

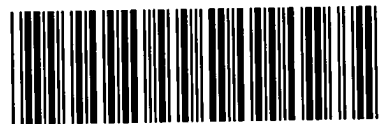
Frontier Agriculture Limited

**Director's report and consolidated
financial statements**

Registered number 05288567

30 June 2019

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Chairman's statement

Frontier commenced its fourteenth full year of trading on 1 July 2018. These remarks refer to the 12 month period ending 30 June 2019.

For the seventh year in succession high global wheat yields maintained inventories at over 30% of production - dampening commodity price volatility and weakening global crop values. In the UK bearish sterling due to ongoing Brexit uncertainty and tighter wheat supply and demand due to the low 2018 wheat harvest supported feed wheat values to around £150 per tonne for much of the 1st half of the year - above the average cost of production. Markets traded at import parity for most of 2018 before succumbing to global supply pressure into 2019. The exportable surplus was minimal and physical old crop grain soon dried up into 2019 pressurising origination margins. These continuing adverse trading conditions maintained strains in the grain industry. Harvest 2018 delivered a near record low national wheat crop of 13.5 million metric tonnes.

A mild dry winter and a near perfect spring in 2019 created excellent growing conditions with many winter cereal crops showing good potential approaching harvest. This combined with earlier season firm new crop prices created strong demand for crop inputs as growers sought to maximise yield potential.

This combination of early season grain market volatility, low harvest volume, low export surplus, and a good spring season for crop inputs created sufficient opportunities for nimble farm gate businesses to add value. With the combined Crop Inputs and Crop Marketing model Frontier again out performed its competitors delivering an operating profit of £34.3 million (prior year £30.3 million) - a very credible performance indeed.

Frontier continues to demonstrate that it's diversified activities in both crop production and crop marketing enables it to deliver a robustness in earnings that confounds the cyclicity of the sector.

During the year Group turnover was £1.65 billion (prior year £1.49 billion). Profit for the year on ordinary activities after taxation was £25.0 million (2018: £22.9 million) – delivering a healthy 9% return on total capital employed.

Working capital usage moved higher in relation to the value of grain stocks, receivables and margin calls from trading and with continuing low borrowing rates resulted in annual net interest of £2.98 million (2018: £ 1.94 million).

During the period £9.0 million was approved for new capital expenditure prioritised towards customer facing assets in grain storage, seed and crop processing, crop protection distribution, crop trials and smart digital software. Since April 2005 cumulative approved capital expenditure now exceeds £67 million. The Company completed the building of a new bean dehulling facility at its Ruddington site which will purchase and process 50,000mt of beans for use in the fish feed sector.

We continued the strategy to grow our crop inputs and non grain related activities – annual gross earnings from which were at 58% of the Group total. We again grew our UK agronomy influence and our field force of service agronomists now totals 160.

Frontier's grain trading, merchanting and grain handling operations performed well in very testing conditions – maximising import and export opportunities and overcoming the unpredictable price environment by focusing on traditional domestic trading expertise. Grain related annual gross earnings were equivalent to 42% of the Group total.

Group net assets now stand at £258 million and once again the Board approved a dividend payment of £20.7 million. By any measure Frontier has a truly 'Blue Chip' financial structure and is a reliable, secure and long term partner to its customers with the balance sheet credibility to match.

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

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

Chairman's statement *(continued)*

The industry faces an ongoing period of uncertainty as we approach the run up to Brexit. However we remain totally focused on - managing volatility, keeping a strong balance sheet, deepening our expertise and employee engagement in parallel with strong customer satisfaction enabling us to continue to invest and grow. Frontier is performing ahead of expectations and this is entirely due to its ability to attract, retain and develop the industry's top people.

Covid 19

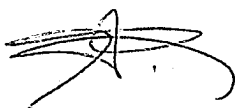
The Covid 19 virus has emerged since our financial year end and at the date of approving these financial statements the UK Government has put in place stringent measures limiting the movements of the UK population as part of its strategy to delay and contain the impact of the virus. The UK arable supply chain is well established with approximately 90% of the arable crops grown sold to food and drink processors whose products are ultimately consumed by UK consumers. Modern agricultural practices are no longer heavily dependent on people because technology has been embraced in recent years as part of the drive towards more efficient production. We anticipate that the UK arable supply chain will continue to operate without significant interruption, despite the measures being implemented by the UK Government to limit the impact of Covid 19.

We have established a Covid 19 Response Group, which is led by our Group Strategy Director and which is coordinating all communication to/from our people and to our customers and suppliers throughout this period. We already have in place a well-coordinated group of senior leaders across our business and we are using this team to cascade guidance and support to our employees to ensure consistent messages are received by all of our employees. We have also reassured our employees that they will all remain on normal pay throughout this period, which has resulted in a very favourable response from employees with increased collaboration amongst colleagues to ensure critical tasks are performed normally.

Ordinarily, approximately 50% of Frontier's employees are able to work remotely and already have the necessary IT equipment and connectivity to perform their roles. Frontier has an in-house IT team of 38 permanent employees, supplemented by 14 contractors, who have been facilitating an extension to our existing remote working processes. At the date of approval of these financial statements 95% of our employees are now able to work remotely and the extension of this policy will continue over the forthcoming weeks.

We have considered the potential impact of Covid 19 on the Group's principal activities and further detail is given in note 1.2 of these financial statements. We are confident that the business can manage the disruption caused by the Covid 19 virus and that any adverse impact on the cash flow of the Group can be absorbed within the bank facilities available.

The Company has proved once again that, in spite of unpredictable weather, trading conditions and commodity price cyclicity it remains uniquely structured and resourced to deliver real value through strong collaborative partnerships with its farmers and its food, feed and bio fuel sector customers.



Jose Nobre
Chairman

9 April 2020

Strategic report

Business review

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

Summarised results are given below:	2019 £000	2018 £000
Group turnover	1,652,809	1,493,502
Group profit on ordinary activities after taxation for the financial year	24,975	22,886

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 relating to 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.

Brexit

We continue to monitor the potential impact of the UK's vote to leave the European Union. UK sales represent 93% of Frontier's sales, and the majority of the supply chain is within the UK. As you would expect, we are working diligently with customers and suppliers to minimise any potential disruption to our supply chain and to our customers. Additionally, the fluctuations in exchange rates arising from the uncertainty caused by Brexit may have an impact on Frontier's results.

Covid 19

The directors have considered the potential impact of Covid 19 on the Group's principal activities and further detail is given in note 1.2 of these financial statements. The directors are confident that the business can manage the disruption caused by the Covid 19 virus and that any adverse impact on the cash flow of the Group can be absorbed within the bank facilities available.

Strategic report *(continued)*

Employees

During the year 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.

By order of the board



KM Aitchison
Director

Weston Centre
10 Grosvenor St
London
W1K 4QY

9 April 2020

Directors' report

The directors present their directors' report and consolidated financial statements for the year ended 30 June 2019.

