

Registered number: 02918087

FEED FACTORS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



FEED FACTORS LIMITED

COMPANY INFORMATION

DIRECTORS

Mr W S Heide
Mr W E Krueger
Mr J Hopkinson

COMPANY SECRETARY

T Carew

REGISTERED NUMBER

02918087

REGISTERED OFFICE

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

TRADING ADDRESS

The Gallery
Whittaker Avenue
Richmond
TW9 1EH

FEED FACTORS LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 26

FEED FACTORS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report on the company for the year ended 31 December 2018.

INTRODUCTION

Feed Factors Limited is a wholly owned subsidiary of Lansing Trade Group LLC. The company's principal activity is the trading, importing and distribution of agricultural commodities for human and animal consumption.

BUSINESS REVIEW

The company's key performance indicators are Turnover, profit before tax and net assets. Turnover for the year decreased by 24.2%, the main reason being a fluctuating market in 2018. Feed Factors has also seen a decrease in their international trade. Profit before tax was £4.4m, which led to an increase in net assets to £17.4m from £13.8m at the end of the previous year.

FUTURE DEVELOPMENTS

The first quarter of 2019 has been positive, with robust forward sales due to a significant growth in the market. Strong sales trends look to remain for the rest of the year.

PRINCIPAL RISKS AND UNCERTAINTIES

Foreign exchange risk

The Company purchases stock generally in US dollars whilst sales are primarily in pounds sterling with some sales in Euros. It reduces its currency risk by entering into forward contracts on the foreign exchange market. The Company sources its products from numerous origins, and has spent many years nurturing and maintaining a network of high quality, reliable suppliers, who have remained loyal even in times of poor harvests and political unrest.

Credit risk

The Company has protected itself against customer default and bad debts by entering into a comprehensive credit insurance policy.

Price risk

The Company manages price risk by ensuring, where possible, a buyer is found and a price agreed before committing to a purchase.

Liquidity and cashflow risk

Liquidity and cashflow risk are managed by ensuring there are adequate overdraft facilities in place before committing to a trade.

FINANCIAL KEY PERFORMANCE INDICATORS

The company is affected by the scale and profitability of individual contracts, hence turnover and profits may not follow a steady pattern but vary substantially from year to year:

	31/12/2018	31/12/2017	31/12/2016
Turnover	£66.3m	£87.6m	£49.1m
Gross Profit (%)	10.7%	9.3%	8.0%

For the above reason, using KPI's would vary on a year to year basis.


FEED FACTORS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

POST BALANCE SHEET EVENTS

From 1 January 2019, The Andersons, Inc acquired Lansing Trade Group, LLC and are the ultimate controlling party. The Andersons, Inc is incorporated and registered in the state of Ohio, USA, whose registered office is 1947 Briarfield Blvd, Maumee, OH 43536, USA.

This report was approved by the board and signed on its behalf.



Mr J Hopkinson
Director

Date: 11 February 2019

FEED FACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

DIRECTORS

The directors who served during the year were:

Mr W S Heide
Mr W E Krueger
Mr J Hopkinson

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has maintained throughout the year directors and officers' liability insurance for the benefit of the Company, the directors and its officers.

FEED FACTORS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

STRATEGIC REPORT

The company has chosen to include several items in the strategic report which would otherwise be required to be disclosed in the Directors' report. These include information on the exposure to price risk, credit risk, liquidity risk and cash flow risk, details of any important events affecting the company since the end of the financial year and an indication of likely future developments in the business of the company.

AUDITORS

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Mr J Hopkinson
Director

Date: 11 February 2019

FEED FACTORS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FEED FACTORS LIMITED

OPINION

We have audited the financial statements of Feed Factors Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

FEED FACTORS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FEED FACTORS LIMITED
(CONTINUED)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

FEED FACTORS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FEED FACTORS LIMITED (CONTINUED)

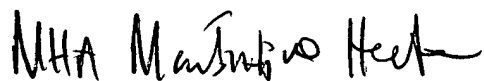
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Poleykett FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants and Statutory Auditors

New Bridge Street House

30-34 New Bridge Street

London

EC4V 6BJ

Date:

12 February 2019

FEED FACTORS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	66,344,094	87,562,096
Cost of sales		(59,249,884)	(79,415,261)
GROSS PROFIT		7,094,210	8,146,835
Administrative expenses		(2,515,660)	(2,724,668)
Other operating income	5	-	150,658
Fair value movements		-	9,072
OPERATING PROFIT	6	4,578,550	5,581,897
Interest receivable and similar income	9	6,663	12,283
Interest payable and expenses	10	(166,422)	(385,665)
PROFIT BEFORE TAX		4,418,791	5,208,515
Tax on profit	11	(839,570)	(1,013,405)
PROFIT FOR THE FINANCIAL YEAR		3,579,221	4,195,110

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

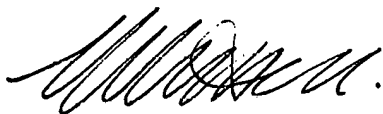
The notes on pages 12 to 26 form part of these financial statements.

