainly due to the different tax rates applied to foreign participating interests, disallowed expenses and offsettable losses.

(25) Events after the balance-sheet date

The impact of the Ukraine crisis on Royal FloraHolland and the floriculture sector as a whole is unclear at the time of writing, but will be closely monitored.

Company balance sheet as at 31 December 2021

(After proposed appropriation of profit or loss (amounts x €1,000))

Assets

	Note	2021	2020
Fixed assets			
Intangible fixed assets	(26)	39,717	39,776
Tangible fixed assets	(27)		
Land		98,880	102,286
Buildings		281,277	293,865
Equipment, packaging and logistic resources		64,095	68,957
Other fixed operating assets		29,022	37,240
Not used for business operations		84,308	92,852
		557,582	595,200
Financial fixed assets	(28)		
Participating interests in group companies		16,891	21,490
Other receivables		235	2,038
Deferred taxes		3,999	–
		21,125	23,528
Current assets			
Inventories		575	596
Receivables			
Trade receivables	(29)	38,247	32,227
Receivables from members/non-members		–	2,338
Receivables from group companies		9,625	18,223
Receivables from participating interests		2,618	5,691
Other receivables, prepaid expenses and accrued income	(30)	14,057	6,990
		64,547	65,469
Cash and cash equivalents		45,146	4,178
Total		728,691	728,747

Liabilities

	Note	2021	2020
Equity	(31)		
General reserve		116,410	114,958
Legal entities reserve		2,634	2,635
'A' depositary receipts		48,418	47,824
Final balance		4,881	7,699
Statutory reserve		41,948	41,455
		214,291	214,571
Provisions	(32)		
Provision for deferred tax		–	650
Other provisions		5,651	6,206
		5,651	6,856
Non-current liabilities			
'B' depositary receipts*	(9)	227,334	233,002
'C' depositary receipts*	(10)	247	475
'D' depositary receipts*	(11)	3,193	5,898
		230,774	239,375
Current liabilities			
Credit institutions		–	14,510
Debts to members/non-members	(14)	66,988	47,642
Repayment obligations to members/non-members	(14)	8,900	8,842
Debts to group companies		52	8,031
Accounts payable		24,317	25,651
Refundable deposits	(15)	100,125	96,162
Other liabilities, accrued expenses and deferred income	(33)	77,595	67,107
		277,975	267,945
Total		728,691	728,747

* Subordinated loans: the effective net worth is the sum of these loans plus the group equity. At year-end 2021, the effective net worth was €445.1 million (2020: €453.9 million).

Company profit and loss account for 2021

(amounts x €1,000)

	2021	2020
Company profit/loss after tax	12,818	-5,152
Profit/loss from participating interests after tax	-6,273	-623
Profit/loss after tax	6,545	-5,775

Notes to the company accounts for 2021

General notes

The accounting policies for valuation and determination of company profit or loss are the same as those for the consolidated financial statements. Information on the accounting policies is provided in the notes to the consolidated financial statements. The notes to the 2021 company financial statements describe only those items where the amounts differ from the amounts in the consolidated balance sheet.

The presentation of the company profit and loss account makes use of the exemptions stated in Article 2:402 of the Dutch Civil Code.

Notes to the company balance sheet as at 31 December 2021

(amounts x €1,000)

Fixed assets

(26) Intangible fixed assets

The carrying values as at the balance-sheet date and movements are as follows:

	2021	2020
Balance as at 1 January	39,776	36,318
Movements		
Investments	19,045	13,555
Transfers	-	5
Amortisation	-11,272	-8,978
Disposals	-	-
Corrections	-1,416	-
Impairment losses	-6,416	-1,124
Balance as at 31 December	39,717	39,776
Cumulative purchase value	73,554	67,005
Cumulative amortisation and impairment losses	-33,837	-27,229
Balance as at 31 December	39,717	39,776

Investments concerned the development of new software. An impairment loss of €6.4 million was charged during the year on software. This relates to new software developments, strategic choices having been taken whereby some of the legacy systems are to be replaced in the future.

