Frontier Agriculture Limited

Directors' report and consolidated financial statements

Registered number 05288567

30 June 2013

Contents

Chairman's statement 2013

Frontier commenced its eighth full year of trading on 1 July 2012 These remarks refer to the 12 month period ended 30 June 2013

Following the record volatility of 2011 and the record rainfall of 2012 the defining factors in 2013 were all UK centric Poor autumn planting conditions in 2012 and the worst grain quality on record meant much of the farming year was spent on damage limitation The 2012 UK harvest was one of exceptionally poor bushel weight and disappointing yields after a summer of low sunlight Autumn 2012 continued wet and resulted in 20% lower winter plantings with many crops failing to get established The market for crop inputs was reduced accordingly with the largest ever sowings of spring barley and a significant acreage of fallow evident across the countryside With virtually no milling wheat grain, the UK turned to a major import programme to source bread making quality from Europe and North America – a quite exceptional combination of events Despite the many challenges Frontier demonstrated its resourcefulness and capability by responding positively to the challenging conditions During the year the Company handled over 1 million tonnes of milling wheat imports on behalf of its upstream customers and using its national grain trading network was able to find outlets for wheat which could for some have proved unmarketable Through its 4 regionally spread seed plants Frontier was able to ensure precious seed was delivered promptly onto farm to allow drilling to occur wherever ground conditions allowed The Company used its strong balance sheet to assist many farmer customers experiencing cash flow pressure from the exceptional events We proved that despite the very tough marketplace the strength of our diversified activities in both crop inputs and crop outputs enables us to deliver a level of reliability in underlying earnings that confounds the cyclicality of the sector

During the year, Group turnover was 3% higher at £1 64 billion Profit for the year on ordinary activities after taxation was £24 6 million – delivering a respectable 13% return on total capital employed

Working capital funding requirements moved in proportion to the high value of grain stocks, receivables and margin calls from trading but were ameliorated by continuing low borrowing rates, resulting in annual net interest costs of £ 2 7 million *(2011 £ 2 7 million)*

During the period £4 4 million was committed to new capital expenditure prioritised towards customer facing assets in grain storage, seed processing, crop protection distribution, crop trials and smart IT systems Since April 2005 cumulative capital expenditure now exceeds £23 million

We continued our strategy to grow in crop inputs and non grain related activities – annual gross earnings from which were 46% of the Group total in spite of the generally depressed market We further cemented the expansion in our agronomy and agronomy services integrating Northwold Agronomy Ltd into Frontier We increased autumn seed processing capacity by investing in GFP Ltd which also gained us access to quality mobile seed cleaning services Our field force of service agronomists now exceeds 120 in total and our precision farming business SOYL continued to grow ahead of expectations

Frontier's industry leading grain merchanting and grain handling operations performed exceptionally well – refocusing on quality wheat imports and overcoming enormous logistics and trading challenges brought on by the low grain volume and poor quality to post strong results Grain related annual gross earnings were equivalent to 54% of the Group total

As in previous years the joint shareholders agreed to forgo any dividend payments and all profits and cash from ongoing operations were reinvested back in the Company for the long term benefit of the business, its customers and the industry Group net assets exceeded £177 million making Frontier a truly reliable, secure and long term partner to its customers with the balance sheet credibility to match

On behalf of both shareholders I would like once again to pay a huge tribute to the dedication, commitment and professionalism of all our employees who have worked tirelessly in demanding circumstances to deliver another excellent set of results

Chairman's statement 2013 *(continued)*

Looking ahead, I anticipate further growth in underlying earnings as we see the full year effect of acquisitions, new agronomists, capital investment and the continued rollout of our strategic growth plans

Managing volatility, building balance sheet strength and expertise combined with strong customer satisfaction and employee engagement will be the key success criteria for the future The Company continues to grow ahead of expectations and has invested in the professional talent, learning and people development resources to attract and retain the industry's top performers

Frontier has proved once again, that in spite of weather, market and commodity price volatility it remains uniquely structured and resourced to deliver real value through collaborative partnership with its farmers and with food, feed and bio fuel industry customers

David Yiend
Chairman

19 March 2014

Directors' report

The directors present their directors' report and consolidated financial statements for the year ended 30 June 2013

Principal activities

The principal activities of the company are the sale and merchanting of agricultural crops, seed (including processing), fertiliser and chemicals

Business review

The directors consider that the key performance indicators for the business are turnover and profit

Summarised results are given below	**2013** **£000**	2012 £000
Group turnover	**1,640,744**	1,590,867
Group profit on ordinary activities after taxation for the financial year	**24,589**	23,465

On 25 March 2013 the company acquired 100% of the share capital of North Wold Agronomy Ltd, immediately hiving up its trade and assets to the company Subsequently, on 14 June 2013, the company acquired 100% of the share capital of GFP (Agriculture) Ltd

A detailed review of the year is given in the chairman's statement on page 1

Financial instruments

The company's activities expose it to a variety of financial risks that include commodity price and position risk, credit risk, interest rate risk and foreign exchange exposure Senior operating management and Board members regularly review financial risk against established policies

Commodity Price And Position Risk – The trading activities of the business necessitate that forward positions are taken in order to meet supply requirements in the ordinary course of business Positions are operated, by agreement from the Board, within duly authorised limits relative to each commodity Senior management and Board members regularly review these positions compared to those limits Exposure to commodity price fluctuations is controlled by the operation of position limits and by the use of approved futures markets

Credit Risk – Where appropriate, credit checks are performed on potential customers before sales are transacted The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the Executive Directors In addition the company has in place credit insurance to manage the potential financial loss relating to customers in the grain consumer, agricultural merchant and farmer buying group sectors

Interest Rate Risk – The company is exposed to movements in the level of interest rates Bank debt liabilities are maintained on a floating rate basis

Foreign Exchange Risk – Trading activities include the import/export of grain and the import of fertiliser which create exposures to movements in foreign exchange rates principally Euro and USD This exposure risk is managed through matching FX contracts Authorisation levels for FX contracts are in place for both the amount and period of forward cover and are subject to regular independent review by senior management

Proposed dividend

The directors do not propose the payment of a dividend for the year *(2012 £nil)*

Policy and practice on payment of creditors

It is the policy of the company to agree terms of payment when orders for goods and services are placed and to adhere to these arrangements when making payment At the year end the company had 19 days *(2012 20 days)* purchases outstanding

