

OPENFIELD AGRICULTURE LIMITED

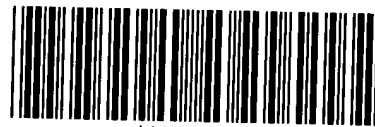
Report and Financial Statements

Year Ended

30 June 2021

Company Number: 03548572

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OPENFIELD AGRICULTURE LIMITED

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OPENFIELD AGRICULTURE LIMITED

Company information

Directors

D R H Anderson
J Dallas
R J Jenner
M J Worrell

Secretary

M Henson

Registered office

Honey Pot Lane
Colsterworth
Grantham
Lincolnshire
NG33 5LY

Company number

03548572

Auditor

BDO LLP
Two Snowhill
Birmingham
B4 6GA

Banker

Lloyds Bank plc
10 Gresham Street
London
EC2V 7AE

Solicitor

Burges Salmon LLP
One Glass Wharf
Bristol
BS2 0ZX

OPENFIELD AGRICULTURE LIMITED

Chief Executive statement for the year ended 30 June 2021

Dear Member

As a result of taking action in anticipation of a poor harvest, Openfield delivered an outstanding result in a year when it, along with the industry, faced unprecedented challenges in the form of a disastrous harvest and a global pandemic. Without taking this action, the company would surely have made a loss as it is feared many other businesses in our sector will have done.

Much of the action taken will deliver profit improvements going forward and so this has not only reflected well in the year under review but also bodes well for the company's future prospects. In addition to these actions, the current focus is also looking at building on our excellent service delivery, to further develop and improve this to not only make it easier to work with Openfield but to also to deliver value back to you. This is particularly appropriate given the huge challenges that currently face not just our industry but the country as a whole in terms of labour shortages. The haulage industry is badly affected creating major logistics and service challenges across the grain sector.

Company Performance

The 2020 harvest was expected to be bad but few anticipated just how poor it was going to turn out to be. The annual wheat crop was 40% down on the prior year and despite one of the largest planting areas for Barley, that crop was only slightly bigger than 2019 due to poor yields. Inevitably, these volumes led to challenging market conditions with high import levels of 2.4 mt of wheat and 2.8 mt of corn. Millers were using around 32% of imported wheat in the milling grist which was a big increase on the 15% in the prior year and one of the largest proportions in recent years. Moreover, Brexit on 1st January led to stock piling in anticipation of trade disruption. Oil Seed rape produced another small crop compared to prior years leading to imports of 643 kt compared to the prior year of 416 kt.

The company delivered a profit of £1.1m in the year compared to £0.9m last year. However, as mentioned, this would have been significantly less without the re-investment of profit in 2020 into delivering lower cost and improved efficiency in 2021, as demonstrated by the reduction in administration expenses of £2.3m from £14.6m to £12.3m. The lower volumes reflected in turnover for the year of £516m compared to the prior year of £638m, a reduction of 19%, resulted in a reduced gross profit, net of distribution costs, of £14.1m compared to the prior year of £16.1m.

Financial Strength

The company continues to be financially sound with working capital amounting to £9.9m, (2020: £8.2m) and net assets increasing to £15.0m (2020: £14.1m).

As mentioned in prior years, our borrowings are entirely working capital related and the company continues to enjoy excellent relationships with both of its bankers, Lloyds & RBS, as well as its insurers, AIG.

Covid-19

Covid-19 has had a minimal impact on the operation of the business with members of staff being able to work from home by logging into systems and using technology remotely to operate effectively. For those that needed to attend the company's premises during periods of restriction, UK Government guidelines have been adhered to thus creating a Covid-safe working environment.

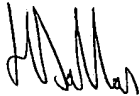
There continues to be market impact, however, particularly with the shortage of HGV Drivers driven partly by delayed medical examinations as a result of the pressure on the NHS.

OPENFIELD AGRICULTURE LIMITED

Chief Executive statement for the year ended 30 June 2021

Appreciation

I would like to thank my executive directors and staff for their outstanding efforts in this year, not only for delivering an excellent performance in the year under review but also coping with the extremely challenging market conditions that have been experienced.



James Dallas
Chief Executive Officer

OPENFIELD AGRICULTURE LIMITED

Strategic report for the year ended 30 June 2021

The directors present their strategic report and the financial statements for the year ended 30 June 2021.

Business model

The company is engaged in the marketing of arable crops on behalf of its members, the purchase and sale of arable crops worldwide, the sale of seed, fertiliser and agro-chemicals to farmers and the delivery of support services for numerous independent grain groups and stores.

The company's management is broadly organised along these lines with each area responsible and accountable for activity. Where there are synergies aligned to scale activities, such as distribution and logistics, these are combined in order to secure the benefits from a larger scale operation.

The business model is based on co-operative and mutual principles to the extent that focus is placed on value to the farmer rather than absolute business profitability for profits sake. Building unique supply chains linking the farmer to the consumer and returning value to the farmer is what differentiates Openfield from its competitors.

The company operates in a largely perfect economic market place, handling high volume, low margin commodities in an efficient manner to meet the demands of a competitive market place. All arable crop sales to third parties are made on credit terms with credit insurance in place to manage significant credit risk. Sales are made within the UK, Europe, Asia and Africa.