FEED FACTORS LIMITED
REGISTERED NUMBER: 02918087

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	12	301,966	398,754
		<u>301,966</u>	<u>398,754</u>
CURRENT ASSETS			
Stocks	13	17,938,765	17,785,812
Debtors: amounts falling due within one year	14	6,967,806	7,234,359
Cash at bank and in hand	15	4,474,363	389,863
		<u>29,380,934</u>	<u>25,410,034</u>
Creditors: amounts falling due within one year	16	(12,205,207)	(11,957,972)
NET CURRENT ASSETS		<u>17,175,727</u>	<u>13,452,062</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,477,693</u>	<u>13,850,816</u>
Creditors: amounts falling due after more than one year	17	(63,171)	-
PROVISIONS FOR LIABILITIES			
Deferred tax	20	(40,543)	(56,058)
		<u>(40,543)</u>	<u>(56,058)</u>
NET ASSETS		<u>17,373,979</u>	<u>13,794,758</u>
CAPITAL AND RESERVES			
Called up share capital	21	372	372
Profit and loss account	22	17,373,607	13,794,386
		<u>17,373,979</u>	<u>13,794,758</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr J Hopkinson
 Director

Date: 11 February 2019

The notes on pages 12 to 26 form part of these financial statements.

FEED FACTORS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	372	9,599,276	9,599,648
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	4,195,110	4,195,110
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	4,195,110	4,195,110
TOTAL TRANSACTIONS WITH OWNERS	-	-	-
At 1 January 2018	372	13,794,386	13,794,758
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	3,579,221	3,579,221
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	3,579,221	3,579,221
TOTAL TRANSACTIONS WITH OWNERS	-	-	-
AT 31 DECEMBER 2018	372	17,373,607	17,373,979

The notes on pages 12 to 26 form part of these financial statements.

FEED FACTORS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for financial year	3,579,221	4,195,110
ADJUSTMENTS FOR:		
Depreciation of tangible assets	117,615	86,298
Interest paid	166,422	385,665
Interest received	(6,663)	(12,283)
Taxation charge	839,570	1,013,405
(Increase) in stocks	(152,953)	(193,657)
Decrease in debtors	266,553	2,771,972
Increase/(decrease) in creditors	4,214,753	(5,764,921)
Increase in amounts owed to groups	461,291	184,346
Corporation tax (paid)	(628,095)	(849,397)
NET CASH GENERATED FROM OPERATING ACTIVITIES	8,857,714	1,816,538
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(20,827)	(221,141)
Interest received	6,663	12,283
NET CASH FROM INVESTING ACTIVITIES	(14,164)	(208,858)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loans	135,707	-
Interest paid	(166,422)	(385,665)
Shares and share premium treated as debt repaid	-	(1,488,550)
NET CASH USED IN FINANCING ACTIVITIES	(30,715)	(1,874,215)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,812,835	(266,535)
Cash and cash equivalents at beginning of year	(4,980,635)	(4,714,100)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	3,832,200	(4,980,635)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	4,474,363	389,863
Bank overdrafts	(642,163)	(5,370,498)
	3,832,200	(4,980,635)

The notes on pages 12 to 26 form part of these financial statements.

FEED FACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

Feed Factors Limited is a private company limited by shares incorporated in the United Kingdom, registration number 02918087. The address of its registered office is detailed in the company information section.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements have been prepared in pounds sterling, the functional currency, rounded to the nearest £1.

The following principal accounting policies have been applied:

2.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Goods are sold under both spot and forward contract terms. Under both scenarios income is recognised upon the physical delivery of goods to the customer, where the responsibility of delivery lies with the company, or upon collection by the customer where the customer is responsible for collecting the goods from storage.