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year and to the date of approval of these financial statements were as follows

KM Aitchison
DJ Yiend
RC Cloke
RI Nield (resigned 14 June 2013)
S Wooldridge
M Allen (resigned 30 September 2013
J Kerr
A Rickmers
L Te-Laak (appointed 14 June 2013)

No director had a beneficial interest in the shares of the company during the year

KM Aitchison and S Wooldridge benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Employees

During the period the company made arrangements for providing information to employees on matters of concern to them, involving employees in the decision-making process and developing a common awareness of the factors affecting the performance of the company

The company does all that is practicable to meet its responsibility towards the employment and training of disabled people Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative

Political and charitable contributions

The company made no political contributions during the year *(2012 £nil)* Donations to UK charities amounted to £11,000 *(2012 £11,000)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

KM Aitchison

K M Aitchison
Director

50/51 Russell Square
London
WC1B 4JA

19 March 2014

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

KPMG

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

We have audited the financial statements of Frontier Agriculture Limited for the year ended 30 June 2013 set out on pages 7 to 38 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2013 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Wayne Cox

Wayne Cox *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

St Nicholas House
Park Row
Nottingham NG1 6FQ

19 March 2014

Consolidated profit and loss account

for the year ended 30 June 2013

		Note	2013 £000	2012 £000
Group turnover		2	**1,640,744**	1,590,867
Cost of sales			**(1,555,767)**	(1,511 022)
Gross profit			**84,977**	79,845
Selling and distribution costs			**(22,336)**	(19,646)
Administrative expenses			**(28,592)**	(27,022)
Other operating income			**702**	791
Group operating profit			**34,751**	33,968
Share of operating (loss) / profit in joint venture			**(96)**	123
Total operating profit			**34,655**	34,091
Profit/(loss) on sale of fixed assets	- group		**89**	95
	- joint venture		**2**	-
Other interest receivable and similar income	- group	6	**369**	284
	- joint venture		**1**	1
Interest payable and similar charges	- group	7	**(2,669)**	(2 736)
Other finance income		8	**192**	133
Profit on ordinary activities before taxation			**32,639**	31,868
Tax on profit on ordinary activities	- group	9	**(8,066)**	(8,377)
	- joint venture	9	**16**	(26)
Profit on ordinary activities after taxation			**24,589**	23,465
Profit for the financial year		18	**24,589**	23,465

In both the current and preceding year, the group made no material acquisitions and had no discontinued operations

There is no material difference between the results for the period as disclosed above and the result under the unmodified historical cost basis aside from those which result from the valuation of commodity stocks and related contracts

Consolidated balance sheet
as at 30 June 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Intangible assets	*10*		**11,557**		9,527
Tangible assets	*11*		**21,700**		19,407
Investments	*12*		**2,493**		2,570
			35,750		31,504
Current assets					
Stocks	*13*	**131,864**		115,431	
Debtors	*14*	**251,771**		211,931	
Cash at bank and in hand		**184**		3	
		383,819		327,365	
Creditors amounts falling due within one year	*15*	**(242,407)**		(206,216)	
Net current assets			**141,412**		121 149
Total assets less current liabilities			**177,162**		152,653
Creditors amounts falling due after more than one year	*16*		**(12)**		-
Pension asset / (liability)	*21*		**547**		(469)
Net assets			**177,697**		152 184
Capital and reserves					
Called up share capital	*17*		**36,000**		36,000
Profit and loss account	*18*		**141,697**		116,184
Shareholders' funds			**177,697**		152,184

These financial statements were approved by the board of directors on 19 March 2014 and were signed on its behalf by

S Wooldridge
Director

Company number 05288567

Company balance sheet
as at 30 June 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Intangible assets	*10*		**9,662**		9,668
Tangible assets	*11*		**21,195**		19,407
Investments	*12*		**16,273**		13,107
			47,130		42,182
Current assets					
Stocks	*13*	**131,707**		115,431	
Debtors	*14*	**251,431**		211,931	
Cash at bank and in hand		**4**		3	
		383,142		327,365	
Creditors: amounts falling due within one year	*15*	**(253,421)**		(217,282)	
Net current assets			**129,721**		110,083
Total assets less current liabilities			**176,851**		152,265
Creditors amounts falling due after more than one year	*16*		**(12)**		-
Pension asset/(liability)	*21*		**547**		(469)
Net assets			**177,386**		151,796
Capital and reserves					
Called up share capital	*17*		**36,000**		36,000
Profit and loss account	*18*		**141,386**		115,796
Shareholders' funds			**177,386**		151,796

These financial statements were approved by the board of directors on 19 March 2014 and were signed on its behalf by

S Wooldridge
Director

Company number 05288567

Consolidated cash flow statement
for the year ended 30 June 2013

	Note	2013 £000	2012 £000
Reconciliation of operating profit to net cash flow from operating activities			
Group operating profit		**34,751**	33,968
Depreciation and amortisation charges		**3,267**	3,221
Decrease / (increase) in stocks		**(15,825)**	28,360
Decrease / (increase) in debtors		**(39,145)**	1,095
Increase in creditors		**9,331**	2,822
Pension contributions below operating charge		**65**	190
Net cash inflow / (outflow) from operating activities		**(7,556)**	69,656

Cash flow statement

	Note	2013 £000	2012 £000
Cash inflow / (outflow) from operating activities		**(7,556)**	69,656
Returns on investments and servicing of finance	22	**(1,985)**	(2,649)
Taxation		**(8,186)**	(9,802)
Capital expenditure and financial investment	22	**(3,772)**	(4,044)
Acquisitions and disposals	22	**(2,875)**	(2,506)
Cash inflow / (outflow) before management of liquid resources and financing		**(24,374)**	50,655
Financing	22	**-**	-
Increase / (decrease) in cash in the year		**(24,374)**	50,655

Reconciliation of net cash flow to movement in net debt

	Note	2013 £000	2012 £000
Increase / (decrease) in cash in the year		**(24,374)**	50,655
Net debt at the start of the year	23	**(87,597)**	(138,252)
Net debt at the end of the year	23	**(111,971)**	(87 597)

Consolidated statement of total recognised gains and losses
for the year ended 30 June 2013