(27) Tangible fixed assets

The carrying value as at the balance-sheet date and movements are as follows:

	BALANCE AS AT 1 JANUARY	INVESTMENTS	TRANSFERS	DEPRECIATION AND IMPAIRMENT LOSSES	DISPOSALS	CORRECTIONS	BALANCE AS AT 31 DECEMBER
Land							
Land	72,690	–	5,438	–	–6,331	–	71,797
Site facilities	29,596	120	682	–3,036	–	–279	27,083
Subtotals	102,286	120	6,120	–3,036	–6,331	–279	98,880
Buildings	293,865	7,304	17,568	–33,038	–3,976	–446	281,277
Equipment, packaging and logistic resources							
Equipment	23,555	3,086	2,734	–3,538	–	–24	25,813
Packaging and resources used in logistic processes	45,402	5,314	79	–12,513	–	–	38,282
Subtotals	68,957	8,400	2,813	–16,051	–	–24	64,095
Other fixed operating assets	37,240	1,709	927	–10,833	–	–21	29,022
Not used for business operations							
Land and buildings	68,057	–	–5,438	–	–	–	62,619
Operating assets under development	24,795	18,884	–21,990	–	–	–	21,689
Subtotals	92,852	18,884	–27,428	–	–	–	84,308
2021 totals	595,200	36,417	–	–62,957	–10,307	–770	557,582
2020 totals	621,118	41,554	–5	–65,382	–2,085	–	595,200

	LAND	BUILDINGS	EQUIPMENT, PACKAGING AND LOGISTIC RESOURCES	OTHER FIXED OPERATING ASSETS	NOT USED FOR BUSINESS OPERATIONS	2021	2020
Cumulative purchase value	138,687	957,774	288,949	168,006	123,179	1,676,596	1,652,940
Cumulative depreciation and impairment losses	-39,807	-676,497	-224,855	-138,984	-38,871	-1,119,013	-1,057,740
Balance as at 31 December	98,880	281,277	64,095	29,022	84,308	557,582	595,200

Land not used for business operations is freehold land for sale to trading parties and/or third parties. The freehold land available for sale to trading parties is held for future sale to customers of Royal FloraHolland in support of the central marketplace function.

In 2021, three large property sales took place. On 1 April, the development site in Rijnsburg was sold. The site had a carrying amount of €0.25 million and a gain of €1.8 million was realised on disposal. Also on 1 April, the Fleurada building, located at Middle Broekweg 41a, Naaldwijk, was sold. The site had a carrying amount of €3.4 million and a gain of €2.2 million was realised on disposal. On 10 December, the TPW Venus 181 building in Naaldwijk was sold. The site had a carrying amount of €6.7 million and a gain of €7.4 million was realised on disposal.

As at the balance-sheet date, the fair value of land and buildings not used for business operations was €125.8 million (2020: €98.6 million).

Investments put into use during the year are assigned to the appropriate asset category via the 'transfers' column. Investments put into use in 2021 include the renovation of the new Floradôme office in Aalsmeer, the replacement lines 1-3 of the bucket washing facility at Rijnsburg, phase 2 of the renovation of the Naaldwijk parking deck and the purchase of new auction trolleys.

Investments not yet put into use at the close of 2021 include the new Marginpar building at Aalsmeer Oost, the groundwork and residential infrastructure at Aalsmeer Oost, phase 1 of a newly installed product line at Aalsmeer Oost and lines 4 and 5 of the replacement bucket washing facility at Rijnsburg.

The carrying value of the land includes an amount of €6.5 million for a site for which Royal FloraHolland has no legal ownership. This concerns the land that Royal FloraHolland has leased to Plant Port 2 BV on which the Green Horti Center is located. Tangible fixed assets are depreciated based on their estimated economic life.

(28) Financial fixed assets

The carrying values as at the balance-sheet date and movements are as follows:

	PARTICIPATING INTERESTS IN GROUP COMPANIES	OTHER RECEIVABLES	DEFERRED TAXES	2021	2020
Balance as at 1 January	21,490	2,038	-	23,528	33,805
Movements					
Profit/loss from participating interests	-6,273	-	-	-6,273	-623
Liquidation of participating interests	-	-	-	-	-
Dividend distribution	-2,247	-	-	-2,247	-7,766
Other direct equity movements	3,921	-	-	3,921	-134
Loans granted	-	54	-	54	-
Repayments	-	-57	-	-57	-1,754
Other movements	-	-1,800	3,999	2,199	-
Balance as at 31 December	16,891	235	3,999	21,125	23,528

The carrying value of the participating interests as at the balance-sheet date is broken down as follows:

	2021	2020
Sivepo BV	48	48
RFH Holding BV	16,843	21,442
Totals	16,891	21,490

Participating interests in group companies

Royal FloraHolland holds 100% of the shares in the intermediate holding company RFH Holding BV, which in turn holds a direct 100% interest in FH Deelnemingen Holding BV, FH Diensten Holding BV, FH Vastgoed Holding BV and RFH Logistics Holding BV.