Strategy

The key elements of our strategy are to have industry leading committed grain supply and marketing, a best in class storage network to support our consumer customers and to provide farmers with a cost effective off farm storage option, a comprehensive grain trading activity that enables Openfield to compete worldwide, a comprehensive inputs supply offering, active consumer and member account management aligned to excellent service, communication and engagement, and, where appropriate, acquisition or merger with like-minded entities whose values and beliefs mirror our own.

Retention, training and reward of our staff and recruitment of appropriately motivated and relevant new employees is at the heart of our continuing growth aspirations.

Financial review

The directors consider the key performance indicators for the business are turnover and net assets.

	2021 £m	2020 £m
Turnover	516	638
Net assets	15.0	14.1

A significant focus on executing grain stocks successfully helped to deliver a profit, in a year where a very low harvest impacted both our grain and inputs business.

Turnover is reduced to £516m due to the much lower harvest (2020: £638m).

The operating profit was £2.0m (2020: profit £1.8m). The profit before taxation was £1.1m (2020: profit £0.9m).

Net assets have increased to £15.0m (2020: £14.1m) due to the profit in the year. Net borrowings were £23.3m (2020: £19.6m). Stocks were down on the previous year but this downturn was offset by reduced Accruals, both due to the significantly lower harvest.

OPENFIELD AGRICULTURE LIMITED

Strategic report for the year ended 30 June 2021 (continued)

Going concern and covid-19

The company continued to operate throughout the pandemic without any significant interruption or impact to our ongoing business with farmers and customers. Most employees successfully switched to working remotely from home but have now returned to the office.

The directors have considered the future profitability and working capital requirements of the company and its ability to continue as a going concern. In June 2019 the Group agreed new working capital facilities with its bankers for a term of three years commencing on 1st July 2019. The Group has a long-standing relationship with its bankers is in regular communication with them and has confidence that the banking facilities will be renewed in the normal way at the appropriate time. The forecasts prepared indicate that the company is able to operate within these facilities for at least twelve months from the authorisation of the financial statements.

Whilst there are always uncertainties in predicting the future, the directors are satisfied no material uncertainties exist and accordingly continue to adopt the going concern basis in preparing the annual report and financial statements.

Principal financial and operational risks and uncertainties

The management and Board have reviewed the activities of the company and the controls that are in place to manage the exposure to risk. Certain areas of risk have been identified and controls have been implemented in order to manage the risks therein. These controls are reviewed by the Board from time to time and are reviewed by the Risk Committee in order to consider whether the controls are appropriate and are being applied in a consistent manner. Risk management controls and grain marketing functions are independently supervised by senior executives with segregated responsibilities.

The key risk areas that have been identified are:

Commodity Price and Position: The nature of the company's grain trading business necessitates that positions are taken in order to meet customers' supply requirements and for profit in the ordinary course of business. The Board recognises this and requires that positions are operated within duly authorised limits that are appropriate for each commodity and that are appropriate for current trading conditions. The company does not hold or issue derivative instruments for speculative purposes. Management review the way in which these trading limits are applied. Exposure to fluctuations in grain prices is managed by the operation of the position limits and by using approved futures markets for both position and margin hedging.

Foreign Exchange: The company's grain activities include the export of grain to countries within the Euro zone and elsewhere. As a result the company is subject to movements in foreign exchange rates, principally the Euro. The company's policy is to cover its commitments to foreign exchange rates by entering into foreign exchange contracts within a short period of time of export contracts being concluded.

Credit: The company operates a credit insurance policy for its grain selling activities to afford protection from the risk of the inability of customers to pay their debts because of insolvency. Under the terms of the policy, the company is indemnified for 90% of outstanding balances in the event of insolvency, or as amended by buyer endorsement, subject to prior approval of credit limits by Insurers.

Interest Rate: The company is exposed to movements in the level of interest rates. Historically these risks have been partially covered through rate swaps but currently no hedging is in place because of the low interest rate environment. Other hedging instruments have not been used.

Liquidity: In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of short-term debt finance. Further details regarding the liquidity risk can be found in the statement of accounting policies in the financial statements.

OPENFIELD AGRICULTURE LIMITED

Strategic report for the year ended 30 June 2021 (continued)

Principal financial and operational risks and uncertainties (continued)

Economic factors: Following the UK's exit from the EU the government is reviewing its policies in relation to agriculture which will likely have an impact on how farmers are recompensed after the Basic Payment Scheme ends. This could result in uneconomic land being taken out of production and hence reduce the overall land available for the farming of arable crops, however whether this has the result of reducing the total arable crop is less clear. We continue to monitor the situation, however the impact on the company is difficult to determine until deliberations have been concluded.

Operational risks: Uncertainties in the areas of human resources and information technology, means continual monitoring and effective management is in place to minimise the impact of these events. IT systems are continually developed to deliver internal resilience whilst a positive employee engagement programme facilitates staff retention.

Corporate Governance

The Board of the society, Openfield Group Limited, has adopted a committee structure which is also applied to the company to cover Audit and Risk, Remuneration, Finance & General Purposes, Trading Risk and Marketing and Nominations, each chaired by a non-executive director with at least one other non-executive participant, whose fees are accounted for within Openfield Group Limited.

Executive directors and management can be invited to participate but are not regarded as members of the respective committees.

Each committee has Terms of Reference which are subject to annual review by the Board.