	2013	2012
	£000	£000
Profit for the financial year		
Group	**24,666**	23 367
Share of joint venture	**(77)**	98
	24,589	23,465
Actuarial (loss) / gain recognised in the pension scheme	**1,200**	(560)
Deferred tax asset / (liability) arising on gains/losses in the pension scheme	**(276)**	134
Total recognised gains and losses relating to the financial year	**25,513**	23,039

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2013

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Profit for the financial year	**24,589**	23,465	**24,666**	23,245
Other recognised gains and losses relating to the year (net)	**924**	(426)	**924**	(426)
Net addition to shareholders' funds	**25,513**	23,039	**25,590**	22,819
Opening shareholders' funds	**152,184**	129,145	**151,796**	128 977
Closing shareholders' funds	**177,697**	152,184	**177,386**	151,796

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and, except for commodity stocks and related contracts, under the historical cost accounting rules

Commodity stocks and related contracts are recognised at fair value, being the market price ruling at the balance sheet date

The going concern assumption has been considered appropriate as the group continues to be profitable and has financing in place sufficient to enable it to meet its financial obligations as they fall due

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings and joint venture undertakings made up to 30 June 2013

The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

A joint venture undertaking is an undertaking where the company does not hold a controlling interest but is one in which the company has a long-term interest and where it can exercise joint control In these instances the Group's share of the profits or losses of joint ventures is included in the consolidated profit and loss account and its interest in the net assets is included under investments in the consolidated balance sheet

Under s400 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations and consolidations in respect of acquisitions is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	25 to 50 years
Leasehold land and buildings	-	life of lease
Plant and machinery	-	6 to 10 years
Fixtures, fittings, tools and equipment	-	2 to 10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date Foreign exchange differences arising on translation are recognised in the income statement Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to sterling at foreign exchange rates ruling at the dates the fair value was determined

Notes *(continued)*

1 Accounting policies *(continued)*

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to commodity market, foreign exchange and interest rate risks arising from operational, financing and investment activities In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes However, derivatives are not accounted for using the hedge accounting method and therefore are accounted for as trading instruments

Derivative financial instruments are recognised initially at cost Subsequent to initial recognition, derivative financial instruments are stated at fair value The gain or loss on remeasurement to fair value is recognised immediately in profit or loss

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Post-retirement benefits

The Group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The Group also operates a pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the group Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

Stocks

Except as described below, stocks and work in progress are valued at the lower of cost and net realisable value

Commodity stocks and related contracts (including forward futures and option contracts), where the value of the underlying commodity is determined by a quoted terminal market, are revalued to the market price ruling at the balance sheet date This is deemed to be the fair value of such stocks and related contracts and the treatment is in accordance with the fair value accounting rules of the Companies Act

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Classification of financial instruments issued by the group

Under FRS 25, financial instruments issued by the group are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group), and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Turnover

Turnover represents the amounts, excluding Value Added Tax, derived from the provision of goods and services to customers Turnover is recognised on delivery of the goods and services concerned

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Segmental analysis

	2013	2012
	£000	£000
Analysis of turnover by geographical destination		
United Kingdom	**1,518,905**	1,356,350
Rest of the World	**121,839**	234,517
	1,640,744	1,590,867

The directors consider that there is only one class of business Turnover is generated by operations based solely in the United Kingdom

Notes *(continued)*

3 Notes to the profit and loss account

	2013	2012
	£000	£000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation and other amounts written off tangible fixed assets		
Owned	**2,583**	2,554
Amortisation of goodwill	**684**	667
Hire of plant and machinery - rentals payable under operating leases	**1,943**	1 721
Hire of other assets - operating leases	**3,502**	2,703
Foreign exchange losses / (gains)	**336**	123
Research and development expenditure	**233**	108

Auditor's remuneration	**£000**	£000
Audit of these financial statements	**94**	93
Amounts receivable by auditors and their associates in respect of		
Audit of financial statements of subsidiaries	**-**	-
Other services relating to taxation	**4**	4
All other services	**-**	-

4 Remuneration of directors

	2013	2012
	£000	£000
Directors' emoluments	**866**	899
Company contributions to defined benefit pension schemes	**32**	29
Company contributions to defined contribution pension schemes	**21**	22
	919	950

	Number of directors	
	2013	2012
Retirement benefits are accruing to the following number of directors under		
Defined benefit schemes	**1**	1
Defined contribution schemes	**1**	1

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £574,000 for the year *(2012 £592,000)* He is a member of a defined benefit scheme, under which his accrued pension at the year end was £26,000 *(2012 £22,000)*

The following directors benefited from qualifying third party indemnity provisions

- KM Aitchison
- S Wooldridge

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Group		Company	
	Number of employees		Number of employees	
	2013	2012	**2013**	2012
Administrative	**278**	271	**278**	270
Processing and distribution	**537**	509	**537**	508
	815	780	**815**	778

The aggregate payroll costs of these persons were as follows

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Wages and salaries	**32,776**	29,313	**32,776**	29,221
Social security costs	**3,028**	2,827	**3,028**	2 816
Pension costs	**3,310**	3,162	**3,310**	3,159
	39,114	35,302	**39,114**	35 196

The group operates a salary sacrifice scheme This has the impact of increasing pension costs, offset by a reduction in wages and salaries and social security costs

6 Other interest receivable and similar income

	2013	2012
	£000	£000
Interest receivable on loans	**-**	-
Interest receivable on overdue debts from customers	**369**	284
	369	284

7 Interest payable and similar charges

	2013	2012
	£000	£000
On bank loans and overdrafts	**2,665**	2,732
On hire purchase contracts	**-**	2
On all other loans	**4**	2
	2,669	2 736

Notes *(continued)*

8 Other finance income

	2013	2012
	£000	£000
Expected return on pension scheme assets	**1,216**	1,095
Interest on pension scheme liabilities	**(1,024)**	(962)
	192	133

9 Taxation

Analysis of charge in year

	2013		2012	
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the year	**8,005**		8,409	
Adjustments in respect of prior years	**16**		(29)	
Tax on share of (losses) / profits of joint venture	**(15)**		30	
Total current tax		**8,006**		8 410
Deferred tax (see note 14)				
Current year origination/reversal of timing differences	**23**		(21)	
Adjustments in respect of prior years	**2**		1	
Impact of change in tax rate	**20**		27	
Share of tax of joint venture	**(1)**		-	
On defined benefit pension scheme	**-**		(14)	
Total deferred tax		**44**		(7)
Tax on profit on ordinary activities		**8,050**		8 403