2.3 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and machinery	- Straight-line over 3 years
Fixtures and fittings	- Straight-line over 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

FEED FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)**2.4 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.5 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.7 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

2.9 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

FEED FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)**2.10 FINANCE COSTS**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.12 PENSIONS**Defined contribution pension plan**

The Company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 INTEREST INCOME

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.14 BORROWING COSTS

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.15 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that *probably requires settlement by a transfer of economic benefit*, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

FEED FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)**2.16 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

FEED FACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

The critical estimate in applying these policies is:

Fixed Assets

Management apply judgment on the estimated useful life of each class of fixed asset. At each balance sheet date fixed assets are assessed for impairment and written down where appropriate.

Stock

Stocks are valued at the lower of cost and net realisable value, after allowance for obsolete stock. The directors are satisfied that the stock is valued on an appropriate basis.

Debtors

The directors have considered the recoverability of debtors and are satisfied that the debtors are fairly stated.

4. TURNOVER

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	61,869,004	51,983,572
Rest of the world	4,475,090	35,578,524
	<u>66,344,094</u>	<u>87,562,096</u>

5. OTHER OPERATING INCOME

	2018 £	2017 £
Other operating income	-	150,658
	<u>-</u>	<u>150,658</u>

FEED FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	117,615	86,298
Auditor's remuneration - Audit of the financial statements	21,000	19,500
Auditor's remuneration - Accounts preparation	2,000	2,000
Auditor's remuneration - Tax	2,000	2,000
Auditor's remuneration - prior year (over) / under provision	(304)	6,250
Exchange differences	(102,699)	(323,423)
Other operating lease rentals	180,697	216,907
Defined contribution pension cost	59,186	56,547
	<u>117,615</u>	<u>86,298</u>

7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	1,115,934	1,547,294
Social security costs	180,610	226,380
Cost of defined contribution scheme	59,186	56,547
	<u>1,355,730</u>	<u>1,830,221</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Distribution staff	2	2
Administration staff	8	9
	<u>10</u>	<u>11</u>

The key management personnel of the company are the directors. Their remuneration is detailed in note 8.

FEED FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. DIRECTORS' REMUNERATION

	2018 £	2017 £
Directors' emoluments	514,450	894,862
Company contributions to defined contribution pension schemes	17,100	15,300
	<u>531,550</u>	<u>910,162</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £514,450 (2017 - £894,862).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,100 (2017 - £15,300).

9. INTEREST RECEIVABLE

	2018 £	2017 £
Other interest receivable	6,663	12,283
	<u>6,663</u>	<u>12,283</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Bank interest payable	166,422	234,740
Other interest - on shares treated as debt	-	150,925
	<u>166,422</u>	<u>385,665</u>

FEED FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	855,085	992,122
	<u>855,085</u>	<u>992,122</u>
TOTAL CURRENT TAX	<u>855,085</u>	<u>992,122</u>
DEFERRED TAX		
Origination and reversal of timing differences	(15,515)	21,283
TOTAL DEFERRED TAX	<u>(15,515)</u>	<u>21,283</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>839,570</u>	<u>1,013,405</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>4,418,791</u>	<u>5,208,515</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	839,570	1,002,639
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,772	4,554
Capital allowances for year in excess of depreciation	1,826	(12,675)
Interest on share premium treated as debt	-	30,109
Changes in provisions leading to an increase (decrease) in the tax charge	(2,598)	(18,308)
Other	(4,000)	7,086
TOTAL TAX CHARGE FOR THE YEAR	<u>839,570</u>	<u>1,013,405</u>

FEED FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. TAXATION (CONTINUED)**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

12. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Total £
COST OR VALUATION			
At 1 January 2018	400,750	329,575	730,325
Additions	-	20,827	20,827
At 31 December 2018	400,750	350,402	751,152
DEPRECIATION			
At 1 January 2018	109,738	221,833	331,571
Charge for the year on owned assets	67,901	49,714	117,615
At 31 December 2018	177,639	271,547	449,186
NET BOOK VALUE			
At 31 December 2018	223,111	78,855	301,966
At 31 December 2017	291,012	107,742	398,754

FEED FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	17,938,765	17,785,812
	<u>17,938,765</u>	<u>17,785,812</u>

Stock recognised in cost of sales during the year as an expense was £59,402,837 (2017: £79,608,918).