Audit and Risk Committee

Key duties

- monitor the integrity of the financial statements of the company, and any other formal statement relating to financial performance.
- review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable.
- keep under review the adequacy and effectiveness of the company's internal financial controls and internal control and risk management systems, excluding trading risk.

Membership – Nick Marston (Chair), Ranald Forbes

Remuneration Committee

Key duties

- determine and agree with the board the framework or broad policy for the remuneration of the company's chairman, chief executive, and executive directors.
- the objective of such policy shall be to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company.

Membership – Duncan Worth (Chair), Nick Marston

OPENFIELD AGRICULTURE LIMITED

Strategic report for the year ended 30 June 2021 *(continued)*

Finance & General Purposes Committee

Key duties

- be a forum to enable the chief executive to have discussions on matters of strategic and significant importance to the company before presentation to the Board;
- consider any capital expenditure proposals, and their proposed funding arrangements, which are beyond the delegated authority of the executive team prior to submission to the Board;
- review the annual budget, the funding requirements of the company, and particularly the relationship between the company and its bankers;
- periodically review monthly management accounts and current year forecasts; and
- consider matters of corporate governance across the company and ensure that agreed procedures are adhered to robustly and appropriately documented.

Membership – Philip Moody (Chair), Duncan Worth

Trading Risk & Marketing Committee

Key duties

- review and consider the adequacy and effectiveness of the processes and procedures created by the Executive management to:
 - assess and monitor all trading, credit and marketing risks including financial exposure arising from the buying, selling and marketing of product and related customer debt exposure associated with the operations of the company;
 - ensure that internal compliance and control systems and procedures to manage the trading, credit and marketing risks are developed, instituted and maintained;
 - ensure compliance by the company of its trading, credit and marketing risk management strategy;
 - assess and monitor the effectiveness of controls instituted;
- review and make recommendations to the board in relation to material changes to trading, credit and marketing risk management recommended by the Executive.

Membership – Ranald Forbes (Chair), Philip Moody

Nominations Committee

Key duties

- regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board, and make recommendations to the board with regard to any changes;
- give full consideration to succession planning for all directors taking into account the challenges and opportunities facing the company and the skills and expertise needed in the future;
- be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies.

Membership - Philip Moody (Chair), Duncan Worth

OPENFIELD AGRICULTURE LIMITED

Strategic report for the year ended 30 June 2021 (continued)

S172(1) Statement

Section 172 of the Companies Act 2006 requires directors to take into consideration the interest of stakeholders and other matters in their decision making. The directors continue to have regard for the interests of the company's employees and other stakeholders, the impact of its activities on the community, the environment and the company's reputation for good business conduct, when making decisions. In this context, the directors consider what is most likely to promote the success of the company for its members in the long term. We set out below, how the Board engages with stakeholders.

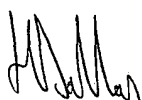
- General engagement and relations with key stakeholders such as employees, members, customers and suppliers is achieved by communication, collaboration and careful consideration of the impact of key decisions on the different stakeholder groups.
- The directors are fully aware of their responsibilities to promote the success of the company in accordance with section 172 of the Companies Act 2006. To ensure the company was operating in line with good corporate practice, all directors have been briefed on the scope and application of section 172. This encouraged the Board to reflect on how the company engages with its stakeholders and opportunities for enhancement in the future. Following this and during the year the company established OpenLink to encourage deeper engagement with members.
- The Board has also enhanced its' methods of engagement with the workforce. In that regard, regular employee focus groups have been established through OpenDoor and in addition further virtual forums and electronic communications were established to support employees' wellbeing throughout the pandemic.
- During the year there has been an increased focus on the company's environmental impact. The implementation of our logistics optimisation software with a view to reducing the miles travelled by our hauliers proceeded as planned and we made further investments in electric vehicle charging points to support employees choosing hybrid and electric cars. As part of our response to the coronavirus pandemic we were able to offer flexible working locations throughout with a resultant decrease in commuting miles.

The key decisions made in the year are set out below:

Significant event/decision	Key S172 matter(s) affected	Actions/ Impacts	Date
Budget 20/21 review and approval	Promoting success of the group	Approved	30/6/20
Review of Annual Report and Accounts – delegation of sub committee to finalise and approve	Promoting success of the group	Approved	1/12/20
Forecast 1 review and approval	Promoting success of the group	Approved	1/12/20
Executive Directors LTIP Award	Promoting success of the group	Approved	1/12/20
Approval of Annual Report and Accounts	Promoting success of the group	Approved	22/12/20
Review proposals for Openfield Milling Wheat Growers Club	Promoting success of the group	Approved	25/5/21
Forecast 2 review and approval	Promoting success of the group	Approved	30/3/21

Approval

This strategic report was approved by order of the Board and signed on its behalf on 3rd December 2021.



James Dallas
Chief Executive Officer

OPENFIELD AGRICULTURE LIMITED

Report of the directors for the year ended 30 June 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

Directors

The directors of the company throughout the year and up to the date of this report were:

D R H Anderson
J L Dallas
R J Jenner
M J Worrell

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors of Openfield Agriculture Limited.

Results and Dividends

The profit for the year, after taxation amounted to £1,199,000 (2020 – profit £957,000). The directors do not recommend the payment of a dividend (2020 - £nil).