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2012 higher)* than the standard rate of corporation tax in the UK of 23 75% *(2012 25 5%)* The differences are explained below

	2013	2012
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**32,639**	31,868
Current tax at 23 75% *(2012 25 5%)*	**7,752**	8 126
Effects of		
Expenses not deductible for tax purposes	**203**	229
Depreciation for year in excess of capital allowances	**87**	98
Income not taxable	**(4)**	(4)
Defined benefit contributions in excess of charge	**(30)**	14
Enhanced research and development deduction	**(22)**	(21)
Prior period adjustments	**16**	(29)
Impact of small companies rate on profits of joint venture	**4**	(3)
Total current tax charge (see above)	**8,006**	8 410

Notes *(continued)*

9 Taxation *(continued)*

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 30 June 2013 (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date) by £40,000 The effect on the net pension asset would be an increase of £22,000

Company

Deferred tax	**2013 £000**	2012 £000
Difference between accumulated depreciation and capital allowances	**310**	338
Deferred tax asset (see note 14)	**310**	338

Group

Deferred tax	**2013 £000**	2012 £000
Difference between accumulated depreciation and capital allowances	**257**	338
Deferred tax asset (see note 14)	**257**	338

Deferred tax presented net of the pension scheme deficit

	2013 £000	2012 £000
At start of year	**148**	-
Credit / (charge) within the statement of total recognised gains and losses	**(276)**	134
Credit/ (charge) within the income statement	**(36)**	14
At end of year (see note 21)	**(164)**	148

Notes *(continued)*

10 Intangible fixed assets

Group	**Goodwill £000**
Cost	
At beginning of year	12 224
Acquisitions (note 25)	2,714
At end of year	14,938
Accumulated amortisation	
At beginning of year	2,697
Charged in year	684
At end of year	3,381
Net book value	
At 30 June 2013	**11,557**
At 30 June 2012	9,527

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises The following sets out the periods over which goodwill is amortised

- Goodwill arising on assets acquired from Banks Cargill Agriculture Limited – 8 years (ended March 2013)
- Goodwill arising on assets acquired from Allied Grain – 8 years (ended March 2013)
- Goodwill arising on acquisition of Enviro Holdings Limited – 20 years
- Goodwill arising on acquisition of SOYL Limited – 20 years
- Goodwill arising on acquisition of Lothian Crop Specialists Limited – 20 years
- Goodwill arising on acquisition of Grampian Crop Services Limited – 20 years
- Goodwill arising on acquisition of Phoenix Agronomy Limited – 20 years
- Goodwill arising on acquisition of The Agronomy Partnership Limited – 20 years
- Goodwill arising on acquisition of North Wold Agronomy Limited – 20 years
- Goodwill arising on acquisition of GFP (Agriculture) Limited – 20 years

Notes *(continued)*

10 Intangible fixed assets *(continued)*

The directors believe the above reflects the period for which benefits can be expected to be obtained from the assets and liabilities acquired

Company	**Goodwill £000**
Cost	
At beginning of year	12,224
Additions (note 25)	678
At end of year	12,902
Accumulated amortisation	
At beginning of year	2,556
Charged in year	684
At end of year	3,240
Net book value	
At 30 June 2013	**9,662**
At 30 June 2012	9,668

11 Tangible fixed assets

Group	**Land and buildings £000**	**Assets under construction £000**	**Plant and machinery £000**	**Fixtures, fittings, tools and equipment £000**	**Motor vehicles £000**	**Total £000**
Cost						
At beginning of year	14,977	-	25,755	7,973	228	48,933
Acquired with subsidiary	-	-	539	49	56	644
Additions	600	1,081	1,892	913	-	4 486
Reclassifications	-	-	-	-	-	-
Disposals	-	-	(489)	(169)	(38)	(696)
At end of year	15,577	1,081	27,697	8,766	246	53 367
Accumulated depreciation						
At beginning of year	5,112	-	19,456	4,744	214	29,526
Charge for year	415	-	1,453	709	6	2 583
Reclassifications	-	-	-	-	-	-
Acquired with subsidiary	-	-	172	13	16	201
On disposals	-	-	(443)	(161)	(39)	(643)
At end of year	5,527	-	20,638	5,305	197	31,667
Net book value						
At 30 June 2013	**10,050**	**1,081**	**7,059**	**3,461**	**49**	**21,700**
At 30 June 2012	9 865	-	6,299	3,229	14	19,407

Notes *(continued)*

11 Tangible fixed assets *(continued)*

The net book value of land and buildings comprises

	2013	2012
	£000	£000
Freehold	**9,585**	9,501
Short leasehold	**465**	364
	10,050	9,865

The net book value of the group's fixed assets includes £107,000 *(2012 £28,000)* in respect of assets held under hire purchase contracts

Company	**Land and buildings £000**	**Assets under construction £000**	**Plant and machinery £000**	**Fixtures, fittings, tools and equipment £000**	**Motor vehicles £000**	**Total £000**
Cost						
At beginning of year	14,977	-	25,755	7,973	228	48 933
Additions	600	1,081	1,747	913	-	4,341
Intra group transfers (note 25)	-	-	36	25	56	117
Disposals	-	-	(489)	(169)	(38)	(696)
At end of year	15,577	1,081	27,049	8,742	246	52 695
Accumulated depreciation						
At beginning of year	5,112	-	19,456	4,744	214	29 526
Charge for year	415	-	1,453	709	6	2,583
Intra group transfers (note 25)	-	-	13	5	16	34
On disposals	-	-	(444)	(161)	(38)	(643)
At end of year	5,527	-	20,478	5,297	198	31,500
Net book value						
At 30 June 2013	**10,050**	**1,081**	**6,571**	**3,445**	**48**	**21,195**
At 30 June 2012	9,865	-	6,299	3,229	14	19,407

The net book value of land and buildings comprises

	2013	2012
	£000	£000
Freehold	**9,585**	9,501
Short leasehold	**465**	364
	10,050	9,865

The net book value of the company's fixed assets includes £55,000 *(2012 £28,000)* in respect of assets held under hire purchase contracts