Principal activities

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

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	(resigned 31 July 2019)
RC Cloke	(resigned 28 March 2019)
R Janson	
S Wooldridge	(resigned 10 December 2018)
Z Kocza	
H Bonnard	(resigned 1 August 2018)
D MacDuff	
J Nobre	
O Casanova Ruiz	(appointed 1 August 2018)
S Gurvis	(appointed 1 April 2019)

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

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

Proposed dividend

The directors propose a dividend of £20,650,000 (2018: £18,360,000) to be paid following the reporting period. This has not been included within creditors as it was not approved before the year end.

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.

Political and charitable contributions

The company made no political contributions during the year (2018: £nil). Donations to UK charities amounted to £5,000 (2018: £30,000).

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
Director

Weston Centre
10 Grosvenor St
London
W1K 4QY

9 April 2020

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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

Opinion

We have audited the financial statements of Frontier Agriculture Limited ("the company") for the year ended 30 June 2019 which comprise the Consolidated profit and loss account and other comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the other information, which comprises the strategic report, the directors' report and the chairman's statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.



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

(continued)

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report, the directors' report and the chairman's statement for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Mark Flanagan *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

Park Row

Nottingham

NG1 6FQ

Dated: 9 April 2020

Consolidated profit and loss account and other comprehensive income
for the year ended 30 June 2019

	<i>Note</i>	2019 £000	2018 £000
Turnover	3	1,652,809	1,493,502
Cost of sales		(1,553,644)	(1,407,212)
Gross profit		99,165	86,290
Distribution costs		(25,120)	(24,698)
Administrative expenses	4	(41,043)	(32,811)
Other operating income		1,276	1,483
Group operating profit		34,278	30,264
Group's share of loss in Joint Ventures	12	(215)	(118)
Other interest receivable and similar income	7	376	229
Interest payable and similar expenses	8	(2,984)	(1,940)
Profit before taxation		31,455	28,435
Tax on profit	9	(6,480)	(5,549)
Profit for the financial year		24,975	22,886
Other comprehensive income			
Remeasurement of the net defined benefit liability	20	(5,837)	12,414
Income tax on other comprehensive income	9	993	(2,111)
Other comprehensive income for the year, net of income tax		(4,844)	10,303
Total comprehensive income for the year		20,131	33,189

In both the current and preceding year, the group had no discontinued operations.

Consolidated balance sheet
at 30 June 2019

	Note	2019 £000	£000	2018 (Restated) £000	£000
Fixed assets					
Goodwill	10	10,566		11,415	
Intangible assets	10	14,892		16,085	
		<hr/>		<hr/>	
			25,458		27,500
Tangible assets	11		37,965		33,319
Investments	12		1,484		511
			<hr/>		<hr/>
			64,907		61,330
Current assets					
Stocks	14	144,689		132,297	
Debtors (including £10,183,000 (2018: £10,183,000) due after more than one year)	15	344,135		321,958	
Cash at bank and in hand	16	1,866		4,262	
		<hr/>		<hr/>	
		490,690		458,517	
Creditors: amounts falling due within one year	17	(293,656)		(263,633)	
		<hr/>		<hr/>	
Net current assets			197,034		194,884
			<hr/>		<hr/>
Total assets less current liabilities			261,941		256,214
Provisions for liabilities					
Pension (obligations)/asset	20	(1,936)		3,103	
Deferred Tax	19	(1,773)		(2,856)	
		<hr/>		<hr/>	
			(3,709)		247
			<hr/>		<hr/>
Net assets			258,232		256,461
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	21	36,000		36,000	
Profit and loss account		222,232		220,461	
		<hr/>		<hr/>	
Shareholders' funds			258,232		256,461
			<hr/>		<hr/>

The prior year comparative has been restated to present the effects of a prior year adjustment (see note 13).

These financial statements were approved by the board of directors on 9 April 2020 and were signed on its behalf by:



D MacDuff
Director

Company registered number: 05288567

Company balance sheet
at 30 June 2019

	<i>Note</i>	2019 £000	£000	2018 (Restated) £000	£000
Fixed assets					
Goodwill	10	7,070		6,548	
Intangible assets	10	10,450		6,140	
		<hr/>		<hr/>	
			17,520		12,688
Tangible assets	11		35,412		30,564
Investments	12		44,468		45,106
			<hr/>		<hr/>
			97,400		88,358
Current assets					
Stocks	14	141,464		127,724	
Debtors (including £10,183,000 (2018: £10,183,000) due after more than one year)	15	339,394		315,643	
Cash at bank and in hand		3		3	
		<hr/>		<hr/>	
		480,861		443,370	
Creditors: amounts falling due within one year	17	(322,980)		(280,580)	
		<hr/>		<hr/>	
Net current assets			157,881		162,790
			<hr/>		<hr/>
Total assets less current liabilities			255,281		251,148
Provisions for liabilities					
Pension asset/(obligations)	20	(1,936)		3,103	
Deferred Tax	19	(886)		(1,000)	
		<hr/>		<hr/>	
			(2,822)		2,103
			<hr/>		<hr/>
Net assets			252,459		253,251
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	21	36,000		36,000	
Profit and loss account		216,459		217,251	
		<hr/>		<hr/>	
Shareholders' funds			252,459		253,251
			<hr/>		<hr/>

The prior year comparative has been restated to present the effects of a prior year adjustment (see note 13).

These financial statements were approved by the board of directors on 9 April 2020 and were signed on its behalf by:



D MacDuff
Director

Company registered number: 05288567

Consolidated statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2017	36,000	209,433	245,433
Total comprehensive income for the year			
Profit for the year	-	22,886	22,886
<i>Other comprehensive income</i>			
Remeasurement of the net defined benefit liability	-	12,414	12,414
Income tax on other comprehensive income	-	(2,111)	(2,111)
Total comprehensive income for the year	-	33,189	33,189
<i>Transactions with owners recorded directly in equity</i>			
Dividends paid	-	(22,161)	(22,161)
Total contributions by and distributed to owners	-	(22,161)	(22,161)
Balance at 30 June 2018	36,000	220,461	256,461
Dividends proposed post year end	-	(18,360)	(18,360)
Total	36,000	202,101	238,101
	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2018	36,000	220,461	256,461
Total comprehensive income for the year			
Profit for the year	-	24,975	24,975
<i>Other comprehensive income</i>			
Remeasurement of the net defined benefit liability	-	(5,837)	(5,837)
Income tax on other comprehensive income	-	993	993
Total comprehensive income for the year	-	20,131	20,131
<i>Transactions with owners recorded directly in equity</i>			
Dividends paid	-	(18,360)	(18,360)
Total contributions by and distributed to owners	-	(18,360)	(18,360)
Balance at 30 June 2019	36,000	222,232	258,232
Dividends proposed post year end	-	(20,650)	(20,650)
Total	36,000	201,582	237,582