Likely future developments

The company continues to pursue a strategy of growing market share by extending its geographical coverage to achieve increased volumes.

Going concern

The company meets its day to day working capital requirements through its bank facilities, which it agreed in July 2019 for a term of three years. Enquiries by the Directors indicate that the facility will be renewed in the normal way at the appropriate time.

During the year Covid-19 introduced a large amount of uncertainty to the wider economy. Our business has proved resilient to these wider impacts and has continued to perform uninterrupted and in line with expectations.

The company's forecasts and projections, taking account of reasonably foreseeable changes in trading performance, show that the company should be able to operate within currently available facilities, which the directors are confident will be renewed at substantially similar levels before June 2022.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Employment of disabled persons

The company gives full and fair consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

OPENFIELD AGRICULTURE LIMITED

Report of the directors for the year ended 30 June 2021 (continued)

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through informal meetings and the company magazine.

Engagement with suppliers, customers and others

As an Industrial and Provident Society, the business is in existence to service its members. There are multiple ways the business achieves this through day-to-day contact by member facing teams, forums and meetings. The business is always seeking new ways to communicate with its members and has launched a chat function within it's in house developed App.

Communication with customers and other key stakeholders and the ongoing development of these relationships is undertaken both by dedicated employees and within the Executive Team. The business strives to develop strong relationships at operational and senior executive levels to facilitate a strong mutual understanding of strategic and operational goals and objectives.

Streamlined energy and carbon report (SECR) 2020/21

Energy consumption derives from the following fuel types:

		2021 (kWh)	2021 (tonnes)	2020 (kWh)	2020 (tonnes)
Transportation	Scope 1	10,893,469	2,593	10,745,179	2,670
Fuel oil	Scope 1	376,662	93	757,534	187
Gas	Scope 1	22,423	4	22,891	4
Electricity	Scope 2	911,030	193	1,071,344	250
		12,203,584	2,883	12,596,948	3,111
Tonnes on own vehicles			482		536
Intensity ratio TCO2e / 1k tonnes			5.98		5.81

The carbon emissions have been calculated in accordance with the Greenhouse Gas Protocol. Conversion factors to convert energy and transport fuel to tonnes CO2 emissions are taken from the 2020 UK Government GHG Conversion Factors for company reporting.

Actions taken in the past year to reduce emissions:

The main initiative has been an investment in logistics optimisation software to help reduce the miles travelled by our own fleet of vehicles and also third party hauliers as well.

In addition, there has also been investment in electric charging points at our various sites to support employees opting to move across to hybrid electric cars.

OPENFIELD AGRICULTURE LIMITED

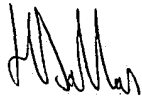
Report of the directors for the year ended 30 June 2021 (*continued*)

Auditor

Each of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

Approval

This directors' report was approved by order of the Board and signed on its behalf on 3rd December 2021.



James Dallas
Chief Executive Officer

OPENFIELD AGRICULTURE LIMITED

Statement of directors' responsibilities

Directors' responsibilities

The directors are responsible for preparing the chief executive statement, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

OPENFIELD AGRICULTURE LIMITED

Independent auditor's report to the members of Openfield Agriculture Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 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.

We have audited the financial statements of Openfield Agriculture Limited ("the Company") for the year ended 30 June 2021 which comprise the profit and loss account and statement of comprehensive income, the balance sheet, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OPENFIELD AGRICULTURE LIMITED

Independent auditor's report to the members of Openfield Agriculture Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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.

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 and 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 Statement of Directors' Responsibilities, 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.

OPENFIELD AGRICULTURE LIMITED

Independent auditor's report to the members of Openfield Agriculture Limited

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The enquiries undertaken to design appropriate procedures to detect irregularities, including fraud, are detailed below:

- enquiring of management and the directors, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - a) identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - b) detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
 - c) the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- we obtained an understanding of the legal and regulatory frameworks applicable to the Company based on our understanding of the business, sector experience and discussions with management. The most significant considerations are the application of UK Accounting Standards, the Companies Act 2006, corporate taxes and VAT legislation, employment taxes, health and safety and the Bribery Act 2010.
- discussing amongst the engagement team to assess how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - a) management override of controls; and
 - b) revenue recognition, specifically the manipulation of revenue using fraudulent journals and the risk of inappropriate use of accounting estimates in calculating revenue.

We executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures included the following:

- we made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.
- we tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements. We used data assurance techniques to identify and analyse the complete population of all journals in the year to identify and substantively test any which we considered were indicative of management override.
- we reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

OPENFIELD AGRICULTURE LIMITED

Independent auditor's report to the members of Openfield Agriculture Limited

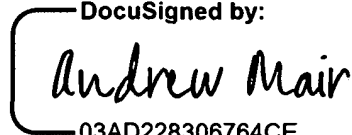
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:



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Andrew Mair (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
Birmingham, UK

03 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

OPENFIELD AGRICULTURE LIMITED

Profit and loss account and Statement of comprehensive income for the year ended 30 June 2021

	Note	2021 £'000	2020 £'000
Turnover	3	515,566	637,921
Cost of sales		(485,143)	(601,262)
Gross profit		30,423	36,659
Distribution costs		(16,373)	(20,523)
Administrative expenses		(12,306)	(14,640)
Other operating income	4	253	267
Operating profit	5	1,997	1,763
Other interest receivable and similar income		89	161
Interest payable and similar charges	8	(961)	(1,060)
Profit before taxation		1,125	864
Taxation on profit	9	74	93
Profit for the financial year		1,199	957
Other comprehensive income:			
Losses arising on the revaluation of intangible fixed assets		(298)	(91)
Total comprehensive profit for the year		901	866


The notes on pages 20 to 35 form part of these financial statements.