Notes *(continued)*

12 Fixed asset investments

Group	Interests in joint ventures £000	Other investments and loans £000	Total £000
Cost			
At beginning of year	2,196	96	2,292
Additions	-	-	-
Disposals	-	-	-
At end of year	2,196	96	2,292
Share of post acquisition reserves			
At beginning of year	278	-	278
Share of loss before tax for the year	(93)	-	(93)
Share of tax charge for the year	16	-	16
Dividend	-	-	
At end of year	201	-	201
Provisions			
At beginning and end of year	-	-	-
Net book value			
At 30 June 2013	**2,397**	**96**	**2,493**
At 30 June 2012	2,474	96	2,570

Group share of net assets of joint ventures is analysed as follows

	Fixed assets £000	Current assets £000	Bank debt £000	Other creditors £000	Net assets £000
Southampton Grain Terminal Limited	164	522	-	(115)	571

The Group share of the net assets of Southampton Grain Terminal Limited is not equivalent to the carrying value of the investment in the joint venture as the Group was not a founder shareholder of the joint venture

A joint share was purchased at a premium of £1,826,000 which is expected to be recovered through future trading

Notes *(continued)*

12 Fixed asset investments *(continued)*

Company	Shares in group undertakings £000	Loans to group undertakings £000	Investment in joint venture £000	Other investments and loans £000	Total £000
Cost					
At beginning of year	14,046	-	2,196	96	16,338
Acquisitions (see note 25)	2,815	-	-	-	2,815
Loan advanced	-	351	-	-	351
At end of year	16,861	351	2,196	96	19,504
Provisions					
At beginning and end of year	3,231	-	-	-	3,231
Net book value					
At 30 June 2013	**13,630**	**351**	**2,196**	**96**	**16,273**
At 30 June 2012	10,815	-	2,196	96	13,107

The companies in which the company has an interest at the year end are as follows

	Country of incorporation	Principal activity	Class and Percentage of shares held
Subsidiary undertakings			
Nomix Enviro Limited	UK	Non-trading	100% (direct)
Lothian Crop Specialists Limited	UK	Non-trading	100% (direct)
SOYL Limited	UK	Non-trading	100% (direct)
Grampian Crop Services Limited	UK	Non-trading	100% (direct)
Phoenix Agronomy Limited	UK	Non-trading	100% (direct)
The Agronomy Partnership Limited	UK	Non-trading	100% (direct)
North Wold Agronomy Limited	UK	Non-trading	100% (direct)
GFP (Agriculture) Limited	UK	Supply of seed and seed processing services	100% (direct)
Joint ventures			
Southampton Grain Terminal Limited	UK	Grain terminal	50%
Other investments			
Global Range Limited	UK	Internet portal	6%

The company's investment in the joint venture comprises 50,000 ordinary shares of £1 each amounting to 50 percent of issued share capital The main business of Southampton Grain Terminal Limited is that of grain exporting The financial year-end of Southampton Grain Terminal Limited is 30 June

In addition to the above, the company is a partner to a limited liability partnership, Southampton Marketing & Drying LLP

Notes *(continued)*

13 Stocks

	Group 2013 £000	2012 £000	Company 2013 £000	2012 £000
Raw materials and consumables	**1,018**	798	**887**	798
Finished goods and goods for resale	**130,846**	114,633	**130,820**	114 633
	131,864	115,431	**131,707**	115 431

Included within finished goods and goods for resale are commodity related contracts classified as financial instruments which are carried at fair value The value of such financial instruments amounts to liability of £3,948,000 *(2012 asset of £3,557,000)*

The group has consignment stock arrangements with suppliers in the ordinary course of business Inventory drawn from consignment stock is invoiced at the price ruling at the date of drawdown The value of such stock, at cost, which has been excluded from the balance sheet amounts to £3,373,000 *(2012 £2,763,000)*

14 Debtors

	Group 2013 £000	2012 £000	Company 2013 £000	2012 £000
Trade debtors *(including amounts owed by related parties)* (see note 24)	**218,969**	182,297	**218,694**	182,297
Other debtors	**11,335**	11,099	**11,335**	11,099
Net deferred tax assets (see note 9 & below)	**257**	338	**310**	338
Prepayments and accrued income	**21,210**	18 197	**21,092**	18,197
	251,771	211,931	**251,431**	211,931

Deferred tax asset

	Group	Company
Asset at beginning of year	338	338
Acquisitions (note 25)	(69)	-
Intra group transfer (note 25)	-	(16)
Impact of change in tax rate	(15)	(15)
Profit and loss account credit/(charge) in the year	5	5
Profit and loss account charge/(credit) in the prior year	(2)	(2)
Asset at end of year	**257**	**310**

Notes *(continued)*

15 Creditors: amounts falling due within one year

	Group **2013** **£000**	2012 £000	Company **2013** **£000**	2012 £000
Bank loans and overdrafts	**112,155**	87,600	**112,155**	87,600
Obligations under hire purchase contracts	**43**	-	**27**	-
Trade creditors *(including amounts owed to related parties)* (see note 24)	**99,990**	99,320	**99,453**	99,320
Amounts due to group subsidiaries	**-**	-	**11,783**	11 066
Corporation tax	**4,144**	4,225	**4,077**	4,225
Other taxation and social security	**1,654**	1,108	**1,649**	1,108
Accruals and deferred income	**24,421**	13,963	**24,277**	13 963
	242,407	206,216	**253,421**	217,282

The group has bank loan and overdraft facilities of £230 million *(2012 £230 million)*, of which £118 million *(2012 £142 million)* was undrawn at 30 June 2013

The group's bank loans and overdrafts are secured by limited guarantees from both Cargill Incorporated and ABF Holdings Limited The bank loans are repayable on demand and each drawdown is charged with interest at a rate subject to negotiation with the Bank

16 Creditors: amounts falling due after more than one year

	Group & Company 2013 £000	Group & Company 2012 £000
Obligations under hire purchase contracts	**12**	-

17 Called up share capital

	2013 £000	2012 £000
Allotted, called up and fully paid		
3,600,000,104 Ordinary shares of £0 01each	**36,000**	36,000

18 Profit and loss account

	Group £000	**Company £000**
At beginning of year	116,184	115,796
Profit for the year	24,589	24,666
Actuarial gains recognised in the pension scheme	1,200	1,200
Deferred tax arising on gains in the pension scheme	(276)	(276)
At end of year	**141,697**	**141,386**