14. DEBTORS

	2018 £	2017 £
Trade debtors	6,266,445	6,905,800
Other debtors	270,667	268,376
Prepayments and accrued income	430,694	60,183
	<u>6,967,806</u>	<u>7,234,359</u>

15. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	4,474,363	389,863
Less: bank overdrafts	(642,163)	(5,370,498)
	<u>3,832,200</u>	<u>(4,980,635)</u>

FEED FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	642,163	5,370,498
Bank loans	72,536	-
Trade creditors	7,731,907	3,547,209
Amounts owed to group undertakings	1,662,926	1,201,635
Corporation tax	475,448	248,458
Other taxation and social security	86,690	87,678
Other creditors	-	204,750
Accruals and deferred income	1,533,537	1,297,744
	<u>12,205,207</u>	<u>11,957,972</u>

The company's bank loan and overdrafts are secured by way of a fixed and floating charge over the undertaking and all property and assets and by way of a fixed charge over the company's bank deposits.

17. CREDITORS: Amounts falling due after more than one year

	2018 £	2017 £
Bank loans	63,171	-
	<u>63,171</u>	<u>-</u>

The company has two secured loans of £67,500 and £148,500 over the assets of the company. The respective interest rates charged on the loans are 3.29% and 3.93%. The repayment schedule of the loans required them to be re-paid within 36 months of the loan being taken out.

FEED FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. LOANS

Analysis of the maturity of loans is given below:

	2018 £	2017 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	72,536	-
	<u>72,536</u>	<u>-</u>
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	63,171	-
	<u>63,171</u>	<u>-</u>
Total at 31 December 2018	<u><u>135,707</u></u>	<u><u>-</u></u>

19. FINANCIAL INSTRUMENTS

	2018 £	2017 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	4,474,363	389,863
Financial assets that are debt instruments measured at amortised cost	6,770,491	7,037,079
	<u><u>11,244,854</u></u>	<u><u>7,426,942</u></u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	<u><u>11,699,333</u></u>	<u><u>11,570,572</u></u>

Financial assets measured at fair value through profit or loss comprise cash and hedges of foreign exchange risk, comprising forward contracts to buy and sell foreign currency. Fair values are determined using quoted market prices or dealer prices using active markets.

Basic financial instruments are recognised at amortised cost, except for investments in non-convertible preference and non-puttable ordinary shares which are measured at fair value, with changes recognised in profit or loss.

FEED FACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. DEFERRED TAXATION

	2018 £
At beginning of year	(56,058)
Charged to profit or loss	15,515
AT END OF YEAR	(40,543)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(40,543)	(56,058)
	(40,543)	(56,058)

21. SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid		
37,200 (2017 - 37,200) Ordinary shares shares of £0.01 each	372	372

22. RESERVES**Profit and loss account**

This reserve is used to record the accumulated distributable profits and losses realised during the course of the year.

23. PENSION COMMITMENTS

The Company operates a group personal pension scheme. The pension cost charge represents contributions payable by the Company to the scheme and amounted to £59,186 (2017: £56,547). There were no contributions (2017: £nil) payable to the fund at the balance sheet date.

FEED FACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

24. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	493,750	155,000
Later than 1 year and not later than 5 years	67,521	232,500
	<u>561,271</u>	<u>387,500</u>

25. CONTROLLING PARTY

At year end, the company was under the control of Lansing Lux Holdco S.A.R.L., a private limited liability company incorporated in Luxembourg, whose registered office is 46A Avenue J. F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. The ultimate controlling party is Lansing Trade Group, LLC incorporated and registered in the state of Delaware, USA, whose registered office is 10975 Benson Drive, Suite 400, Overland Park, KS 66210, USA.

26. RELATED PARTY TRANSACTIONS

The company was under the control of Lansing Lux Holdco S.A.R.L. The ultimate controlling party is Lansing Trade Group LLC.

During the year Feed Factors Limited was invoiced £2,916,849 (2017: £3,512,663) by Lansing Trade Group LLC for goods purchased. At 31 December 2018, the company owed Lansing Trade Group LLC £268,282 (2017: £665,434).

The company has a loan from the ultimate parent, Lansing Trade Group LLC, the balance outstanding at the year end was £1,662,926 (2017: £1,201,635). The loan is interest free and repayable on demand.

Thompsons Limited is a fellow member of the Lansing group. During the year sales of £1,064,350 (2017: £3,512,663) were made to Thompsons Limited. At 31 December 2018 £nil (2017: £nil) was due from Thompsons Limited.

27. POST BALANCE SHEET EVENTS

From 1 January 2019, The Andersons, Inc acquired Lansing Trade Group, LLC and are the ultimate controlling party. The Andersons, Inc is incorporated and registered in the state of Ohio, USA, whose registered office is 1947 Briarfield Blvd, Maumee, OH 43537, USA.