OPENFIELD AGRICULTURE LIMITED

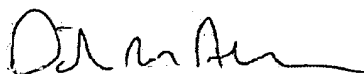
Balance sheet As at 30 June 2021

Company Number: 03548572	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Intangible assets	10		2,789		3,183
Tangible assets	11		2,400		2,896
Investments	12		7		7
			<hr/>		<hr/>
			5,196		6,086
Current assets					
Stocks	13	11,005		19,850	
Debtors	14	75,831		69,341	
Cash at bank and in hand		3,180		3,530	
		<hr/>		<hr/>	
		90,016		92,721	
Current liabilities					
Creditors: amounts falling due within one year	15	(80,112)		(77,093)	
Net current assets		<hr/>	9,904	<hr/>	15,628
Total assets less current liabilities			15,100		21,714
Creditors: amounts falling due after more than one year	16		(145)		(7,660)
			<hr/>		<hr/>
Net assets			14,955		14,054
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	19		10,000		10,000
Profit and loss account			4,955		4,054
			<hr/>		<hr/>
Equity shareholders funds			14,955		14,054
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 3rd December 2021 and were signed on its behalf by:



J Dallas
Chief Executive Officer



D Anderson
Chief Finance Officer

The notes on pages 20 to 35 form part of these financial statements.

OPENFIELD AGRICULTURE LIMITED

Statement of changes in equity for the year ended 30 June 2021

	Share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 July 2020	10,000	4,054	14,054
Profit for the year	-	1,199	1,199
Comprehensive income for the year			
Revaluation loss on intangible fixed assets	-	(298)	(298)
	<hr/>	<hr/>	<hr/>
At 30 June 2021	10,000	4,955	14,955
	<hr/>	<hr/>	<hr/>

Statement of changes in equity for the year ended 30 June 2020

	Share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 July 2019	10,000	3,188	13,188
Profit for the year	-	957	957
Revaluation loss on intangible fixed assets	-	(91)	(91)
	<hr/>	<hr/>	<hr/>
At 30 June 2020	10,000	4,054	14,054
	<hr/>	<hr/>	<hr/>

The notes on pages 20 to 35 form part of these financial statements.

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021

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OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021

1 Accounting policies

Openfield Agriculture Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page. The nature of the company's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom 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 company management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been consistently applied:

Company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Openfield Group Limited as at 30 June 2021 and these financial statements may be obtained as described in note 23.

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the financial statements of its ultimate parent company, Openfield Group Limited.

Going concern

The group meets its day to day working capital requirements through its bank facilities, which it agreed in June 2019 for a term of three years commencing 1st July 2019. The Group has a long-standing relationship with its bankers, is in regular communication with them and has confidence that the banking facilities will be renewed in the normal way at the appropriate time.

The group's forecasts and projections, which cover the period to June 2023 and take account of all reasonably possible changes in trading performance, show that the group will be able to operate within currently available facilities, which the directors are confident will be renewed at substantially similar levels before June 2022, for the foreseeable future.

Whilst there are always uncertainties in predicting the future, the directors are satisfied no material uncertainties exist and the directors therefore have a reasonable expectation that the Society and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Revenue

Revenue from the sales of goods is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer.

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (continued)

1 Accounting policies (continued)

Intangible assets - Customer relationships

Customer relationships are recognised at fair value at acquisition less accumulated amortisation and any impairment losses. Amortisation is provided at rates calculated to write off the fair value on a straight-line basis over the useful economic life of each asset. The useful life of the customer relationships obtained on the acquisition of the business of Countrywide Farmers plc is judged to be seven years, based on the estimated grower attrition rate.

Intangible assets – Owned storage rights

These assets are separately identifiable non-monetary assets without physical substance and held for an indefinite period in perpetuity where the fair value can be determined by reference to an active market.

The fair value of these assets are reviewed on an annual basis and any increase as a result of a revaluation is recognised in other comprehensive income and accumulated in equity. The increase however, is recognised in the profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss. The decrease of an asset's carrying amount as a result of a revaluation shall be recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. If a revaluation decrease exceeds the accumulated revaluation gains recognised in equity in respect of that asset, the excess shall be recognised in profit or loss.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and provision for any impairment. 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Plant, machinery and vehicles	5-20	years
Office equipment and fixtures	3-10	years

Residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 profit and loss.

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

1 Accounting policies (*continued*)

Impairment of intangible and fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit, ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Valuation of investments

Investments in unlisted company shares, which have been classified as fixed asset investments as the company intends to hold them on a continuing basis, are re-measured to fair value at each balance sheet date. Gains and losses on re-measurement are recognised in profit or loss for the period.

Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis together with attributable overheads and interest.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less any transaction costs. After initial recognition, these are subsequently measured at amortised cost using the effective interest method less any impairment losses.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalent for the purpose only of the cashflow statement.

