

**Frontier Agriculture Limited**

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

Registered number 05288567

30 June 2022



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## **Chairman's statement**

Frontier commenced its sixteenth full year of trading on 1 July 2021. These remarks refer to the 12-month period ending 30 June 2022.

Excellent drilling conditions in Autumn 2021 resulted in a full recovery in winter cereal plantings and some growth in oilseed rape area. The resultant 2022 wheat harvest recovered to a more normal level of circa 14.5 million tonnes of very good quality apart from some dilution in protein levels for milling. The first half of the grain marketing season was flat with a large Black Sea wheat harvest weighing on the market. Everything changed on the 24<sup>th</sup> February 2022 following the Russian invasion into the Ukraine and the resultant shock to commodity and energy markets was seismic. Old and new crop prices in the UK rose to record levels and presented an opportunity for arable farmers to lock into some exceptional gross margin opportunities. An exportable surplus existed for much of the year but proved difficult to connect as the global trade flows were distorted and interrupted after the invasion. Grain markets became very volatile and unpredictable in Q4, and it took considerable skill and nerve and financial resources to continue to trade confidently. This unpredictable and challenging environment in the grain industry only suited those with strong balance sheet finances and experienced risk management skills.

The dry and open establishment conditions led to crops emerging from winter with excellent potential. Once again a dry spring impacted on those who were unable to apply Nitrogen or who had been unable to drill spring crops early. The record price levels of new crop presented growers with the opportunity to lock into exceptional above budget crop margins and invest strongly in crop inputs to protect this financial windfall. As a result the industry experienced strong demand for fungicides and bio stimulants to protect potential and mitigate the dry spring conditions. The new season Nitrogen market commenced in June 2022 with record Nitrogen prices driven higher on much inflated European gas prices – a sign of things to come. Fortunately, new crop prices more than mitigated this nutrient price inflation.

The exceptional and rapid rise in grain prices created an opportunity for Frontier to hedge new crop grain contracts for its customers providing them with total certainty and security due to the Company's Blue Chip financial credibility, strong balance sheet and access to working capital facilities. This grain trading opportunity in Q3&Q4 combined with the strong market for crop protection, crop nutrition and bio stimulants resulted in a record financial performance for the Company with a 24% increase in operating profit to £42.9 million (prior year £34.6 million).

Frontier continued to demonstrate that its diversified activities in both crop production and crop marketing enables it to deliver a robustness in earnings that confounds the volatility of the sector.

During the year Group turnover was £1.84 billion (prior year £1.44 billion) due to the higher volume of grain trading and the increased value of crops and fertiliser. Profit for the year on ordinary activities after taxation was £30.1 million (2021: £25.6 million) – delivering, in this sector a very respectable 11% return on total capital employed.

Working capital usage moved higher in relation to the volume and value of grain stocks, receivables and margin calls from trading and with 5 base rate rises during the reporting period annual net interest costs rose to £4.24 million (2021: £2.34 million).

During the period £11.0 million was approved for new capital expenditure prioritised towards customer facing assets in grain storage, seed and crop processing, crop protection distribution, precision farming and crop information software. Since April 2005 cumulative approved capital expenditure now exceeds £95 million. During the year the Company acquired 100% of the share capital of Yagro Ltd a digital software and data analytics business. Yagro will remain an independent subsidiary in order that it can develop truly consultative and private relationships with industry investors including Frontier and on an equivalent basis to the parent Company. Frontier continued to invest in Navara its joint venture with Anglia Maltings Holdings and Camgrain to build Europe's largest Oat mill near Corby in Northants. Construction is on time and commissioning is planned for early Q3 2023. Oxbury Bank continued to grow to budget and plan – Frontier maintained its shareholding as further capital has been raised from fresh share allocations. With anticipated tighter working capital availability in future years this service will become invaluable to its farmer customers.

The Company continued to strengthen its crop inputs and non-grain related activities with new crop protection warehousing capacity and further investment in trials and formulation of novel chemistry in the Intracrop business, digital solutions and banking. Crop Inputs related annual gross earnings were 57% of the Group total.