Notes *(continued)*

19 Contingent liabilities

The company has contingencies in respect of forward commodity contracts entered into in the normal course of business As described in note 1, contracts are recorded at market value, which is dependent on market conditions Given the inherent uncertainty of future market values, it is not possible to quantify the amount of contingent assets or liabilities

20 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Contracted	**628**	485	**511**	485

(b) Annual commitments under non-cancellable operating leases are as follows

Group	**2013** Land and buildings	**2013** Other	2012 Land and buildings	2012 Other
	£000	**£000**	£000	£000
Operating leases which expire				
Within one year	**730**	**602**	934	711
In the second to fifth years inclusive	**741**	**2,351**	504	2,023
Over five years	**397**	**586**	246	428
	1,868	**3,539**	1,684	3,162

Company	**2013** Land and buildings	**2013** Other	2012 Land and buildings	2012 Other
	£000	**£000**	£000	£000
Operating leases which expire				
Within one year	**730**	**602**	934	711
In the second to fifth years inclusive	**626**	**2,344**	504	2 023
Over five years	**397**	**586**	246	428
	1,753	**3,532**	1,684	3 162

Notes *(continued)*

21 Pension scheme

The Group operates a defined benefit pension plan The pension cost charged to the profit and loss account for the year represents current service cost and other finance costs amounting to £2,544,000 *(2012 £2,545,000)* There were no outstanding or prepaid contributions at either the beginning or end of the financial year

From April 2011 the group began operating a salary sacrifice scheme This has had the impact of increasing the employer contributions made during that period but reducing the wages and salaries & national insurance expense incurred by the company The apparent increase in like-for-like employer contributions and decrease in member contributions is explained by the initiation of this scheme

The plan was established from 2 April 2005 to provide continuation of benefits for employees previously participating in the defined benefit arrangements of the shareholders The Plan is effectively closed to new entrants and there is no liability for benefits prior to 2 April 2005 An actuarial valuation of the Plan was carried out on 5 April 2011 and updated for FRS17 purposes to 30 June 2013 by a qualified independent actuary

The major assumptions used in this valuation were

	2013	2012	2011
Rate of increase in salaries	**3 85%**	3 65%	4 50%
Rate of increase in pensions in payment	**2.20%**	2 00%	2 50%
Rate of increase in pensions in deferment	**3 35%**	2 90%	3 50%
Discount rate applied to scheme liabilities	**4 90%**	4 75%	5 50%
Inflation assumption	**3.35%**	2 90%	3 50%

In valuing the liabilities of the pension fund at 5 April 2011, mortality assumptions have been made as indicated below

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows

- Current pensioner aged 65 24 0 years (male), 26 3 years (female)
- Future retiree upon reaching 65 25 9 years (male), 28 4 years (female)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 30 Jun 13 £000	Value at 30 Jun 12 £000	Value at 30 Jun 11 £000
Equities	**14,168**	11 684	9,521
Bonds	**4,589**	3 961	6 566
Hedge funds	**3,556**	3,367	-
Insurance policies	**434**	396	-
Cash	**1,565**	396	328
Total market value of assets	**24,312**	19,804	16,415
Present value of scheme liabilities	**(23,601)**	(20,421)	(16,415)
Surplus / (deficit) in the scheme	**711**	(617)	-
Related deferred tax asset	**(164)**	148	-
Net pension asset/(liability)	**547**	(469)	-

Notes *(continued)*

21 Pension scheme *(continued)*

The expected rates of return on the assets in the scheme were,

	Long term rate of return 2013	Long term rate of return 2012	Long term rate of return 2010
Equities	**7.64%**	7 20%	7 75%
Bonds	**3.64%**	3 20%	4 25%
Hedge funds	**4.15%**	4 50%	-
Insurance policies	**4.90%**	4 75%	-
Cash	**3.64%**	3 20%	4 25%

Movements in present value of defined benefit obligation,

	2013 £000	2012 £000
Benefit obligation at beginning of year	**20,421**	16,415
Current service cost	**2,736**	2,678
Past service cost	**-**	-
Interest cost	**1,024**	962
Actuarial (gains) / losses	**(166)**	985
Contributions by members	**33**	32
Benefits paid	**(447)**	(651)
Benefit obligation at end of year	**23,601**	20,421

Movements in fair value of plan assets,

	2013 £000	2012 £000
Fair value of plan assets at beginning of year	**19,804**	16 415
Expected return on plan assets	**1,216**	1,095
Actuarial gains / (losses)	**1,035**	425
Contributions by employer	**2,671**	2,488
Contributions by members	**33**	32
Benefits paid	**(447)**	(651)
Fair value of plan assets at end of year	**24,312**	19,804

Analysis of other pension costs charged in arriving at operating profit,

	2013 £000	2012 £000
Current service cost	**2,736**	2,678
Past service cost	**-**	-
	2,736	2 678

Notes *(continued)*

21 Pension scheme *(continued)*

Analysis of amounts included in other finance costs,

	2013 £000	2012 £000
Expected return on pension scheme assets	**1,216**	1,095
Interest on pension scheme liabilities	**(1,024)**	(962)
	192	133

Analysis of amount recognised in statement of total recognised gains and losses,

	2013 £000	2012 £000
Actual return less expected return on scheme assets	**1,035**	(15)
Experience gains and losses arising on scheme liabilities	**705**	(1,255)
Changes in assumptions underlying the present value of scheme liabilities	**(540)**	710
Actuarial gain / (loss) recognised in statement of total recognised gains and losses	**1,200**	(560)

With effect from 6 April 2006 pension increases in respect of future accruals were reduced to RPI subject to a cap of 2 5% (previously 5 0%) Following the announcement by the Government on 8 July 2012 of their intention to use CPI rather than RPI to calculate statutory minimum increases in both deferred pensions and pensions in payment, the Company has given due consideration, including discussion with its legal advisors and the Trustees, to the impact of the change on the valuation of the Scheme liabilities as at 30 June 2013 Following the guidance set out in UITF 48, it has concluded that there is no impact as a result of the change from RPI to CPI as at the balance sheet date

With effect from 1 May 2006 member contributions were increased between 1% and 3% of pensionable salary depending on the category of members During the year Group contributions were increased from 15 0% to15 8% of pensionable salary before offset, following results of the April 2011 valuation