A list of participating interests is provided on page 103.

Other receivables

This item includes loans to associated companies to the value of €0.2 million (2020: €0.2 million). The loans have a term of longer than one year, but shorter than five years.

Transactions with related parties

All transactions with participating interests were effected on market terms. The related parties of Royal FloraHolland comprise the participating interests and 'other related parties'. Other related parties are: Vereniging van Bloemenveilingen in Nederland, Stichting Fonds Coöperatieve Bloemenveilingen, Bloemenbureau Holland, Plant Port 2 BV, VvE Verenigde Bloemenveilingen Aalsmeer, Stichting derdengelden FloraXchange, Sierteelt Verpakkings Pool CV, Stichting Obligatiehouders Floriworld, Stichting Florilog and members of the Supervisory Board and Management Board. The most common transactions with related parties are in the areas of financing, levies charged to growers and buyers, and salaries and general expenses.

Current assets

Receivables

(29) Trade receivables

All receivables included under trade receivables are due in less than one year.

(30) Other receivables, prepaid expenses and accrued income

	2021	2020
Taxes and social security contributions	–	98
Prepaid costs	8,353	5,647
Other receivables	5,133	835
Prepaid expenses and accrued income	572	410
Balance as at 31 December	14,057	6,990

Other receivables, prepaid expenses and accrued income are due in less than one year. The increase in prepaid costs is primarily due to a higher number of prepayments than in 2020. The 'Other receivables' item principally concerns a receivable of €1.8 million in relation to the sale of the Bleiswijk site. This amount is in an escrow account and will be received in 2022.

(31) Equity

General reserve	2021	2020
Balance as at 1 January	114,958	124,311
Movements		
Movement in statutory reserve	-472	-3,578
Movement in equity	-1,349	-
Transfer of profit/loss from current financial year	3,273	-5,775
Balance as at 31 December	116,410	114,958

The equity movement of €1.3 million primarily concerns the acquisition of a minority interest of €3.0 million as a result of the Floriway acquisition and a capital injection of €1.5 million in De Winter.

In anticipation of adoption by the Council of Members, the profit after tax for the 2021 financial year is booked as follows:

	2021	2020
Withdrawal from/addition to general reserve	3,273	-5,775
Payable to members*	3,272	-
Total profit/loss after tax	6,545	-5,775

* The sum to be paid out to members is after deduction of a limited amount for addition to 'A' depositary receipts, if these are not yet fully paid up.

Legal entities reserve

The legal entities reserve of €2.6 million as at 31 December 2021 (2020: €2.6 million), referred to in Article 35 of the Articles of Association, was formed in previous years from the corporation tax encumbrance settled with member legal entities. This was because reimbursements of auction commission to member legal entities were not tax deductible. No movement occurred during the financial year.

'A' depositary receipts	2021	2020
Balance as at 1 January	47,824	47,268
Movements		
Capital contribution credits	2,070	1,833
Addition of allocated profit	284	-
Additional payouts during current financial year	-273	-127
Payouts in next financial year, recognised under current liabilities	-1,487	-1,150
Balance as at 31 December	48,418	47,824

Under the Articles of Association, Article 40 'Transitional provisions 2016', paragraph 1 'Participation Reserve', with effect on 31 December 2016 a credit balance in the participation account of a member was used to fully pay up their 'A' depositary receipt. If the credit balance was greater than €20,000, the excess credit balance was added to the 'final balance'. The participation credits as at 31 December 2016 comprised the 1997-2015 credits for Bloemenveiling Aalsmeer and the 1997-2015 credits of the former FloraHolland.