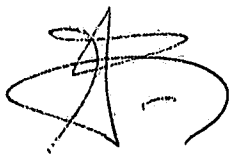
Frontier's grain trading, and grain handling operations performed well in very challenging conditions – maximising import and export opportunities and overcoming the unusual trade flows resulting from the Ukrainian invasion. Grain related annual gross earnings were equivalent to 41% of the Group total.

Group net assets now stand at £277 million and once again the Board approved a dividend payment of £24.9 million (prior year £21.2 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.

The very challenging trading environment also overlapped with the continuing global C19 pandemic. This additional complexity and challenge to our operating environment has been mitigated through strong decisive action by our Senior Leadership Team and the flexibility and resilience of our employees. I would once again pay a huge tribute to the dedication, commitment and professionalism of all our colleagues at Frontier who have worked tirelessly in demanding and exceptional circumstances to deliver another excellent set of results.

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

We recognise that if we continue to strengthen the strong balance sheet, manage risk, deepen our expertise and employee engagement and strengthen our customer satisfaction then we will be able to invest and grow the Company. Frontier is performing ahead of its own high expectations, and this is entirely due to its ability to attract, retain and develop the industry's top people and through them to bring to life its unique culture of Integrity, Customer Service and Expertise.



**José Nobre**  
*Chairman*

30 March 2023

## Strategic report

### Business review

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

Summarised results are given below:	2022 £000	2021 £000
Group turnover	1,842,540	1,438,303
Group profit on ordinary activities after taxation for the financial year	30,125	25,646

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. Senior management and Board members regularly review the level of bank debt and the cost of finance

*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.

### War in Ukraine

At the time of signing the financial statements global grain prices remain at heightened levels due to the ongoing conflict between Russia and Ukraine. The Company continues to have a very strong working capital position and supportive relationships with their four existing banks. A new grain stock facility was introduced during 2022 therefore the directors feel the business has sufficient headroom to absorb the ongoing impact of the high grain prices.

## Strategic report (continued)

**Frontier Agriculture has set a target for its Scope 1 and 2 emissions to be net zero by 2030.**

Streamlined Energy and Carbon Reporting (SECR)	CO2e per annum 2022 (tonnes)	CO2e per annum 2021 (tonnes)	CO2e per annum 2015 (tonnes)
Scope 1	12,227	13,350	12,249
Scope 2	1,517	1,390	2,631
Scope 3	102		
<b>Scope 1 and 2</b>	<b>13,846</b>	<b>14,740</b>	<b>14,880</b>
<b>Energy and Transport Fuel Consumed (tonnes of CO2e)</b>			
Diesel	7,738	10,109	9,015
Petrol	310	289	133
Biogas			
Natural gas	873	326	407
LPG	816		
Fuel oils	2,570	2,626	2,695
Coal			
Electricity	1,517	1,390	2,631
Heat and steam			
HVO	22		
<b>TOTAL*</b>	<b>13,846</b>	<b>14,740</b>	<b>14,880</b>
<b>* Includes owned cars and fleet vehicles and excludes third party transportation as Scope 3</b>			
<b>Tonnes of CO2e per £1m of Group Turnover</b>	<b>7.51</b>	<b>10.25</b>	<b>10.30</b>

Frontier Agriculture calculates its carbon emissions based on a financial control approach.

Scope 1 (direct) includes heating of buildings, processing plants, company cars, vans, LGVs and HGVs. Diesel from the Company's vehicles makes up the majority of its carbon footprint.

Scope 2 (indirect) includes purchased electricity.

Scope 3 (indirect) includes business travel using a mixture of mileage and spend reports from the Company's expense system.

### Data Quality

99% of the carbon emissions calculation is covered by high quality activity data. The remaining 1% is covered by lower quality spend data (e.g. private mileage and mileage reimbursements).

The 2022 conversion factors set by the Department for Environment, Food and Rural Affairs (DEFRA) have been used to calculate greenhouse gas (GHG) emissions in Frontier's Streamlined Energy and Carbon Reporting (SECR).