History of experience gains and losses

	2013	2012	2011	2010	2009
Difference between the expected and actual return on scheme assets					
Amount (£000)	**1,035**	(15)	1 024	729	(1,976)
Percentage of period end scheme assets	**4%**	0%	6%	6%	-22%
Experience gains and losses on scheme liabilities					
Amount (£000)	**705**	(1,255)	-	-	-
Percentage of period end present value of scheme liabilities	**3%**	-8%	0%	0%	0%
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	**1,200**	(560)	729	729	(1,976)
Percentage of period end present value of scheme liabilities	**5%**	-4%	6%	6%	-22%

Contributions of £2,781,000 are expected to be paid into the plan during the annual period beginning after the reporting period

The Group was also a member of 11 *(2012 11)* defined contribution schemes during the year Contributions made to these schemes of £574,000 *(2012 £482,000)* on behalf of employees were charged to the profit and loss account as incurred At the current and prior year end there were no amounts accrued or prepaid under the defined contribution schemes

Notes *(continued)*

22 Analysis of cash flows

	2013		2012	
	£000	£000	£000	£000
Returns on investment and servicing of finance				
Dividends received from joint venture	-		-	
Interest received	369		285	
Interest paid	(2,354)		(2 934)	
		(1,985)		(2,649)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(3,914)		(4,362)	
Purchase of fixed asset investments	-		-	
Receipts from sale of fixed asset investments	-		32	
Sale of tangible fixed assets	142		286	
		(3,772)		(4,044)
Acquisitions and disposals				
Purchase of group undertaking	(2,799)		(3,023)	
Net cash acquired with group undertaking	(76)		517	
		(2,875)		(2,506)
Financing				
Repayment of borrowings	-		-	
		-		-

23 Analysis of net debt

	At beginning of year £000	Cash flow £000	Acquisitions £000	At end of year £000
Cash in hand and at bank	3	(34)	215	184
Overdrafts and loans payable on demand	(87,600)	(24 264)	(291)	(112,155)
Total	(87,597)	(24,298)	(76)	(111,971)

Notes *(continued)*

24 Related party disclosures

The company has no controlling party since it is owned in equal proportions by Cargill PLC and A B F Holdings Limited

The group has taken advantage of the exemption permitted by FRS 8 and not disclosed transactions with group companies that are eliminated on consolidation

Transactions with subsidiaries of Cargill Incorporated (including Cargill PLC) and Associated British Foods PLC (including A B F Holdings Limited), participating interests and companies controlled by company directors are set out below

		2013		2012	
	Key	**£000**	**£000**	£000	£000
Trade sales					
Cargill PLC	*b*	**225,609**		283,320	
AB Agri Limited	*a*	**216,612**		188 382	
Allied Mills Limited	*a*	**82,491**		40,702	
Sun Valley Foods Limited	*b*	**40,783**		35,942	
Cargill Spain	*b*	**3,622**		10 608	
The Jordans & Ryvita Company Limited	*a*	**4,032**		1,821	
Cargill France	*b*	**25,929**		49,512	
Cargill Portugal	*b*	**983**		2,797	
Cargill Italy	*b*	**-**		-	
Cargill Holdings BV	*b*	**39**		-	
Cargill NV	*b*	**-**		-	
The Silver Spoon Company Limited	*a*	**1,529**		1,057	
Vivergo Fuels Limited	*a*	**5,464**		-	
Provimi Ltd	*b*	**594**		-	
British Sugar PLC	*a*	**570**		379	
			608,257		614 520

		2013		2012	
	Key	**£000**	**£000**	£000	£000
Trade purchases					
Cargill PLC	*b*	**(6,657)**		(201)	
Cargill France	*b*	**(20,695)**		(12,926)	
AB Agri Limited	*a*	**(149)**		(197)	
The Jordans & Ryvita Company Limited	*a*	**-**		-	
Cargill Holdings BV	*b*	**(202)**		(200)	
Cargill Spain	*b*	**(2,533)**		(1 873)	
Sun Valley Foods Limited	*b*	**(2)**		(7)	
Cargill Germany	*b*	**(909)**		-	
Cargill Geneva	*b*	**-**		-	
Cargill SA	*b*	**(5)**		(2)	
British Sugar PLC	*a*	**(25)**		(89)	
Cargill Ltd	*b*	**(4,868)**		-	
ABF Grain Products Limited	*a*	**(63)**		(23)	
			(36,108)		(15,518)

Notes *(continued)*

24 Related party disclosures *(continued)*

	Key	2013 £000	2013 £000	2012 £000	2012 £000
Service income					
AB Agri Limited	a		**20**		32
Service expense					
Cargill PLC	*b*	**(46)**		(38)	
AB Agri Limited	*a*	**(70)**		(58)	
Cargill Inc	*b*	**(1)**		(2)	
			(117)		(98)
Leasing income					
AB Agri Limited	*a*		**12**		17
Leasing expense					
Cargill PLC			**(668)**		(670)
Management charges					
Cargill NV	*b*	**66**		-	
Cargill PLC	*b*	**(18)**		(15)	
			48		(15)
Proceeds from disposal of assets					
AB Agri Limited	*a*		**-**		8

Trading balances as at 30 June 2013 with subsidiaries of Cargill Incorporated (including Cargill PLC) and Associated British Foods PLC (including A B F Holdings Limited), participating interests and companies controlled by company directors are set out below

	Key	2013 £000	2013 £000	2012 £000	2012 £000
Debtors due within one year:					
Cargill PLC	*b*	**8,582**		13,840	
Allied Mills Limited	*a*	**7,429**		2 079	
The Jordans & Ryvita Company Limited	*a*	**423**		83	
Sun Valley Foods Limited	*b*	**3,576**		1,926	
AB Agri Limited	*a*	**26,368**		20 178	
Vivergo Fuels Limited	*c*	**1,856**		-	
British Sugar PLC	*a*	**329**		85	
The Silver Spoon Company Limited	*a*	**159**		48	
Provimi Ltd	*b*	**111**		-	
Cargill NV	*b*	**66**		-	
Cargill Holdings BV	*b*	**39**		10	
			48,938		38,249

Notes *(continued)*

24 Related party disclosures *(continued)*

		2013		2012	
	Key	**£000**	**£000**	£000	£000
Creditors due within one year:					
Cargill PLC	*b*	**(30)**		(14)	
British Sugar PLC	*a*	**(2)**		(15)	
AB Agri Limited	*a*	**(5)**		(13)	
			(37)		(42)