Company statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2017	36,000	207,729	243,729
Total comprehensive income for the year			
Profit for the year	-	21,380	21,380
<i>Other comprehensive income</i>			
Remeasurement of the net defined benefit liability	-	12,414	12,414
Income tax on other comprehensive income	-	(2,111)	(2,111)
Total comprehensive income for the year	-	31,683	31,683
<i>Transactions with owners recorded directly in equity</i>			
Dividends paid	-	(22,161)	(22,161)
Total contributions by and distributions to owners	-	(22,161)	(22,161)
Balance at 30 June 2018	36,000	217,251	253,251
Dividends proposed post year end	-	(18,360)	(18,360)
Total	36,000	198,891	234,891
	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2018	36,000	217,251	253,251
Total comprehensive income for the year			
Profit for the year	-	22,412	22,412
<i>Other comprehensive income</i>			
Remeasurement of the net defined benefit liability	-	(5,837)	(5,837)
Income tax on other comprehensive income	-	993	993
Total comprehensive income for the year	-	17,568	17,568
<i>Transactions with owners recorded directly in equity</i>			
Dividends paid	-	(18,360)	(18,360)
Total contributions by and distributions to owners	-	(18,360)	(18,360)
Balance at 30 June 2019	36,000	216,459	252,459
Dividends proposed post year end	-	(20,650)	(20,650)
Total	36,000	195,809	231,809

Consolidated cash flow statement

for year ended 30 June 2019

	<i>Note</i>	2019 £000	2018 (Restated) £000
Cash flows from operating activities			
Profit for the year		24,975	22,886
Adjustments for:			
Depreciation, amortisation and impairment		7,871	7,897
Interest receivable and similar income		(376)	(229)
Interest payable and similar charges		2,984	1,940
Gain on sale of tangible fixed assets		(80)	(104)
Share on profits in JV		215	118
Share of losses in Partnership		28	-
Taxation		6,480	5,549
		<hr/> 42,097	<hr/> 38,057
(Increase)/decrease in trade and other debtors		(15,612)	(25,943)
(Increase)/decrease in stocks		(7,952)	2,537
(Decrease)/increase in trade and other creditors		(9,729)	12,720
(Decrease)/increase in provisions and employee benefits		(698)	(8,997)
		<hr/> 8,106	<hr/> 18,374
Tax paid		(5,165)	(7,423)
Net cash from operating activities		<hr/> 2,941	<hr/> 10,951
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		175	189
Interest received		276	229
Acquisition of a business	2	(4,450)	(233)
Acquisition of tangible fixed assets	11	(9,659)	(7,267)
Acquisition of intangible fixed assets	10	(1,131)	(1,205)
		<hr/> (14,789)	<hr/> (8,287)
Net cash from investing activities			
Cash flows from financing activities			
Interest paid		(3,052)	(1,880)
Dividends paid		(18,360)	(22,161)
		<hr/> (21,412)	<hr/> (24,041)
Net cash from financing activities			
Net (decrease)/increase in cash and cash equivalents		(33,260)	(21,377)
Cash and cash equivalents at 1 July	16	(97,676)	(76,299)
Cash and cash equivalents at 30 June	16	<hr/> <hr/> (130,936)	<hr/> <hr/> (97,676)

The prior year comparative has been restated to present the effects of a prior year adjustment (see note 13).

Notes

(forming part of the financial statements)

1 Accounting policies

Frontier Agriculture Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 05288567 and the registered address is Weston Centre, 10 Grosvenor Street, London, W1K 4QY.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis except derivative financial instruments are stated at their fair value.

1.2. Going concern

The directors have considered the future profitability and working capital requirements of the Group and its ability to continue as a going concern. The directors have reviewed the adequacy of working capital facilities provided to the Group including levels of headroom and covenant compliance. The Group produces detailed operational cash flows for a period of at least 12 months from the date of approval of these financial statements. These are reported to the board and sensitivities around sales and purchase timings are applied to these.

The current year shows a net cash inflow from operating activities of £2.9 million which is primarily driven by profits earned in the year. Overall there is a net cash outflow of £33.3 million after purchases of tangible and intangible fixed assets, the acquisition of a business, interest payments and dividend payments.

The Covid 19 virus has emerged since our financial year end and at the date of approval of these financial statements the UK Government has put in place stringent measures limiting the movements of the UK population as part of its strategy to delay and contain the impact of the virus. However, the directors anticipate that the UK arable supply chain will continue to operate without significant interruption, despite the measures being implemented by the UK Government to limit the impact of Covid 19.

The directors have considered the potential impact of Covid 19 on the Group's principal activities. The diversity of farmer suppliers and grain consumers means that the Group is not overly dependent on any one supplier or consumer. The grain supply chain includes Group-owned and third party bulk vehicles and grain storage facilities which are located throughout the UK, so again, the Group is not dependent on any one logistics or storage solution. The grain supply chain can be operated without the need for face to face human interaction. All "paperwork" relating to the grain supply chain can be produced and sent electronically by the Group's grain admin team who are able to work remotely. The majority of the seed required for the Spring drilling season has already been delivered to farm and is currently being drilled now that the weather has improved. Over 70% of the

anticipated fertiliser requirement for this year's crop has already been delivered to farm, the majority of the remaining 30% will be supplied by two major fertiliser distributors with whom the Group has existing strategic relationships, CF Fertiliser, a UK manufacturer who is continuing to manufacture fertiliser and Yara, a UK distributor who already has sufficient product in stock to meet this Spring's anticipated requirements. Approximately 80% of the Crop Protection products such as herbicide and fungicide that will be required for this Spring's peak activity have already been delivered to the Group's stores and are now being delivered to farm on a daily basis. The Group's Crop Production delivery fleet includes approximately 100 drivers, who have been classified as Key Workers and the majority of these drivers are currently continuing to work and are being supplemented by other operative personnel within the Group. All "paperwork" relating to the inputs supply chain can be produced and sent electronically by the Group's Crop Inputs administration team who are also able to work remotely.

Given all of the above, the directors are confident that the business can manage the disruption caused by the Covid 19 virus. The directors have given careful consideration to each sector supplied by the business and have assessed the level of exposure to the recent changes in the UK trading environment in order to include severe but plausible downside sensitivities to the base forecast cashflows for the Group. Whilst the directors consider that trading is likely to hold up well, they have identified a small number of areas where turnover may be impacted and have sensitised the forecasts accordingly. Similarly, although the directors have assessed the majority of the Group's customer base to be resilient to the current circumstances, a deterioration to working capital over the next six months has been modelled to reflect a worst case scenario. Having performed this sensitivity analysis the directors remain confident that any adverse impact on the cash flows of the Group can be managed within the bank facilities that are expected to be made available.

During the period ended 30 June 2019, the Group operated with a £251 million facility. This facility comprised of overdraft and loan facilities each of which can be drawn down as and when needed. At 30 June 2019 £118 million of this facility was undrawn. The facility is fully secured by limited guarantees from both Cargill Incorporated and ABF Holdings Limited. Since the year end these facilities have been supplemented with a new trade receivables facility. At the date of signing these financial statements, the Group was using £168 million of the available £310 million facilities.