Cash balances held by the group as trustee on behalf of its managed farmers are also included as a component of cash and cash equivalents.

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (continued)

1 Accounting policies (continued)

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs) except in the initial measurement of financial assets and liabilities that are measured at fair value through the profit or loss. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when there exists a legally enforceable right to set off the recognised amounts and the company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Derivative financial instruments

The company's activities expose it to a variety of financial risks that include commodity price, position risk and foreign exchange exposure. To negate these risks the company enters into derivative contracts covering commodity futures contracts and forward foreign exchange contracts. Derivative instruments are not used for speculative purposes.

These derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date with the resulting gain or loss being recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item, forward grain commitments, along with the clear identification of the risk in the hedged item. Furthermore, at the inception of the hedge and on an ongoing basis, the company assesses whether the hedging instrument is highly effective in offsetting the designated hedged risk. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active, the fair value is estimated by using a valuation technique.

Foreign currency translation

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (continued)

1 Accounting policies (continued)

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or 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 reporting date.

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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset and are depreciated over the shorter of the lease term and their useful lives. The capital element of future lease obligations are recorded as liabilities, while the interest element is charged to profit or loss over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable. Amounts not paid are shown in accruals as a liability in the balance sheet.

The parent society and its subsidiaries jointly operate a group defined benefit pension plan which is closed to new entrants and future accrual. There is no contractual agreement or stated policy for charging the net defined benefit cost to individual group entities hence the cost is recognised in the society financial statements being the entity which is legally responsible for the plan.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Long term incentive plan

The company operates a long-term incentive plan for certain key individuals which rewards progress against key objectives over a three year period. Each year performance against those objectives is measured and assessed by the Remuneration Committee and any appropriate provision deemed necessary is made.

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

2 Key sources of estimation uncertainty and judgements in applying accounting policies

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates.

Key accounting estimates:

Intangibles – Storage rights (note 10)

The determination of the fair value of purchased rights to store grain in other co-operatives is based on management's estimation. This estimation is based around experience, knowledge of transactions for the purchase and sale of storage rights in the same or similar stores and the pricing policies that are applied by the relevant co-operative. There is a risk that the valuations may be under or over-stated.

Tangible fixed assets (note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Key accounting judgements:

Intangibles – Storage rights (note 10)

It is considered that the fair value of these assets does and will remain at the current level and hence any residual value would therefore equal the net book value. On this basis no amortisation has been recognised.

Stock valuation (note 13)

Stocks are stated at the lower of cost or net realisable value, where the net realisable value, in the absence of existing sales contracts, is the estimated selling price less costs to complete and sell. Estimates are taken on what the appropriate selling cost is based on quality and regional variations. There is a risk that these estimates may be under or over-stated.

Forward grain commitments (note 14 and 15)

In the adoption of hedge accounting all forward commitment classified as hedged items are revalued in line with fair value. Judgements are taken on what the appropriate market price is, based on quality and regional variations.

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (continued)

3 Analysis of Turnover

	2021 £'000	2020 £'000
Analysis of turnover by country of destination:		
United Kingdom	479,405	538,847
Rest of Europe	31,084	75,196
Rest of the World	5,077	23,878
	<u>515,566</u>	<u>637,921</u>

Analysis of turnover by class of business is deemed to be prejudicial to the interests of the company, and as such has not been disclosed.

4 Other operating income

	2021 £'000	2020 £'000
Management fee income	253	267
	<u>253</u>	<u>267</u>

5 Operating profit

	2021 £'000	2020 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets:		
- owned	672	691
- held under hired purchase contracts	63	62
Amortisation of intangible assets	96	96
Operating lease rentals	1,113	1,138
Defined contribution pension cost	1,193	1,218
Change in fair value of hedging instruments	(618)	73
Change in fair value of hedged items	618	(73)
Fees payable to the company's auditor for the audit of the company's annual financial statements	70	68

6 Employees

	2021 £'000	2020 £'000
Staff costs (including directors' remuneration) consist of:		
Wages and salaries	7,663	9,123
Social security costs	864	974
Cost of defined contribution pension scheme	1,193	1,218
	<u>9,720</u>	<u>11,315</u>

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (continued)

6 Employees (continued)

The average number of employees (including directors) during the year was as follows:

	2021 Number	2020 Number
Distribution	36	33
Production	30	18
Administration, sales, trading and marketing	131	152
	<u>197</u>	<u>203</u>

7 Directors' remuneration

	2021 £'000	2020 £'000
Directors' emoluments	1,019	1,125
Company contributions to money purchase pension schemes	77	58
	<u>1,096</u>	<u>1,183</u>

There were 3 directors in the company's defined contribution pension scheme (2020: 3). None of the directors accrued benefits under the company's defined benefit pension scheme during the year (2020: nil).

Emoluments of the highest paid director were £388,000 (2020: £433,000). In addition, company pension contributions of £6,667 (2020: £10,000) were made to a money purchase scheme on his behalf.