ClimatePartner UK Ltd. has reviewed Frontier's calculations and methodology pertaining to its Scope 1 and 2 emissions relevant to its SECR for Fiscal Year 2022 (FY22). ClimatePartner can confirm this has been conducted in accordance with the GHG Protocol and the UK Government's Environmental Reporting Guidelines, and to sufficient data quality.

Frontier has selected '£million of turnover to CO2e carbon ratio' when setting its environmental targets and measuring performance. This measurement best reflects carbon intensity (emission rate) over a number of years.

Frontier has focused on reducing energy usage for a number of years and has been documenting CO2 emissions in its reporting to parent companies since 2015.

In 2021 Frontier set a target to be 'net zero Scope 1 & 2 emissions by 2030', which it believes is ambitious but achievable.

Frontier has made a 6% saving on its carbon emissions in the last 12 months because of investments in:

- Purchasing GD+ (hydrotreated vegetable oil or HVO) which replaced 18% of our diesel fuel in 2022
- Installing an additional 1.2MW of solar panels across four sites in 2022 and a further 0.9MW planned in 2023. Frontier has a total of 3.5MW solar panels providing renewable energy across the business.
- 33% of the company car fleet is fully electric or hybrid.
- Three sites currently have electric vehicle charging points.

Frontier continues to work on projects which will contribute towards its target of **net zero Scope 1 and 2 carbon emissions by 2030**. Frontier has a roadmap in place to understand the current options to reduce its carbon footprint, whether that be through energy efficient measures, lower carbon technology or renewable energy sources.

The diverse nature of Frontier's business and the intrinsic link between energy use and the size and condition of the combinable crop each harvest creates significant year-on-year fluctuations, regardless of the measurement metric selected. In years where we experience a wet harvest, the use of energy in arable farming increases due to the requirement to dry moisture from crops before storage. The increasingly unpredictable climate is delivering greater variations in grain weight, moisture content and prices at harvest. This has an inevitable impact on carbon intensity (emission rate) for agricultural businesses like Frontier.

#### **Section 172**

Section 172 of the UK Companies Act 2006 is aimed at helping shareholders better understand how directors have discharged their duty to promote the success of companies, while having regard to the matters set out in Section 172(1)(a) to (f) of the UK Companies Act 2006 (s172 matters), namely: the likely consequences of any decision in the long-term; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; and the desirability of the Company maintaining a reputation for high standards of business.

In the year ended 30 June 2022, the directors of the Company continued to exercise these duties while having regard to the s172 matters, and also to other relevant factors as they governed the Company through the Board and its sub-committees.

The Company and the Group depend on the trust and confidence of its stakeholders to operate sustainably in the long term. We seek to put consumers and customers' best interests first, invest in employees, support the communities in which we operate and strive to generate sustainable profits.

The Group's vision and values were defined when Frontier was formed in 2004 and remain just as relevant today. Frontier launched its sustainability strategy, the Responsible Choice, in 2015. This strategy defines Frontier's responsibilities towards:

- the communities in which we operate;
- the ongoing development of our employees;
- the environment in which we operate;
- the ongoing development of sustainable crop production; and
- the development of sustainable agricultural supply chains.

The Directors and management operate the business in a responsible manner with the aim of ensuring that the Company maintains a reputation for high standards of business conduct and good governance. Frontier's values of integrity, customer service and expertise define the Group's culture and are clearly demonstrated in all activities. Our values underpin our expectations for all of our employees and contractors around the high standards of professional and ethical conduct expected of them.

The Board is clear that good governance and effective communication are essential on a day-to-day basis to deliver our strategy and to protect our brand, reputation and relationships with all our stakeholders including shareholders, customers, employees, suppliers, and the local communities in which we operate. The Board continues to seek to

align the Group's strategic direction with its vision and to the shareholders' long-term aspirations for sustainability and growth.

### **External Impacts**

The Board is committed to social responsibility, community engagement and environmental sustainability. It achieves this through the delivery of its Responsible Choice strategy which includes:

- A culture of safety, health and well-being of everyone who works for us;
- Being an employer of choice where everyone is valued and respected, whatever their contribution;
- Seeking new ways to reduce the environmental impact of the Group's activities.