The Group has a long term relationship with Lloyds Bank Plc, Barclays Bank Plc and HSBC UK Bank Plc and meets regularly to update on performance and evaluate whether the facilities in place are adequate and appropriate. The facilities in the current year have been made available to the Group until September 2020, with the Lloyds portion available until December 2020. The directors fully anticipate that these facilities will be renewed at this date and, whilst this has yet to be formally agreed, discussions with the Group's bankers have progressed well and there are no indications that ongoing facilities will not be made available. As with any company placing reliance on renewal of existing facilities the directors acknowledge that there can be no certainty that ongoing facilities will be arranged although, at the date of approval of these financial statements, they have no reason to believe that this will not be the case.

The Board are therefore satisfied that the Group can meet its projected working capital requirements for at least the next twelve months from the date of signing these financial statements. Consequently, the financial statements have been prepared on a going concern basis.

1.3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 June 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries and jointly controlled entities are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.4. Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency 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 retranslated to the functional currency at the foreign exchange rate ruling at that date. 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. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5. Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group 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 group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity 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 entity'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.

1.6. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

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 equivalents for the purpose only of the cash flow statement.

Notes (continued)

1 Accounting policies (continued)

1.7. Other financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.8. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	- 20 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

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.9. Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Company/Group elected not to restate business combinations that took place prior to 1 July 2014. In respect of acquisitions prior to 1 July 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Notes (continued)

1 Accounting policies (continued)

1.10. Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- patents and trademarks 10 years
- customer lists and brands 10 years
- trade secrets 10 years
- capitalised development costs 2 - 10 years

The basis for choosing these useful lives is the period for which the Group expect to gain economic benefit from each intangible asset.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 - 20 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.11. Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.12. Stocks

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

Commodity stocks where the value of the underlying commodity is determined by a quoted terminal market are measured at fair value net of distribution costs where fair value is the market price ruling at the balance sheet date.

Notes (continued)

1 Accounting policies (continued)

1.13. Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Commodity purchase/sale open contracts (excluding futures contracts), where the value of the underlying commodity is determined by a quoted terminal market, are classified as other financial assets/liabilities and measured at fair value net of distribution costs where fair value is the market price ruling at the balance sheet date.

Commodity futures and option contracts, and foreign exchange futures and option contracts associated with open commodity contracts, are classified as other financial assets/liabilities and measured at fair value where the fair value is the market price ruling at the balance sheet date.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes (continued)

1 Accounting policies (continued)

1.14. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

1.15. Turnover

Turnover is derived from, and recognised on, the delivery of goods or the performance of services concerned. Turnover is shown net of Value Added Tax, returns, rebates and discounts, and after eliminating turnover-within the Group.

1.16. Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Notes (continued)

1 Accounting policies (continued)

1.17. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Acquisitions and disposal of businesses

Acquisitions in the current period

Group and Company

During the year the Group acquired trade and assets from Fengrain Ltd.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	70	-	70
Stocks	4,440	-	4,440
Trade and other debtors	6,565	-	6,565
Trade and other creditors	(8,087)	-	(8,087)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	2,988	-	2,988
	<hr/>	<hr/>	<hr/>
Total cost of business combination:			£000
Consideration paid:			
Initial cash price paid			2,988
Costs directly attributable to the business combination			246
			<hr/>
Total consideration			3,234
			<hr/>
Goodwill on acquisition			246

The expected useful life of goodwill stemming from this acquisition is 10 years.

Company

In addition to the acquisition of Fengrain Ltd, on 25th November 2018 the Company also acquired trade and assets of BCW Agriculture Ltd

Effective hive-up:

The hive-up had the following effect of the Company's assets and liabilities:

	Book values £000	Fair value adjustments £000	Recognised values on hive-up £000
Tangible fixed assets (note 11)	276	-	276
Intangible assets (note 10)	-	4,500	4,500
Stocks	1,016	-	1,016
Trade and other debtors	3,411	-	3,411
Cash	524	-	524
Trade and other creditors	(1,289)	-	(1,289)
Deferred tax liabilities	13	(765)	(752)
	<hr/>	<hr/>	<hr/>
Net assets acquired	3,951	3,735	7,686
	<hr/>	<hr/>	<hr/>
Goodwill			900
			<hr/>
Total consideration satisfied by intercompany loan			8,586
			<hr/>

Disposals in the prior period

Company

During the prior year the assets of a division of Frontier Agriculture Limited were transferred into a newly formed subsidiary Nomix Enviro Limited (formerly AGHOCO 1565 Limited).

	Book values transferred £000
Tangible fixed assets	(36)
Intangible assets	(1,258)
Stocks	(1,094)
Trade and other debtors	(512)
Cash	(700)
Trade and other creditors	120
	<hr/>
Net identifiable assets and liabilities	(3,480)
	<hr/>
Total cost of business disposal:	
Disposal of trade and assets – satisfied by inter-company loan	3,480
	<hr/>

Notes (continued)

3 Turnover

	2019 £000	2018 £000
<i>Analysis of turnover by geographical destination</i>		
United Kingdom	1,531,365	1,364,284
Rest of the World	121,444	129,218
	<u>1,652,809</u>	<u>1,493,502</u>

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

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019 £000	2018 £000
Research and development expensed as incurred	248	335

Auditor's remuneration:

	2019 £000	2018 £000
Audit of these financial statements	130	101
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	28	16
Other tax advisory services	15	14
All other services	10	3

Amounts receivable by the company's auditor and its associates in respect of the audit of financial statements of associated pension schemes is £12,000 (2018: £12,000).

5 Staff numbers and costs

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

	Number of employees 2019	2018
Administrative	363	370
Processing and distribution	692	679
	<u>1,055</u>	<u>1,049</u>

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	45,711	42,926
Social security costs	4,674	4,208
Pension costs	2,464	3,666
	<u>52,849</u>	<u>50,800</u>

Notes (continued)

6 Directors' remuneration

	2019 £000	2018 £000
Directors' remuneration	1,075	1,118
Company contributions to defined benefit pension schemes	-	-
Company contributions to defined contribution pension schemes	14	11
	<u> </u>	<u> </u>

	Number of directors 2019	2018
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	2	2
Defined benefit schemes	-	1
	<u> </u>	<u> </u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £601,000 for the year (2018: £715,000).