8 Interest payable and similar charges

	2021 £'000	2020 £'000
Amounts drawn down under invoice discounting facilities and revolving credit facility	951	1,053
Finance leases and hire purchase contracts	10	7
	<u>961</u>	<u>1,060</u>

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

9 Taxation on profit

	2021 £'000	2020 £'000
<i>Deferred tax</i>		
Origination and reversal of timing differences	74	93
	<u>74</u>	<u>93</u>
Total tax credit for the year	<u>74</u>	<u>93</u>

Factors affecting the tax charge for the year

The tax assessed for the year is higher than (2020 higher than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2021 £'000	2020 £'000
Profit before tax	1,125	864
Profit at the standard rate of corporation tax in the UK of 19% (2020: 19%)	(214)	(164)
Effects of:		
Expenses not deductible for tax purposes	(3)	(5)
Unrecognised deferred tax losses utilised	197	252
Changes to tax rates	39	(1)
Fixed asset differences	(1)	(7)
Income not taxable for tax purposes	56	18
Total tax credit for the year	<u>74</u>	<u>93</u>

For further information on deferred tax balances see note 18.

Factors that may affect future tax charges

The Chancellor has confirmed an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. As a result of this deferred tax has been recognised to the extent that it will unwind at this enacted rate.

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

10 Intangible assets

	Storage rights £'000	Customer Relationships £'000	Total £'000
<i>Cost or valuation</i>			
At 1 July 2020	3,038	675	3,713
Revaluation	(298)	-	(298)
	<hr/>	<hr/>	<hr/>
At 30 June 2021	2,740	675	3,415
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 July 2020	-	530	530
Amortisation for year	-	96	96
	<hr/>	<hr/>	<hr/>
At 30 June 2021	-	626	626
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2021	2,740	49	2,789
	<hr/>	<hr/>	<hr/>
At 30 June 2020	3,038	145	3,183
	<hr/>	<hr/>	<hr/>

Owning grain storage rights are assets without physical substance and held for an indefinite period, where fair value can be determined by reference to an active market. It is considered that the fair value of these assets will remain at the current level and that the residual value equals the net book value. As such no amortisation is charged.

The fair value of the assets were reviewed on 30 June 2021 based upon latest transactions for the purchase and sale of storage rights in each store and the pricing policy applied by each store.

If storage rights had been accounted for under the historic cost accounting rules, the assets would have been measured as follows:

	2021 £'000	2020 £'000
Historic cost	2,493	2,493
Accumulated depreciation and impairments	(1,800)	(1,719)
	<hr/>	<hr/>
	693	774
	<hr/>	<hr/>

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (continued)

11 Tangible fixed assets

	Plant, machinery and vehicles £'000	Office equipment and fixtures £'000	Total £'000
<i>Cost</i>			
At 1 July 2020	6,035	6,056	12,091
Additions	111	159	270
Disposals	(370)	-	(370)
	<hr/>	<hr/>	<hr/>
At 30 June 2021	5,776	6,215	11,991
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 July 2020	3,969	5,226	9,195
Charge for year	379	356	735
Disposals	(339)	-	(339)
	<hr/>	<hr/>	<hr/>
At 30 June 2021	4,009	5,582	9,591
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2021	1,767	633	2,400
	<hr/>	<hr/>	<hr/>
At 30 June 2020	2,066	830	2,896
	<hr/>	<hr/>	<hr/>

The net book value of plant, machinery and vehicles for the company includes an amount of £290,784 (2020: £353,937) in respect of assets held under finance leases and hire purchase contracts.

12 Fixed asset investments

	Storage facilities £'000	Farmer controlled grain groups £'000	Total £'000
<i>Cost and fair value</i>			
At 1 July 2020 and 30 June 2021	5	2	7
	<hr/>	<hr/>	<hr/>

Subsidiary undertakings, associated undertakings and other investments

There were no principal undertakings in which the company's interest at the year end is 20% or more.

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (continued)

13 Stocks

	2021 £'000	2020 £'000
Grain stocks	10,740	19,436
Raw materials and consumables	265	414
	<u>11,005</u>	<u>19,850</u>

The impairment loss recognised in the year in cost of sales in the profit and loss was £nil (2020: £nil).
Interest cost included is £79,000 (2020: £104,000).

14 Debtors

	2021 £'000	2020 £'000
Trade debtors	52,853	46,804
Amounts owed by group undertakings	8,385	8,054
Other debtors	7,659	8,805
VAT	236	209
Deferred tax asset	162	88
Financial derivative asset	2,834	2,594
Forward grain commitment	2,623	1,189
Prepayments and accrued income	1,079	1,598
	<u>75,831</u>	<u>69,341</u>

All amounts shown under debtors fall due for payment within one year.

The impairment loss recognised in administrative expenses in the profit or loss for the period in respect of bad and doubtful trade debtors was £8,458 (2020: £nil).

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (continued)

15 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts drawn down under invoice discounting	19,014	15,653
Revolving credit facility	7,450	-
Trade creditors	18,324	17,275
Amounts owed to group undertakings	688	639
Taxation and social security	238	311
Obligations under finance lease and hire purchase contracts	65	63
Other creditors	266	1,359
Financial derivative liability	2,849	1,991
Forward grain commitment	2,608	1,792
Deferred tax liability	-	-
Accruals and deferred income	28,610	38,010
	<u>80,112</u>	<u>77,093</u>

The amounts prepaid under invoice discounting and the revolving credit facility are secured by a floating charge over the assets of the parent undertaking, Openfield Group Limited, and against balances held on the debtors ledger.

The revolving credit facility revolves, with the amounts redrawn being at the group's discretion, on an annual basis over the three years term.