Under Article 17, paragraph 3(e), the amount credited to the 'A' depositary receipt can only be paid out after adoption of the financial statements for the third financial year after the financial year in which membership ended, and solely on condition that the General Meeting decides, on the recommendation of the Management Board, to release the 'A' depositary receipts for payment that are eligible for such payment according to the Articles of Association.

Final balance	2021	2020
Balance as at 1 January	7,699	10,741
Movements		
Additional payouts during current financial year	-39	-78
Payouts in next financial year, recognised under current liabilities	-2,735	-2,927
Other movements	-44	-37
Balance as at 31 December	4,881	7,699

The final balance of a member or former member is paid out to the member or former member in eight equal annual instalments, on condition that at the same time as adopting the financial statements of the preceding financial year, the General Meeting decides, on the recommendation of the Management Board, to approve payout and release the aforementioned instalment for payment.

Statutory reserve	2021	2020
Balance as at 1 January	41,455	38,010
Movements		
Translation differences	21	-134
Transfer from general reserve - participating interests	530	121
Transfer from general reserve - intangible fixed assets	-58	3,458
Balance as at 31 December	41,948	41,455

The statutory reserve was formed for translation differences relating to participating interests in foreign currencies (€114,000), retained earnings from participating interests (€1.8 million) and intangible fixed assets (€39.7 million).

Changes in the value of participating interests due to conversion of the invested capital and profit or loss from the foreign currency to euros are recognised in the translation differences reserve. The participating interests reserve is formed for participating interests valued at net asset value, and in which Royal FloraHolland has no controlling interest. The reserve for intangible fixed assets is formed for capitalised software, as this can generally be regarded as development costs. The portion of the statutory reserve attributable to participating interests is equal to the change in value of the participating interests based on the share in the profit or loss of the participating interests, net of any dividend distribution. For intangible fixed assets, the attributable portion equals the historical cost net of amortisation.

(32) Provisions

	PROVISION FOR DEFERRED TAX	OTHER RECEIVABLES	2021	2020
Balance as at 1 January	650	6,206	6,856	7,582
Movements				
Additions	75	891	966	5,400
Withdrawals	-725	-1,106	-1,831	-6,088
Release	-	-340	-340	-38
Balance as at 31 December	-	5,651	5,651	6,856

Deferred tax assets and liabilities within the group tax entity are presented on a net basis. As at 31 December 2021, this results in a deferred tax liability. The deferred tax position originates on the one hand from deferred tax assets resulting from: (1) differences between the commercial and fiscal valuation of tangible fixed assets that reach fiscal salvage value and the reinvestment reserve formed on property; (2) tax-deductible losses; and (3) the work anniversary provision and provision for CC containers, which are not admitted for tax purposes. On the other hand, the deferred tax position is also determined by deferred tax liabilities resulting from: (1) differences between the commercial and tax valuation of tangible fixed assets with regard to maintenance costs, which are recognised directly in the profit and loss account for tax purposes rather than being capitalised in the balance sheet; and (2) previously formed tax provisions for major maintenance.

The deferred tax provision has been formed based on the current and future corporation tax rate of 25.0%. The provision has a term of more than one year.

The remaining provisions comprise provisions for long-service awards (€4.5 million), restructuring expenses (€0.5 million), missing CC containers (€0.4 million) and payments for prolonged illness (€0.3 million). The provision for missing CC containers was formed for the shortfall in CC containers found when the CC labels were replaced in early 2019. During 2021, the shortfall in CC containers was largely offset by the purchase of new CC containers for €0.9 million. The restructuring provision relates to a change in the logistics process whereby a transition is being made from the current supply-driven distribution process to a demand-driven order picking process. The majority of the restructuring provision has a term of less than one year, while the majority of other provisions have a term of more than one year.

Current liabilities

(33) Other liabilities, accrued expenses and deferred income

	2021	2020
Taxes and social security contributions	6,410	7,839
Holidays and holiday pay	13,558	12,696
Interest expense payable to banks and on members' loans	833	935
Accrued expenses and deferred income	9,594	8,288
Other liabilities	47,200	37,349
Balance as at 31 December	77,595	67,107

All debts, accrued expenses and deferred income are due in less than one year.