The following directors benefited from qualifying third party indemnity provisions:

- KM Aitchison
- S Wooldridge
- D MacDuff

7 Other interest receivable and similar income

	2019 £000	2018 £000
Interest receivable on financial assets at amortised cost	276	229
Net interest receivable on net defined benefit liabilities	100	-
	<u> </u>	<u> </u>
Total other interest receivable and similar income	376	229
	<u> </u>	<u> </u>

8 Interest payable and similar charges

	2019 £000	2018 £000
Interest payable on financial liabilities at amortised cost	2,984	1,607
Net interest expense on net defined benefit liabilities	-	333
	<u> </u>	<u> </u>
Total other interest payable and similar charges	2,984	1,940
	<u> </u>	<u> </u>

Notes (continued)

9 Tax on profit

Total tax expense recognised in the profit and loss account and other comprehensive income

	2019 £000	£000	2018 £000	£000
<i>Current tax</i>				
Current tax on income for the period		6,563		4,570
Adjustments in respect of prior periods		7		(31)
		<hr/>		<hr/>
Total current tax		6,570		4,539
<i>Deferred tax (note 19)</i>				
Origination and reversal of timing differences	102		1,340	
Change in tax rate	(14)		-	
On intangibles from business acquisitions	(182)		(227)	
Adjustments in respect of prior periods	4		(103)	
	<hr/>		<hr/>	
Total deferred tax		(90)		1,010
		<hr/>		<hr/>
Total tax		6,480		5,549
		<hr/> <hr/>		<hr/> <hr/>

	£000	2019 £000	£000	£000	2018 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	6,570	(90)	6,480	4,539	1,010	5,549
Recognised in other comprehensive income	-	(993)	(993)	-	2,111	2,111
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax	6,570	(1,083)	5,487	4,539	3,121	7,660
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective tax rate

	2019 £000	2018 £000
Profit for the year	24,975	22,886
Total tax expense	6,480	5,549
	<hr/>	<hr/>
Profit excluding taxation	31,455	28,435
	<hr/> <hr/>	<hr/> <hr/>
Tax using the UK corporation tax rate of 19% (2018: 19%)	5,977	5,403
Change in tax rate on deferred tax balances	(8)	-
Non-deductible expenses	459	258
Tax exempt revenues	41	22
Prior period adjustment	11	(134)
	<hr/>	<hr/>
Total tax expense included in profit or loss	6,480	5,549
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Taxation (continued)

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset liability as at 30 June 2019 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the group's future current tax charge accordingly and increase the deferred tax liability by approximately £200,000 (company by approximately £100,000).

10 Intangible assets and goodwill

Group	Goodwill £000	Customer lists and brand names £000	Patents and trademarks £000	Trade secrets £000	Software £000	Total £000
Cost						
Balance at 1 July 2018	19,149	16,242	791	667	3,963	40,812
Additions	246	-	-	-	1,131	1,377
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	19,395	16,242	791	667	5,094	42,189
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation and impairment						
Balance at 1 July 2018	7,734	3,680	187	156	1,555	13,312
Amortisation for the year	1,095	1,622	85	66	551	3,419
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	8,829	5,302	272	222	2,106	16,731
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 30 June 2019	10,566	10,940	519	445	2,988	25,458
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2018	11,415	12,562	604	511	2,408	27,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Amortisation charge

The amortisation charge is recognised in administrative expenses in the profit and loss account.

Notes (continued)

10 Intangible assets and goodwill (continued)

Company	Goodwill £000	Customer lists and brand names £000	Software £000	Total £000
Cost				
Balance at 1 July 2018	11,570	5,075	3,963	20,608
Acquisitions through business combinations	1,146	4,500	-	5,646
Additions	-	-	1,131	1,131
Balance at 30 June 2019	12,716	9,575	5,094	27,385
Amortisation and impairment				
Balance at 1 July 2018	5,022	1,343	1,555	7,920
Amortisation for the year	624	770	551	1,945
Balance at 30 June 2019	5,646	2,113	2,106	9,865
Net book value				
At 30 June 2019	7,070	7,462	2,988	17,520
At 30 June 2018	6,548	3,732	2,408	12,688

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						
Balance at 1 July 2018	25,340	413	47,959	10,367	519	84,598
Acquired with Business	-	-	-	-	70	70
Additions/transfers	1,860	3,550	2,992	745	(24)	9,123
Disposals	(38)	-	(1,488)	(72)	(26)	(1,624)
Balance at 30 June 2019	27,162	3,963	49,463	11,040	539	92,167
Depreciation and impairment						
Balance at 1 July 2018	9,007	-	34,196	7,787	289	51,279
Depreciation charge for the year	776	-	2,948	665	63	4,452
Disposals	(8)	-	(1,424)	(71)	(26)	(1,529)
Balance at 30 June 2019	9,775	-	35,720	8,381	326	54,202
Net book value						
At 30 June 2019	17,387	3,963	13,743	2,659	213	37,965
At 30 June 2018	16,333	413	13,763	2,580	230	33,319

Notes (continued)

11 Tangible fixed assets (continued)

Land and buildings

The net book value of land and buildings comprises:

	2019 £000	2018 £000
Freehold	16,286	15,543
Short leasehold	1,101	790
	<u>17,387</u>	<u>16,333</u>

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						
Balance at 1 July 2018	25,150	413	41,328	10,032	70	76,993
Additions	1,813	3,550	2,165	796	-	8,324
Inter group transfer	237	-	127	157	310	831
Disposals	(38)	-	(1,458)	(72)	(8)	(1,576)
	<u>27,162</u>	<u>3,963</u>	<u>42,162</u>	<u>10,913</u>	<u>372</u>	<u>84,572</u>
Depreciation and impairment						
Balance at 1 July 2018	8,853	-	29,952	7,564	60	46,429
Depreciation charge for the year	749	-	2,287	675	15	3,726
Disposals	(7)	-	(1,395)	(71)	(8)	(1,481)
Inter group transfer	180	-	68	108	130	486
	<u>9,775</u>	<u>-</u>	<u>30,912</u>	<u>8,276</u>	<u>197</u>	<u>49,160</u>
Net book value						
At 30 June 2019	<u>17,387</u>	<u>3,963</u>	<u>11,250</u>	<u>2,637</u>	<u>175</u>	<u>35,412</u>
At 30 June 2018	<u>16,297</u>	<u>413</u>	<u>11,376</u>	<u>2,468</u>	<u>10</u>	<u>30,564</u>

Land and buildings

The net book value of land and buildings comprises:

	2019 £000	2018 £000
Freehold	16,286	15,543
Short leasehold	1,101	754
	<u>17,387</u>	<u>16,297</u>

Notes (continued)

12 Fixed asset investments

Group	Interests in joint ventures £000	Other investments and loans £000	Total £000
<i>Cost</i>			
At beginning of year	370	133	503
Additions	-	1,216	1,216
	<hr/>	<hr/>	<hr/>
At end of year	370	1,349	1,719
	<hr/>	<hr/>	<hr/>
<i>Share of post acquisition reserves</i>			
At beginning of year	8	-	8
Share of loss	(215)	(28)	(243)
	<hr/>	<hr/>	<hr/>
At end of year	(207)	(28)	(235)
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2019	163	1,321	1,484
	<hr/>	<hr/>	<hr/>
At 30 June 2018	378	133	511
	<hr/>	<hr/>	<hr/>

Company	Shares in group undertakings £000	Investment in joint venture £000	Other investments and loans £000	Total £000
<i>Cost</i>				
At beginning of year	56,855	2,196	32	59,083
Additions	-	-	1,216	1,216
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	56,855	2,196	1,248	60,299
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Provisions</i>				
At beginning of year and end of year	13,977	-	-	13,977
Investment write down	-	1,826	-	1,826
Share of partnership losses	-	-	28	28
	<hr/>	<hr/>	<hr/>	<hr/>
	13,977	1,826	28	15,831
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2019	42,878	370	1,220	44,468
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2018	42,878	2,196	32	45,106
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

12 Fixed asset investments (continued)

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows.