Key

a - subsidiary of Associated British Foods PLC
b - subsidiary of Cargill Incorporated
c - associated company of Associated British Foods PLC

Transactions involving joint ventures	**2013 £000**	2012 £000
Service income	**2**	6
Port services	**(879)**	(1 442)
Management charges	**41**	44
Debtors due within one year	**23**	17
Creditors due within one year	**(97)**	(13)

Notes *(continued)*

25 Acquisitions

During the year the Company acquired the entire share capital of North Wold Agronomy Limited and GFP (Agriculture) Limited The assets acquired and consideration given for both companies are detailed below Fair value adjustments have been recorded to increase creditors by £20,000, to reflect liabilities for dilapidation on leasehold properties, and increase provisions for liabilities & charges by £53,000, to align the accounting policy on deferred tax with that of the company

	Book value £000	Fair value adjustment £000	Fair value £000
Intangible fixed assets	50	(50)	-
Tangible fixed assets	443	-	443
Stock	608	-	608
Debtors and prepayments	776	-	776
Cash	215	-	215
Creditors	(1,852)	(20)	(1,872)
Provisions	(16)	(53)	(69)
Net assets acquired	224	(123)	101
Goodwill (note 10)			2,714
			2,815
Satisfied by			
Cash			2,550
Deferred consideration			265
			2,815

Immediately following the acquisition of North Wold Agronomy Limited the Company acquired its entire trade and assets The assets acquired and consideration given are detailed below

North Wold Agronomy Limited	**Book value & Fair value £000**
Tangible fixed assets	83
Stock	451
Debtors and prepayments	233
Cash	-
Creditors	(713)
Provisions	(16)
Net assets acquired	38
	678
	716
Satisfied by	
Inter company loan	716

Notes *(continued)*

26 Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis Credit evaluations are performed on all customers requiring credit over a certain amount The Group does not require collateral in respect of financial assets

At the balance sheet date there were no significant concentrations of credit risk The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet

Interest rate risk

The group has the ability to hedge its exposure to interest rate risk As at 30 June 2013, no hedging instruments were in place *(2012 none)*

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice

Group		**2013**				2012			
	Note	**Effective interest rate**	**Total £000**	**< 1 year £000**	**> 1 year £000**	Effective interest rate	Total £000	< 1 year £000	> 1 year £000
Other debtors	*14*	**1 74%**	**11,308**	**11,308**	-	2 92%	8,323	8,323	-
Prepayments and accrued income	*14*	-	-	-	-	-	-	-	-
Bank loans and overdrafts	*15*	**1.55%**	**(112,155)**	**(112,155)**	-	1 65%	(87,600)	(87,600)	-
Obligations under hire purchase contracts	*15,16*	**4 39%**	**(55)**	**(43)**	**(12)**	-	-	-	-
Other creditors	*15*		-	-	-	-	-	-	-
			(100,902)	**(100,890)**	**(12)**		(79,277)	(79,277)	-

Notes *(continued)*

26 Financial instruments *(continued)*

Company	Note	2013 Effective interest	2013 Total £000	2013 < 1 year £000	2013 > 1 year £000	2012 Effective interest rate	2012 Total £000	2012 < 1 year £000	2012 > 1 year £000
Other debtors	*14*	**1 74%**	**11,308**	**11,308**	**-**	2 92%	8,323	8,323	-
Prepayments and accrued income	*14*	**-**	**-**	**-**	**-**	-	-	-	-
Bank loans and overdrafts	*15*	**1 55%**	**(112,155)**	**(112,155)**	**-**	1 65%	(87,600)	(87,600)	-
Obligations under hire purchase contracts	*15,16*	**4.34%**	**(39)**	**(27)**	**(12)**	-	-	-	-
Other creditors	*15*	**-**	**-**	**-**	**-**	-	-	-	-
			(100,886)	**(100,874)**	**(12)**		(79 277)	(79,277)	-

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than sterling The currencies giving rise to this risk are primarily Euro and US Dollars

The Group hedges its estimated foreign currency exposure in respect of commodity contracts The Group uses forward exchange contracts to hedge its foreign currency risk Most of the forward exchange contracts have maturities of less than one year after the balance sheet date Where necessary, the forward exchange contracts are rolled over at maturity

In respect of other monetary assets and liabilities held in currencies other than sterling, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances

Changes in the fair value of forward exchange contracts that economically hedge commodity contracts in foreign currencies are recognised in the profit and loss account Both the changes in fair value of the foreign exchange contracts and the foreign exchange gains and losses relating to the commodity contracts are recognised as part of cost of sales The fair value of forward exchange contracts used as economic hedges of commodity contracts in foreign currencies at 30 June 2013 was £612,000 gain *(2012 £1,682,000 gain)* recognised in stock

Notes *(continued)*

26 Financial instruments *(continued)*

Fair values

The fair value of financial instruments values together with the carrying amounts shown in the balance sheet are as follows

Group	Note	2013 Carrying amount £000	2013 Fair value £000	2012 Carrying amount £000	2012 Fair value £000
Other investments and loans	*12*	**41**	**41**	41	41
Commodity stocks and related contracts	*13*	**(3,948)**	**(3,948)**	3,557	3,557
Trade and other debtors	*14*	**249,116**	**249,116**	209,212	209,212
Cash		**184**	**184**	3	3
Bank loans and overdrafts	*15*	**(112,155)**	**(112,155)**	(87,600)	(87,600)
Trade and other creditors	*15*	**(130,264)**	**(130,264)**	(118,616)	(118,616)
		2,974	**2,974**	6,597	6,597
Unrecognised gain/(loss)			**-**		-

Company	Note	2013 Carrying amount £000	2013 Fair value £000	2012 Carrying amount £000	2012 Fair value £000
Other investments and loans	*12*	**41**	**41**	41	41
Loans to group undertakings	*12*	**351**	**351**	-	-
Commodity stocks and related contracts	*13*	**(3,948)**	**(3,948)**	3,557	3,557
Trade and other debtors	*14*	**249,116**	**249,116**	209,212	209,212
Cash		**184**	**184**	3	3
Bank loans and overdrafts	*15*	**(112,155)**	**(112,155)**	(87,600)	(87,600)
Trade and other creditors	*15*	**(129,495)**	**(129,495)**	(118,616)	(118,616)
		4,094	**4,094**	6,597	6 597
Unrecognised gain/(loss)			**-**		-