Net obligations under finance lease and hire purchase contracts are secured on the assets concerned.

16 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Revolving credit facility	-	7,450
Obligations under finance lease and hire purchase contracts	145	210
	<u>145</u>	<u>7,660</u>

Total of future minimum lease payments under finance leases:

	2021 £'000	2020 £'000
Not later than 1 year	60	65
Later than 1 year and not later than 5 years	85	145
Total	<u>145</u>	<u>210</u>

Net obligations under finance lease and hired purchase contracts are secured on the assets concerned.

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (continued)

17 Financial instruments

The carrying value of the company's financial instruments can be analysed as follows:

	2021 £'000	2020 £'000
Financial assets		
Measured at fair value through profit or loss		
• Fixed asset investments in unlisted company shares	7	7
Measured at fair value and designated in an effective hedging relationship		
• Derivative financial assets	2,834	2,594
• Forward grain commitment	2,623	1,189
Measured at undiscounted amounts receivable		
• Trade and other debtors	68,897	63,663
• Cash	3,180	3,530
	<u> </u>	<u> </u>
Financial liabilities		
Measured at fair value and designated in an effective hedging relationship		
• Derivative financial liabilities	(2,849)	(1,991)
• Forward grain commitment	(2,608)	(1,792)
Measured at amortised cost		
• Obligations under finance leases	(210)	(273)
Measured at undiscounted amounts payable		
• Invoice discounting and revolving credit facility	(19,014)	(15,653)
• Revolving credit facility	(7,450)	(7,450)
• Bank overdraft	-	-
• Trade and other creditors	(47,888)	(57,283)
	<u> </u>	<u> </u>

Financial assets measured at fair value through profit or loss comprises fixed asset investments in unlisted company shares, storage facilities and farmer-controlled grain groups.

Financial assets and financial liabilities measured at fair value and designated in an effective hedge represent forward foreign exchange contracts and futures contracts.

Financial assets measured at undiscounted amounts comprise trade debtors and other debtors.

Financial liabilities measured at undiscounted amounts comprise trade creditors, other creditors, accruals and invoice discounting and revolving credit facility.

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (continued)

17 Financial instruments (continued)

Derivative financial instruments

	2021 £'000	2020 £'000
Derivatives that are designated and effective as hedging instruments carried at fair value		
Assets		
Commodity futures contracts	2,403	2,061
Forward foreign currency contracts	431	533
	<u>2,834</u>	<u>2,594</u>
Liabilities		
Forward foreign currency contracts	(368)	(770)
Forward futures contracts	(2,481)	(1,221)
	<u>(2,849)</u>	<u>(1,991)</u>

To manage the exposure to commodity price movements during the course of the grain marketing cycle the company enters into commodity futures contracts. These hedging instruments are in place to remove the exposure to commodity market value movements due to the timing differences between procuring the physical commodity from the grower and agreeing a sale to the end consumer. Where the hedging instruments are in a foreign currency, the foreign currency exposure is also hedged with a forward foreign exchange contract. The hedging relationship is accounted for as a fair value hedge.

The company enters into forward exchange contracts to hedge the exposure to movements in GBP in relation to both the EURO and USD. The forward derivative contracts are taken out whenever forward physical business is contracted with an end consumer where payment will be made in a foreign currency. As both the quantity and timing of hedged item are known at the inception of the physical contract, the hedging instrument is taken out to specifically match those criteria. The hedging relationship is accounted for as a fair value hedge.

18 Deferred taxation

	2021 £'000	2020 £'000
Accelerated capital allowances	(323)	(252)
Other timing differences	90	106
Tax losses available	395	234
	<u>162</u>	<u>88</u>

The company has £5,345,000 unused trade losses or credits (2020: £5,959,000).

OPENFIELD AGRICULTURE LIMITED

Notes to the financial statements for the year ended 30 June 2021 (continued)

19 Share capital

	2021 £'000	2020 £'000
<i>Allotted, called up and fully paid</i>		
10,000 (2020: 10,000) ordinary shares of £1.00 each	10,000	10,000

The company's other reserve is the profit and loss reserve which represents cumulative profits or losses, net of dividends paid, and other adjustments.

20 Contingent liabilities

The company has guaranteed the bank borrowings of its subsidiaries. At the year end the liabilities covered by these guarantees totalled £nil (2020: £nil).

21 Commitments under operating leases

Lessee

The company had a total of future minimum lease payments under non-cancellable operating leases as set out below:

	2021 £'000	2020 £'000
Not later than 1 year	890	991
Later than 1 year and not later than 5 years	1,087	1,519
	<u>1,977</u>	<u>2,510</u>
Total	1,977	2,510

22 Pension commitments

	2021 £'000	2020 £'000
Defined contribution costs charged to profit or loss in the year	1,193	1,218

23 Related party transactions

The ultimate controlling party of the company is Openfield Group Limited, which is registered in England and Wales and with the Registrar of Friendly Societies. Copies of the Group's consolidated financial statements can be obtained from its registered office at Honey Pot Lane, Colsterworth, Grantham, Lincolnshire, NG33 5LY.

There is no ultimate controlling party of Openfield Group Limited.

Other related party transactions

Key management personnel include all the directors of the company who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £1,207,027 (2020: £1,327,287).