	Registered office	Country of incorporation	Principal activity	Class and percentage of shares held	
				Group	Company
<i>Subsidiary undertakings</i>					
Nomix Limited	A	UK	Non-trading	100%	100%
Lothian Crop Specialists Limited	B	UK	Non-trading	100%	100%
SOYL Limited	A	UK	Non-trading	100%	100%
Euroagkem Limited	B	UK	Non-trading	100%	100%
Phoenix Agronomy Limited	A	UK	Non-trading	100%	100%
The Agronomy Partnership Limited	A	UK	Non-trading	100%	100%
North Wold Agronomy Limited	A	UK	Non-trading	100%	100%
GFP (Agriculture) Limited	A	UK	Supply of seed and seed processing services	100%	100%
Intracrop Limited	A	UK	Non-trading	100%	100%
Grain Harvesters Limited	A	UK	Non-trading	100%	100%
GH Grain Limited	A	UK	Non-trading	100%	100%
Forward Agronomy Limited	A	UK	Non-trading	100%	100%
Boothmans (Agriculture) Limited	A	UK	Non-trading	100%	100%
Brian Lewis Agriculture Limited	C	UK	Manufacture of agricultural chemicals	100%	100%
Anglia Grain Services Limited	D	UK	Supply of seed	100%	100%
Anglia Grain Holdings Limited	E	UK	Holding Company	100%	100%
B.C.W (Agriculture) Limited	F	UK	Sale and merchanting of agricultural crops	100%	100%
Nomix Enviro Limited	G	UK	Sale of herbicides and production and sale of related spraying equipment	100%	100%
<i>Joint ventures</i>					
Southampton Grain Terminal Limited	H	UK	Grain terminal	50%	50%

Registered offices:

A	Weston Centre, 10 Grosvenor Street, London, W1K 4QY
B	Kingseat, Newmacher, Aberdeenshire, AB21 0UE
C	1 st Floor Offices, 10 Hereford Road, Abergavenny, Monmouthshire, NP7 5P
D	Riverside, Wisington Road, Nayland, Colchester, Essex, CO6 4LT
E	47, Beaumont Seymour & Co, Butt Road, Colchester, Essex, CO3 3BZ
F	Unit 8, Burnside Business Park, Burnside Road, Market Brayton, TF9 3UX
G	Witham St Hughs, Lincoln, LN6 9TN
H	Berth 36 Test Road, Eastern Docks, Southampton, SO14 3GG.

Notes (continued)

13 Prior year adjustment

During the year the directors identified that commodity purchase/sale open contracts and futures/options/foreign exchange contracts had been incorrectly included in Stocks in the prior year. The directors have correctly recorded the amounts for these contracts as Other financial assets and Other financial liabilities in the current year and have also restated the comparative numbers for both the Group and Company. The effect of this prior year adjustment is to reduce Stocks by £13,878,000 and to increase Other financial assets by £31,494,000 and increase Other financial liabilities by £17,616,000; the adjustment does not impact profit or net assets.

14 Stocks

	Group		Company	
	2019	Restated 2018	2019	Restated 2018
	£000	£000	£000	£000
Raw materials and consumables	1,642	2,322	918	1,399
Finished goods	143,047	129,975	140,546	126,325
	<u>144,689</u>	<u>132,297</u>	<u>141,464</u>	<u>127,724</u>

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £1,537 million (2018: £1,293 million) (Company: £1,519 million (2018: £1,277 million)). The net write-back of stocks to net realisable value amounted to £376,000 write down (2018: £18,000 write-down) (Company: £376,000 write down (2018: £18,000 write-down)). The net write-downs/write-backs are included in cost of sales.

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 £18,000 (2018: £240,000).

15 Debtors

	Group		Company	
	2019	Restated 2018	2019	Restated 2018
	£000	£000	£000	£000
Trade debtors	260,460	235,872	257,041	229,327
Amounts due to group undertakings	-	-	-	1,208
Other debtors	10,866	10,411	10,283	10,183
Other financial assets	33,295	33,852	33,295	33,852
Prepayments and accrued income	39,514	41,823	38,775	41,073
	<u>344,135</u>	<u>321,958</u>	<u>339,394</u>	<u>315,643</u>
Due within one year	333,952	311,775	329,211	305,460
Due after more than one year	10,183	10,183	10,183	10,183
	<u>344,135</u>	<u>321,958</u>	<u>339,394</u>	<u>315,643</u>

Notes (continued)

16 Cash and cash equivalents/ bank overdrafts

	2019 £000	2018 £000
Group		
Cash at bank and in hand	1,866	4,262
Bank overdrafts	(132,802)	(101,938)
	<u> </u>	<u> </u>
Cash and cash equivalents per cash flow statements	(130,936)	(97,676)
	<u> </u>	<u> </u>

There are no significant non-cash transactions during the year, nor any restrictions on cash and cash equivalents held.

17 Creditors: amounts falling due within one year

	Group		Company	
	2019	Restated 2018	2019	Restated 2018
	£000	£000	£000	£000
Bank loans and overdrafts (note 18)	132,802	101,938	132,802	101,938
Trade creditors	104,498	104,724	102,030	101,755
Amounts owed to group undertakings	-	-	33,011	22,502
Taxation and social security	1,600	1,938	1,535	1,500
Corporation tax	2,699	1,294	2,318	539
Other financial Liabilities	16,453	17,616	16,453	17,616
Accruals and deferred income	33,908	35,621	33,457	34,529
Other creditors	1,690	487	1,374	201
Hire purchase creditors	6	15	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	293,656	263,633	322,980	280,580
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Creditors: falling due within less than one year				
Secured bank loan	120,352	90,451	120,352	90,451
Bank overdraft	12,450	11,487	12,450	11,487
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	132,802	101,938	132,802	101,938
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

18 Interest bearing loans and borrowings (continued)

Terms and debt repayment schedule

Group	Currency	Year of Maturity	Repayment schedule	2019 £000	2018 £000
Secured bank loan	GBP	2019	20th August	30,000	-
Secured bank loan	GBP	2019	28 th June	70,000	-
Secured bank loan	GBP	2019	28 th June	10,700	-
Secured bank loan	EUR	2019	28 th June	1,525	-
Secured bank loan	USD	2019	28 th June	8,127	-
Secured bank loan	GBP	2018	31 st August		10,000
Secured bank loan	GBP	2018	29 th June		15,500
Secured bank loan	GBP	2018	28 th August		40,000
Secured bank loan	EUR	2018	29 th June		10,919
Secured bank loan	USD	2018	29 th June		14,032
Bank overdraft	GBP	-	On demand	11,801	11,325
Bank overdraft	USD	-	On demand	577	45
Bank (deposit)/overdraft	EUR	-	-	51	99
Bank (deposit)/overdraft	DKK	-	-	19	28
Bank (deposit)/overdraft	NZD	-	-	2	(10)
				132,802	101,938

Nominal interest rates vary between 0.65% and 3.01% (2018: 0.70% and 2.63%).