### **Stakeholders and Business Relationships**

The Board promotes accountability and transparency with all external stakeholders and is committed to promoting and influencing our industry. The Group publicly issues details of its "Gender Pay Reporting", "Supplier Payment Performance Reporting" and its "Modern Slavery and Human Trafficking Statement". The Group welcomes the focus these reports provide as it is constantly looking to improve its engagement with all stakeholders.

### **Employees**

The Group places considerable value on the involvement of its employees, recognising that it depends on their skills and commitment in order to achieve its objectives. The company employs over 1,000 people across 46 sites. Our people are central to the company's success and maintaining a high level of employee engagement is crucial to embedding our culture and values and to helping our people see how their efforts contribute to the achievement of the company's vision. The company participates in the Great Place to Work survey every 18-24 months. The last survey was completed in March 2022 and we achieved a response rate of 81% and a Trust Index score of 73% which is the Great Place to Work's measure of employee engagement. Over the last 8 years, the Group has consistently been placed in the top 25 Great Places to Work for large companies within the UK.

The directors have continued the long-standing practice of keeping employees informed on matters affecting them and on the various factors affecting the performance of the Group, through a variety of media including email, films and team meetings. During the year the company used a variety of communication tools including e-mail, Teams, the intranet and films to provide leadership updates, wellbeing and mental health advice and support, health and safety programmes and training. The directors review the methods and effectiveness of these communications regularly to ensure that they are relevant and appropriate to our people.

The company does all that it 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



Weston Centre  
10 Grosvenor St  
London  
W1K 4QY

**KM Aitchison**  
Director

30 March 2023



## **Directors' report**

The directors present their directors' report and consolidated financial statements for the year ended 30 June 2022.

### **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	
A H Schieveen	(appointed 9 November 2022)
D Overton	
J Nobre	
P R Tun Tun	(resigned 13 March 2023)
A Cazin	(appointed 13 March 2023)
O Casanova Ruiz	(resigned 13 October 2022)
O Serrahima Arbestain	
S Gurvis	

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

KM Aitchison and D Overton benefited from qualifying third party indemnity provisions in place during the financial period..

### **Proposed dividend**

The directors propose a dividend of £24,949,000 (2021: £21,215,000) 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 they ought to have taken as a director to make themselves 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 (2021: £nil). Donations to UK charities amounted to £62,000 (2021: £38,000).

### **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

30 March 2023

## **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.



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

We have audited the financial statements of Frontier Agriculture Limited ("the Company") for the year ended 30 June 2022 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 2022 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.



We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group management may be in a position to make inappropriate accounting entries; and
- the risk that profit is overstated through manipulating open contract pricing.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all group entities based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journals posted to cash or loan accounts, unexpected journals impacting the valuation of open contracts, and all material post-closing entries.
- Vouching year end contract valuations to third party and other evidence to corroborate the contract valuation assumptions.

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery laws, and employment laws, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are



designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports 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 8, 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 FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://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.

A handwritten signature in cursive script, reading 'Adam Craig'.

**Adam Craig** (*Senior Statutory Auditor*)

*for and on behalf of KPMG LLP, Statutory Auditor*  
*Chartered Accountants*  
EastWest  
Tollhouse Hill  
Nottingham  
NG1 5FS