The increase in accrued expenses and deferred income is due to an amount of €7.9 million repayable as at 31 December 2020 to the UWV (national employment insurance agency). This sum was paid in advance to Royal FloraHolland under the temporary NOW scheme (coronavirus emergency bridging finance for employers), but Royal FloraHolland was subsequently found to be ineligible for an allowance under the scheme.

The increase in other liabilities is due to the fact that the amount in pending invoices at 31 December 2021 was higher than at 31 December 2020.

(34) Financial instruments

Information on the financial instruments is provided in the notes to the consolidated financial statements.

(35) Off-balance sheet assets, obligations and arrangements

	31 December 2021				31 December 2020			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Investment obligations	31,690	–	–	31,690	16,012	4	–	16,016
Operating lease obligations	1,306	2,681	243	4,230	1,130	2,047	2	3,179
Rental obligations	913	704	–	1,617	1,210	1,329	–	2,539
Guarantees	1,774	–	–	1,774	1,589	–	–	1,589
Miscellaneous service contracts	70,115	89,043	9,274	168,431	68,921	125,404	10,736	205,061
Total	105,798	92,427	9,517	207,742	88,862	128,784	10,738	228,385

Obligations pertaining to operating leases and rents are in line with 2020. Investment obligations rose by €15.7 million compared to 2020. This is due to major new obligations entered into in respect of forthcoming investments, including for the development of Aalsmeer Oost.

As at 31 December 2021, Royal FloraHolland has issued bank guarantees for an amount of €1.8 million (2020: €1.6 million).

The miscellaneous service contracts fell by €36.6 million compared to 2020, mainly due to the expiry of a number of contracts with ICT suppliers for software development and system administration activities.

The minimum future rental income is €15.5 million (2020: €14.3 million), divided over the coming years as follows:

	31 December 2021				31 December 2020			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Rental income	12,989	2,467	5	15,461	13,401	831	35	14,267
Total	12,989	2,467	5	15,461	13,401	831	35	14,267

Furthermore, several claims have been filed against Royal FloraHolland and there are also pending disputes. All claims are contested. Where necessary and relevant, Royal FloraHolland has obtained legal advice concerning the claims and disputes. However, the outcome of the negotiations and/or proceedings cannot be predicted with any certainty.

Group tax entity

For corporation tax purposes, as at 1 January 2021 Royal FloraHolland constituted a group tax entity with its subsidiaries FH Vastgoed Holding BV, Siervast BV, RFH Holding BV, RFH Logistics Holding BV and Floriway BV (formerly: Logistiek2 BV). Floriway BV left the group tax entity during the course of 2021 as a consequence of the share transaction of 27 October 2021, whereby 15% of the shares were sold to a third party. As at the end of 2021, Royal FloraHolland still holds 85% of the shares in Floriway BV (via its subsidiary RFH Logistics Holding BV). Taxes are attributed to the legal entity to which the position applies. For the purposes of value added tax, Royal FloraHolland constitutes a group tax entity with its subsidiary companies FH Diensten Holding BV, FloraHolland Flower Combination BV, Flowerdome BV, and Siervast BV. Each of the entities within the group tax entity is jointly and severally liable for the debts of the entire group tax entity.

Aalsmeer, 15 March 2022

Steven van Schilfgaarde
CEO, Royal FloraHolland

David van Mechelen
CFO, Royal FloraHolland

Overview of participating interests

Royal FloraHolland has directly or indirectly a full or partial interest in the following companies:

		2021 Interest %	2020 Interest %
RFH Holding BV*	Honselersdijk	100	100
FH Diensten Holding BV*	Honselersdijk	100	100
Servi FloraHolland 2002 SL*	Valencia, Spain	100	100
FloraHolland Flower Combination BV*	Honselersdijk	100	100
FH Consultancy Services PLC*	Addis Ababa, Ethiopia	50	50
FH Services Colombia Ltda*	Bogota, Colombia	50	50
Royal FloraHolland Kenya Ltd*	Nairobi, Kenya	1	1
Sierteelt Verpakkings Pool BV*	Honselersdijk	100	100
Flowerdome BV*	Eelde	100	100
FH Consultancy Services PLC*	Addis Ababa, Ethiopia	50	50
FH Services Colombia Ltda*	Bogota, Colombia	50	50
Royal FloraHolland Kenya Ltd*	Nairobi, Kenya	99	99
FH Services Italy SRL*	Milan, Italy	100	100
Royal FloraHolland Hong Kong Ltd*	Hong Kong, China	100	100
Royal FloraHolland Co Ltd (WFOE)*	Hong Kong, China	100	100
Trias Westland BV	Poeldijk	10	10
FloraXchange BV*	Honselersdijk	100	100
FloraXchange Services BV*	Honselersdijk	100	100
Ethiopian Perishable Logistics PLC	Ethiopia	10	10
Fresh Port PLC	Ethiopia	99	99
CAAC BV*	Aalsmeer	100	100
Blueroots BV	Honselersdijk	50	50
FH Vastgoed Holding BV*	Honselersdijk	100	100
Siervast BV*	Rijnsburg	100	100