Company	Currency	Year of Maturity	Repayment schedule	2019 £000	2018 £000
Secured bank loan	GBP	2019	20th August	30,000	-
Secured bank loan	GBP	2019	28 th June	70,000	-
Secured bank loan	GBP	2019	28 th June	10,700	-
Secured bank loan	EUR	2019	28 th June	1,525	-
Secured bank loan	USD	2019	28 th June	8,127	-
Secured bank loan	GBP	2018	31 st August		10,000
Secured bank loan	GBP	2018	29 th June		15,500
Secured bank loan	GBP	2018	28 th August		40,000
Secured bank loan	EUR	2018	29 th June		10,919
Secured bank loan	USD	2018	29 th June		14,032
Bank overdraft	GBP	-	On demand	11,801	11,325
Bank overdraft	USD	-	On demand	577	45
Bank (deposit)/overdraft	EUR	-	-	51	99
Bank (deposit)/overdraft	DKK	-	-	19	28
Bank (deposit)/overdraft	NZD	-	-	2	(10)
				132,802	101,938

Nominal interest rates vary between 0.65% and 3.01% (2018: 0.70% and 2.63%).

The group has bank loan and overdraft facilities of £251 million (2018: £200 million), of which £118 million (2018: £98 million) was undrawn at 30 June 2019.

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.

Notes (continued)

19 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Accelerated capital allowances	-	79	(144)	-	(144)	79
Arising on business combinations	-	-	(2,094)	(2,407)	(2,094)	(2,407)
Employee benefits	465	-	-	(528)	465	(528)
	<u>465</u>	<u>79</u>	<u>(2,238)</u>	<u>(2,935)</u>	<u>(1,773)</u>	<u>(2,856)</u>
Net tax assets/(liabilities)	465	79	(2,238)	(2,935)	(1,773)	(2,856)

Company	Assets		Liabilities		Net	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Accelerated capital allowances	-	163	(82)	-	(82)	163
Arising on business combinations	-	-	(1,269)	(635)	(1,269)	(635)
Employee benefits	465	-	-	(528)	465	(528)
	<u>465</u>	<u>163</u>	<u>(1,351)</u>	<u>(1,163)</u>	<u>(886)</u>	<u>(1,000)</u>
Net tax assets/(liabilities)	465	163	(1,351)	(1,163)	(886)	(1,000)

20 Employee benefits

The Group operates a defined benefit pension plan. The Plan closed to future accrual of benefits effective from 31 December 2017 and the defined benefit scheme members joined the company defined contribution plans. The pension cost charged to the profit and loss account for the year represents current service cost, other finance costs and administrative expenses amounting to £202,000 (2018: £2,284,000). Additionally during the prior year, The Group recognised a one off curtailment gain pension credit of £5,669,000 following the closure of the scheme. This gain is recognised in the profit or loss as administration expense. 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 increases the employer contributions made during the reporting periods but reduces the wages and salaries and national insurance expense incurred by the Group.

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 2018 and updated for FRS102 purposes to 30 June 2019 by a qualified independent actuary.

For UK employees, the Group operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The Group has agreed a funding plan with the trustee, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions are agreed with the trustee to reduce the funding deficit where necessary.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Notes (continued)

20 Employee benefits (continued)

The cost of the defined benefit plan, recognised in the profit and loss as employee costs, except where included in the cost of an asset comprises:

- a. The increase in pension liability arising from employee service during the period; and
- b. The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

Net pension liability

	2019 £000	2018 £000
Defined benefit obligation	(54,156)	(49,168)
Plan assets	52,220	52,271
	<hr/>	<hr/>
Net pension assets/(liability)	(1,936)	3,103
	<hr/>	<hr/>

Movements in present value of defined benefit obligation

	2019 £000	2018 £000
At 1 July	49,168	65,968
Current service cost	-	1,682
Gain on Curtailment	-	(5,669)
Interest expense	1,403	1,629
Re-measurement: actuarial (gain)/ losses	6,996	(11,065)
Contributions by members	-	-
Benefits paid	(3,411)	(3,377)
	<hr/>	<hr/>
At 30 June	54,156	49,168
	<hr/>	<hr/>

Movements in fair value of plan assets

	2019 £000	2018 £000
At 1 July	52,271	47,992
Interest income	1,503	1,296
Re-measurement: return on plan assets	1,159	1,349
Contributions by employer	1,000	5,280
Contributions by members	-	-
Benefits paid	(3,411)	(3,377)
Administrative expenses	(302)	(269)
	<hr/>	<hr/>
At 30 June	52,220	52,271
	<hr/>	<hr/>

Expense recognised in the profit and loss account

	2019 £000	2018 £000
Current service cost	-	1,682
Gain on curtailment	-	(5,669)
Net interest on net defined benefit asset/ liability	(100)	333
Administrative expenses and/or taxes	302	269
	<hr/>	<hr/>
Total net expense recognised in profit or loss	202	(3,385)
	<hr/>	<hr/>

Notes (continued)

20 Employee benefits (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2019 Fair value £000	2018 Fair value £000
Equities	22,660	29,599
Government debt	16,633	9,842
Hedge Funds	10,238	9,731
Insurance policies	2,385	2,078
Cash	304	1,021
	<hr/> 52,220 <hr/>	<hr/> 52,271 <hr/>
Actual return on plan assets	<hr/> 2,662 <hr/>	<hr/> 2,646 <hr/>

The significant actuarial assumptions are shown below:

	2019	2018
Discount rate	2.3%	2.9%
Future salary increases	-	-
Rate of increase in pensions in payment	2.1%	2.0%
Rate of increase in pensions in deferment	2.1%	2.0%
Inflation Assumption	3.1%	3.0%
<i>Assumed Life Expectancy:</i>		
Male retiring today aged 65	22.6	22.8
Male retiring in 20 years aged 65	24.0	24.2
Female retiring today aged 65	24.5	24.7
Female retiring in 20 years aged 65	26.1	26.3

In valuing the liabilities of the pension fund at 5 April 2019, 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.

With effect from 1 May 2006 member contributions were increased between 1% and 3% of pensionable salary depending on the category of members. There were no group contributions in the year (2018: 17.6% of pensionable salary). During the year, the company paid a one off exceptional lump sum contribution of £1,000,000 into the pension plan. This payment was made by the company in recognition that the actuarial deficit of the scheme may well be adversely affected by the impact of the economic climate on investment returns. The company has agreed to pay further contributions into the pension plan as follow:

<i>Due date</i>	<i>Contribution</i>
5 April 2020	£1,000,000
5 April 2021	£1,000,000
5 April 2022	£1,000,000
31 December 2022	£750,000

Contributions of £1,000,000 (2018: £1,000,000) are expected to be paid into the plan during the annual period beginning after the reporting period.

Defined contribution plans

Group

The Group operates 13 defined contribution pension plans.

The total expense relating to these plans in the current year was £2,464,000 (2018: £1,713,000).