Dated: 31 March 2023

**Consolidated profit and loss account and other comprehensive income**  
*for the year ended 30 June 2022*

	<i>Note</i>	2022 £000	2021 £000
<b>Turnover</b>	3	1,842,540	1,438,303
Cost of sales		(1,728,726)	(1,342,260)
<b>Gross profit</b>		<u>113,814</u>	<u>96,043</u>
Distribution costs		(25,249)	(24,444)
Administrative expenses	4	(47,937)	(39,304)
Other operating income		<u>2,239</u>	<u>2,297</u>
<b>Group operating profit</b>		42,867	34,592
Group's share of profit/(loss) in Joint Ventures	12	-	(195)
Interest receivable and similar income	7	401	306
Interest payable and similar expenses	8	(4,238)	(2,340)
<b>Profit before taxation</b>		<u>39,030</u>	<u>32,363</u>
Tax on profit	9	(8,905)	(6,717)
<b>Profit for the financial year</b>		<u><u>30,125</u></u>	<u><u>25,646</u></u>
<b>Other comprehensive income</b>			
Remeasurement of the net defined benefit liability	19	7,822	654
Income tax on other comprehensive income	9	(2,476)	(301)
<b>Other comprehensive income for the year, net of income tax</b>		<u>5,346</u>	<u>353</u>
<b>Total comprehensive income for the year</b>		<u><u>35,471</u></u>	<u><u>25,999</u></u>

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

**Consolidated balance sheet**  
**at 30 June 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Goodwill	10	15,916	8,332
Intangible assets	10	15,935	14,019
		<u>31,851</u>	<u>22,351</u>
Tangible assets	11	45,631	41,930
Investments	12	18,486	6,837
Pension Surplus	19	4,622	-
		<u>100,590</u>	<u>71,118</u>
<b>Current assets</b>			
Stocks	13	210,614	152,820
Debtors (including £11,520,000 (2021: £11,520,000) due after more than one year)	14	606,190	377,481
Cash at bank and in hand	15	859	2,178
		<u>817,663</u>	<u>532,479</u>
<b>Creditors</b>	16	(634,209)	(334,284)
<b>Net current assets</b>		<u>183,454</u>	<u>198,195</u>
<b>Total assets less current liabilities</b>		<u>284,044</u>	<u>269,313</u>
<b>Provisions for liabilities</b>			
Pension obligations	19	-	(4,430)
Deferred Tax	18	(6,953)	(2,048)
		<u>(6,953)</u>	<u>(6,478)</u>
<b>Net assets</b>		<u>277,091</u>	<u>262,835</u>
<b>Capital and reserves</b>			
Called up share capital	20	36,000	36,000
Profit and loss account		241,091	226,835
<b>Shareholders' funds</b>		<u>277,091</u>	<u>262,835</u>

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



**D Overton**  
Director

Company registered number: 05288567



**Company balance sheet**  
**at 30 June 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Goodwill	10	5,811	6,699
Intangible assets	10	13,215	13,514
		<hr/>	<hr/>
		19,026	20,213
Tangible assets	11	41,635	37,990
Investments	12	72,494	49,715
Pension Surplus	19	4,622	-
		<hr/>	<hr/>
		137,777	107,918
<b>Current assets</b>			
Stocks	13	206,791	149,793
Debtors (including £11,520,000 (2021: £11,520,000) due after more than one year)	14	600,864	373,709
Cash at bank and in hand		5	5
		<hr/>	<hr/>
		807,660	523,507
<b>Creditors: amounts falling due within one year</b>	16	(670,984)	(371,384)
		<hr/>	<hr/>
<b>Net current assets</b>		136,676	152,123
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		274,453	260,041
<b>Provisions for liabilities</b>			
Pension obligations	19	-	(4,430)
Deferred Tax	18	(6,000)	(1,653)
		<hr/>	<hr/>
		(6,000)	(6,083)
<b>Net assets</b>		<hr/>	<hr/>
		268,453	253,958
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	20	36,000	36,000
Profit and loss account		232,453	217,958
		<hr/>	<hr/>
<b>Shareholders' funds</b>		268,453	253,958
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 30 March 2023 and were signed on its behalf by:



**D Overton**  
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 2020	36,000	217,508	253,508
<b>Total comprehensive income for the year</b>			
Profit for the year	-	25,646	25,646
<i>Other comprehensive income</i>			
Remeasurement of the net defined benefit liability	-	654	654
Income tax on other comprehensive income	-	(301)	(301)
Total comprehensive income for the year	-	25,999	25,999
<i>Transactions with owners recorded directly in equity</i>			
Dividends paid	-	(16,672)	(16,672)
Total contributions by and distributed to owners	-	(16,672)	(16,672)
<b>Balance at 30 June 2021</b>	<b>36,000</b>	<b>226,835</b>	<b>262,835</b>
Dividends proposed post year end	-	(21,215)	(21,215)
<b>Total</b>	<b>36,000</b>	<b>205,620</b>	<b>241,620</b>
	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2021	36,000	226,835	262,835
<b>Total comprehensive income for the year</b>			
Profit for the year	-	30,125	30,125
<i>Other comprehensive income</i>			
Remeasurement of the net defined benefit liability	-	7,822	7,822
Income tax on other comprehensive income	-	(2,476)	(2,476)
Total comprehensive income for the year	-	35,471	35,471
<i>Transactions with owners recorded directly in equity</i>			
Dividends paid	-	(21,215)	(21,215)
Total contributions by and distributed to owners	-	(21,215)	(21,215)
<b>Balance at 30 June 2022</b>	<b>36,000</b>	<b>241,091</b>	<b>277,091</b>
Dividends proposed post year end	-	(24,949)	(24,949)
<b>Total</b>	<b>36,000</b>	<b>216,142</b>	<b>252,142</b>

## Company statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2020	36,000	209,234	245,324
<b>Total comprehensive income for the year</b>			
Profit for the year	-	24,953	24,953
<i>Other comprehensive income</i>			
Remeasurement of the net defined benefit liability		654	654
Income tax on other comprehensive income	-	(301)	(301)
<b>Total comprehensive income for the year</b>	-	25,306	25,306
<i>Transactions with owners recorded directly in equity</i>			
Dividends paid	-	(16,672)	(16,672)
<b>Total contributions by and distributions to owners</b>	-	(16,672)	(16,672)
<b>Balance at 30 June 2021</b>	<b>36,000</b>	<b>217,958</b>	<b>253,958</b>
Dividends proposed post year end	-	(21,215)	(21,215)
<b>Total</b>	<b>36,000</b>	<b>196,743</b>	<b>232,743</b>

	Called up share capital £000	Profit and loss account £000	Total Equity £000
Balance at 1 July 2021	36,000	217,958	253,958
<b>Total comprehensive income for the year</b>			
Profit for the year	-	30,364	30,364
<i>Other comprehensive income</i>			
Remeasurement of the net defined benefit liability	-	7,822	7,822
Income tax on other comprehensive income		(2,476)	(2,476)
<b>Total comprehensive income for the year</b>	-	35,710	35,710
<i>Transactions with owners recorded directly in equity</i>			
Dividends paid	-	(21,215)	(21,215)
<b>Total contributions by and distributions to owners</b>	-	(21,215)	(21,215)
<b>Balance at 30 June 2022</b>	<b>36,000</b>	<b>232,453</b>	<b>268,453</b>
Dividends proposed post year end	-	(24,949)	(24,949)
<b>Total</b>	<b>36,000</b>	<b>207,504</b>	<b>243,504</b>

**Consolidated cash flow statement**  
*for year ended 30 June 2022*

	<i>Note</i>	<b>2022</b> £000	<b>2021</b> £000
<b>Cash flows from operating activities</b>			
Profit for the year		30,125	25,646
Adjustments for:			
Depreciation, amortisation and impairment		11,316	7,985
Interest receivable and similar income		(401)	(306)
Interest payable and similar charges		4,238	2,340
Gain on sale of tangible fixed assets		24	166
Share on losses in Joint Ventures		-	195
Taxation	9	8,905	6,717
		<hr/> 54,207	<hr/> 42,743
(Increase)/decrease in trade and other debtors	14	(227,216)	(42,516)
(Increase)/decrease in stocks	13	(57,794)	17,758
(Decrease)/increase in trade and other creditors	16	126,644	331
(Decrease)/increase in provisions and employee benefits	19	(1,298)	(1,657)
		<hr/> (105,457)	<hr/> 16,659
Tax paid		(8,070)	(5,718)
<b>Net cash from operating activities</b>		<hr/> (113,527)	<hr/> 10,941
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		252	143
Interest received		401	305
Acquisition of a business net of cash/(loans) acquired	2	(11,170)	1,450
Acquisition of Other Investments	12	(11,649)	(2,899)
Acquisition of tangible fixed assets	11	(7,646)	(10,208)
Acquisition of intangible fixed assets	10	(3,579)	(2,154)
		<hr/> (33,391)	<hr/> (13,363)
<b>Cash flows from financing activities</b>			
Interest paid		(3,423)	(2,267)
Dividends paid		(21,215)	(16,672)
Cash received from other financing facilities	17	95,713	-
		<hr/> 71,075	<hr/> (18,939)
<b>Net cash from financing activities</b>		<hr/> 71,075	<hr/> (18,939)
Net (decrease)/increase in cash and cash equivalents		<hr/> (75,843)	<hr/> (21,361)
Cash and cash equivalents at 1 July	15	(164,802)	(143,441)
<b>Cash and cash equivalents at 30 June</b>	15	<hr/> (240,645)	<hr/> (164,802)