		2021 Interest %	2020 Interest %
Metz Vastgoed BV	Honselersdijk	–	90
Metz Vastgoed II BV	Honselersdijk	–	90
Javado Vastgoed BV*	Honselersdijk	51	51
Plant Port 1 BV	Aalsmeer	49.5	49.5
FloriWorld BV	Aalsmeer	33.33	33.33
HBC Beheer BV	Naaldwijk	–	30
FH Deelnemingen Holding BV*	Honselersdijk	100	100
Plantion Holding BV	Bemmel	35	35
Veiling Rhein Maas GmbH & Co. KG	Herongen	25	25
Veiling Rhein Maas GmbH	Herongen	100	100
Sivepo CV*	Honselersdijk	100	100
RFH Logistics Holding BV	Aalsmeer	100	100
Floriway BV (formerly: Logistiek2 BV)	Aalsmeer	85	100
Gebroeders de Winter Holding BV*	Honselersdijk	100	–
De Winter Transport BV*	Honselersdijk	100	–
Logistics Flower Center BV*	Aalsmeer	100	–
De Winter Logistics Support BV*	Honselersdijk	100	–
De Winter Logistics Services BV*	Honselersdijk	100	–
Carrosserie Center Westland BV*	Honselersdijk	100	–
Hoza BV*	De Kwakel	100	–
P.M. van Zaal Transport BV*	De Kwakel	100	–
Van Marrewijk Holding BV*	Naaldwijk	100	–
Van Marrewijk Verhuur BV*	Naaldwijk	100	–
WEMATTRANS BV*	Naaldwijk	100	–

* Consolidated participating interest.

Other information

Provisions of the Articles of Association on the appropriation of the profit or loss

Article 34 of the Articles of Association of the cooperative stipulates the following with regard to the appropriation of profit or loss:

Article 34

1. If the operating account indicates a net profit, the Members' Council, following a proposal by the Management Board, will determine whether this balance or part thereof will be added to the general reserve and which portion is available for payment or for adding to the specified reserve(s) given below.
2. The part of the net profit that is not added to the general reserve will benefit the members and those people whose membership ended in or at the end of the relevant financial year, and in proportion to the commission payable by each of them in the financial year in question.
3. The amounts referred to will be paid within three (3) months after adoption of the annual accounts, subject to the proviso that if a member has not yet paid its depositary receipt 'A', that amount or part thereof will be credited to depositary receipt 'A'.
4. If a deficit is apparent from the operating account, then this deficit will be offset against the general reserve.
5. If a deficit cannot be offset due to important reasons or in all reasonableness by the means indicated in the foregoing clauses, the Members' Council, following a proposal by the Management Board, will decide how the deficit is to be offset and according to which criteria.
6. By virtue of article 23, clause 2, section (i) of these Articles of Association, motions by the Management Board under this article require the approval from the Supervisory Board.

World Economic Forum reference table – Common metrics

We are making preparations for the new European Corporate Sustainability Reporting Directive (CSRD). Since the CSRD indicators are still under development, we are provisionally using the ‘common metrics’ defined by the World Economic Forum. RFH uses ESG to translate sustainability into practice. The WEF common metrics add ‘prosperity’ and present the other three areas in a different order, beginning with Governance, followed by Environment (Planet) and then Social (People). RFH’s four ambitions have also been added to this table as material topics. For more information, go to www.weforum.org/stakeholdercapitalism/our-metrics