Notes (continued)

21 Capital and reserves

Share capital

	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i>		
3,600,000,104 ordinary shares of £0.01 each	36,000	36,000
	<u>36,000</u>	<u>36,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

After the balance sheet date total dividends of £20,650,000 equivalent to 57p per qualifying ordinary share (2018: £18,360,800) were proposed by the directors. The dividends have not been provided for, but are presented as a segregated component of retained earnings at the end of the year.

22 Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

Group	2019 £000	2018 £000
Assets measured at fair value through profit or loss	109,190	76,284
Assets measured at amortised cost	213,394	342,283
Liabilities measured at fair value through profit or loss	(16,453)	1,547
Liabilities measured at amortised cost	(277,203)	(246,017)
	<u>(27,072)</u>	<u>(68,013)</u>

(b) Financial instruments measured at fair value

Commodity financial instruments

The fair value of commodity financial instruments, where the value of the underlying commodity is determined by a quoted terminal market, is based on the market price ruling at the balance sheet date net of distribution costs.

Derivative financial instruments

The fair value of commodity futures and option contracts, and foreign exchange futures and option contracts associated with commodity financial instruments is based on the market price ruling at the balance sheet date.

(c) Financial risk management

The Group has exposure to the following risks arising from financial instruments; credit risk, liquidity risk and market risk.

- Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure.

- Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Notes (continued)

22 Financial instruments (continued)

- Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group uses derivatives to manage market risks.

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Less than one year	6,497	7,040	6,252	6,463
Between one and five years	11,498	13,199	10,501	11,053
More than five years	8,678	9,772	6,741	7,840
	<u>26,673</u>	<u>30,011</u>	<u>23,494</u>	<u>25,356</u>

During the year £7,269,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £7,158,000).

24 Commitments

Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were £621,000 (2018: £694,000)
Company: £559,000 (2018: £632,000).

25 Related parties

Group

During the year the Group had the following related party transactions.

Group related parties

The Company is the ultimate parent undertaking of the Group headed Frontier Agriculture Limited. Consequently the Company is exempt under section 33.1A of FRS 102 "related party disclosures" from disclosing related party transactions with wholly owned subsidiaries of Frontier Agriculture Limited.

Notes (continued)

25 Related party disclosures (continued)

Other related party transactions

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

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:

		2019		2018	
	Key	£000	£000	£000	£000
Trade sales					
Cargill PLC	<i>b</i>	256,035		205,186	
AB Agri Limited	<i>a</i>	225,928		179,149	
Cargill Holdings BV	<i>b</i>	2,701		1,269	
Sun Valley Foods Limited	<i>b</i>	21,791		35,517	
Cargill Spain	<i>b</i>	1,449		7,787	
ABF Grain Products Ltd	<i>a</i>	77,641		53,319	
Cargill France	<i>b</i>	-		376	
Cargill SA	<i>b</i>	-		-	
The Silver Spoon Company Limited	<i>a</i>	1,430		850	
Vivergo Fuels Limited	<i>a</i>	39,647		89,761	
Provimi Ltd	<i>b</i>	-		20	
Cargill Animal Nutrition	<i>b</i>	2,704		3,085	
Cargill NV	<i>b</i>	-		422	
Amur Ltd	<i>a</i>	142		42	
British Sugar PLC	<i>a</i>	340		636	
			629,808		577,419
Trade purchases					
	Key	£000	£000	£000	£000
Cargill PLC	<i>b</i>	(16,094)		(4,433)	
Cargill France	<i>b</i>	(2,236)		(7,309)	
AB Agri Limited	<i>a</i>	(73)		(408)	
Vivergo Fuels Limited	<i>a</i>	(3,449)		-	
Provimi Ltd	<i>b</i>	(5)		-	
Cargill Holdings BV	<i>b</i>	(123)		(713)	
Cargill SA	<i>b</i>	(28,022)		-	
British Sugar PLC	<i>a</i>	(40)		(28)	
Cargill Ltd	<i>b</i>	(10,077)		(9,988)	
ABF Grain Products Limited	<i>a</i>	(169)		(206)	
Cargill Poland	<i>b</i>	-		(1,287)	
Cargill Spain	<i>b</i>	-		-	
Cargill Australia	<i>b</i>	(153)		(98)	
Cargill Germany	<i>b</i>	-		(2,556)	
Sun Valley Foods Limited	<i>b</i>	-		(72)	
			(60,441)		(27,098)

Notes (continued)

25 Related party disclosures (continued)

		2019			2018	
	Key	£000	£000		£000	£000
Service income						
AB Agri Limited	a		10	a		10
Service expense						
Cargill PLC	b	(20)		b	(33)	
AB Agri Limited	a	(102)		a	(94)	
Cargill Inc	b	(2)		b	(1)	
			(124)			(128)
Leasing income						
AB Agri Limited	a		6	a		6
Leasing expense						
Cargill PLC			(883)			(832)
Management charges						
Cargill PLC	b	(20)		b	(20)	
			(20)			(20)

Trading balances as at 30 June 2019 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.

		2019			2018	
	Key	£000	£000		£000	£000
Debtors due within one year:						
Cargill PLC	b	12,003		b	7,702	
ABF Grain Products Ltd	a	7,235		a	4,549	
Sun Valley Foods Limited	b	1,183		b	3,048	
AB Agri Limited	a	23,578		a	17,853	
Vivergo Fuels Limited	a	-		c	13,580	
British Sugar PLC	a	304		a	331	
The Silver Spoon Company Limited	a	122		a	241	
Cargill Animal Nutrition	b	-		b	1,049	
			44,425			48,353

Notes (continued)

25 Related party disclosures (continued)

		2019		2018	
	Key	£000	£000	£000	£000
Creditors due within one year:					
Cargill PLC	b	(261)		(20)	
Sun Valley Foods Ltd	b	-		(25)	
British Sugar PLC	a	(3)		(1)	
AB Agri Limited	a	(6)		(11)	
			(270)		(57)

Key

- a - subsidiary of Associated British Foods PLC
- b - subsidiary of Cargill Incorporated

	2019 £000	2018 £000
Transactions involving joint ventures		
Service income	6	3
Port services	(788)	(674)
Management charges	40	40
Debtors due within one year	16	21

Transactions with key management personnel

The key management personnel are considered to be the statutory directors only. Directors' emoluments are disclosed in note 6.

26 Accounting estimates and judgements

Key sources of estimation uncertainty

Pension assumptions

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations, and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligations in the balance sheet. The assumptions reflect historical experience and current trends.

Fair value on Acquisitions

The fair values attributable to intangibles recognised in business combinations involve a degree of accounting judgement, due to the inherent subjectivity of the balances. Refer to note 2 to the accounts. Management assess each acquisition on a case by case basis taking into account historic experience and expected future economic inflows to attach fair values to the intangible assets required.

Recoverability of trade debtors

The recoverability of trade debtors is assessed on a specific basis with a particular focus on overdue balances.

Key accounting judgements

Stock valuation

At year end, the Group perform the mark to market adjustment, revaluing all contracts and physical stock holdings to the market price at that date, in line with fair value accounting. Judgements are taken on what the appropriate market price is, based on quality and regional variations.