	Topics	Core metrics and disclosures	RFH disclosure
Principles of Governance	Governing purpose	Setting purpose	p.6
	Quality of governing body	Governance body composition	p.47
		Competencies relating to economic, environmental and social issues	
		Tenure on the governance body	p.52
		Number of each individual’s other significant positions and commitments, and nature of the commitments; gender; membership of under-represented social groups	p.51
	Stakeholder engagement	Stakeholder representation	p.49 and p.57
Ethical behaviour	Material issues impacting stakeholders	p.26	
	Anti-corruption	p.45	
	Protected ethics advice and reporting mechanisms	Not reported	
Risk and opportunity oversight	Integrating risk and opportunity into the business process	pp. 43-46	
Planet	Climate change	Greenhouse gas (GHG) emissions - Metric tons of carbon dioxide equivalent, scope 1 and scope 2 emissions	p.31 and p.32
		Estimate and report material upstream and downstream (GHG Protocol scope 3 emissions), where appropriate	Not reported
		TCFD Implementation	Not reported
	Nature loss	Land use and ecological sensitivity	Not reported
Freshwater availability	Water consumption and withdrawal in water-stressed areas	p.31	

	Topics	Core metrics and disclosures	RFH disclosure
People	Dignity and equality	Diversity and inclusion (%)	p.20
		Pay equality (%)	Not reported
		Wage level (%)	p.18
		Risk for incidents of child, forced or compulsory labour	p.34
	Health and well-being	Health and safety %	p.39 and p.40
		Skills for the future – training provided	p.18
Prosperity	Employment and wealth generation	Absolute number and rate of employment	p.20 and p.89
		Economic contribution - Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organisation's global operations	
		Revenue	p.8, p.22, p.23, and p.87
		Operating costs	p.22, p.23
		Employee wages and benefits	p.22 and p.88
		Payments to providers of capital	p.63, p.64, p.65 and p.83
		Payments to government	p.64, p.80, p.83
		Community investment	Not reported
		Financial assistance received from the government	Not reported
		Financial investment contribution	
		Total capital expenditure	p.65
		Share buybacks plus dividend payments, supported by narrative	Dividend payments and payments to certificates p.65
		Total R&D expenses	Not reported
		Total tax paid - Total global tax home borne by the company by category of taxes	* Deferred taxes - p.63, p.79 and p.91 * Corporate income tax - p.62, p.64, p.65, p.90 and Information p.73 * Income taxes - p.65 * Taxes and social security contributions - p.80 and p.83

	Topics	Core metrics and disclosures	RFH disclosure
Material topics	Ambition 1	Royal FloraHolland is the most reliable marketplace for certified sustainable flowers and plants.	p.27 and p.28
	Ambition 2	Royal FloraHolland aims for a circular economy with reuse of raw materials	p.29 and p.30
	Ambition 3	Royal FloraHolland aims to minimise carbon emissions in its operations	p.31 and p.32
	Ambition 4	Royal FloraHolland promotes green innovation together with partners ('Green is more than just beautiful')	p.33

Addresses

Aalsmeer (head office)

Legmeerdijk 313
PO Box 1000, 1430 BA Aalsmeer
T +31 (0)88 789 89 89
E klantenservice@royalfloraholland.com

Rijnsburg

Laan van Verhof 3
PO Box 10, 2230 AA Rijnsburg
T +31 (0)88 789 89 89
E klantenservice@royalfloraholland.com

Rhein-Maas auction

47638 Straelen-Herongen, Germany
T +49 (0)2839 59 32 00
E klantenservice@royalfloraholland.com

Naaldwijk (head office)

Middel Broekweg 29
PO Box 220, 2670 AE Naaldwijk
T +31 (0)88 789 89 89
E klantenservice@royalfloraholland.com

Eelde

Burg. J.G. Legroweg 80
9761 TD Eelde
T +31 (0)50 309 77 77
E eelde@royalfloraholland.com

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Edwin Lucas

CF Report

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Erik van der Burgt

Jurriaan Hoefsmit

Jeroen Dietz

Royal FloraHolland

Advisory, concept, design and realisation

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Contact and information

Text: michelvanschie@royalfloraholland.com

Inquiries: pers@royalfloraholland.com

Financial: marcelsmit@royalfloraholland.com

Sustainability: maartenbanki@royalfloraholland.com