## 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 25.

#### 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 outflow from operating activities of £113.5 million which is primarily driven by movements in working capital driven by the increased grain price. Overall, there is a net cash outflow of £171.5 million after purchases of tangible and intangible fixed assets, the acquisition of a business, interest payments and dividend payments

The directors have prepared cashflow forecasts for 12 months from the date of approval of the financial statements and have considered severe and plausible scenarios, including those linked to the ongoing impact of the Ukraine War. The directors are confident that the business can continue to manage any ongoing disruption caused by the Ukraine War without significant impact on the financial or operational performance of the business.

During the period ended 30 June 2022, the Group operated with a £370 million facility. This facility comprised of overdraft and loan facilities each of which can be drawn down as and when needed. At 30 June 2022 £33 million of this facility was undrawn. The facility is fully secured by limited guarantees from both Cargill Incorporated and ABF Holdings Limited. These facilities are supplemented with a trade receivables facility. At the date of signing these financial statements, the Group was using £314 million of the available £430 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. During 2022, a new grain stock facility provided by Rabobank was introduced. The Group's strategy is to renew

banking facilities on a regular basis, typically every 12 months. Given the relationship and regular renewal of facilities in the past, the directors fully anticipate that these facilities will be renewed at this date and, whilst this has yet to be formally agreed, 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 2022. 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.

### **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.

*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.

**1.7. 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.

**1.8. 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)

#### 1.9. 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.

#### 1.10. 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.

#### 1.11. 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)

#### 1.12. 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)**

#### **1.13. 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.

#### **1.14. 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.

#### **1.15. 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)

#### 1.16. 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

#### Group

During the current period the Group acquired 100% of the share capital of Yagro Ltd.

#### Effective acquisition:

The acquisition had the following effect of the Company's assets and liabilities:

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Tangible fixed assets (note 11)	4	-	4
Intangible fixed assets (note 10)	592	1,750	2,342
Bank loan	(47)	-	(47)
Trade and other debtors	230	-	230
Cash	5	-	5
Trade and other creditors	(480)	-	(480)
Deferred tax	-	(332)	(332)
	<hr/>	<hr/>	<hr/>
Net assets acquired	304	1,418	1,722
	<hr/>	<hr/>	<hr/>
Total cost of business combination			£000
Consideration paid:			
Initial cash price paid			10,901
Deferred consideration at fair value			2
Costs directly attributable to the business combination			227
			<hr/>
Total consideration			11,130
			<hr/>

<b>Goodwill on acquisition</b>	<b>9,408</b>
--------------------------------	--------------

Fair value adjustments were made to recognise customer lists, brand name and deferred tax.

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

### Group

During the prior period the Company acquired the remaining 50% of the trade and assets of Southampton Grain Terminal Ltd on 27 February 2021

#### *Effective acquisition:*

The acquisition 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)	118	-	118
Loan	(300)	-	(300)
Trade and other debtors	288	-	288
Cash	196	-	196
Trade and other creditors	(108)	-	(108)
Deferred tax asset	11	-	11
	<hr/>	<hr/>	<hr/>
Net assets acquired	205	-	205
	<hr/>	<hr/>	<hr/>
50% share of net assets			103
Net Assets Acquired			102
Goodwill			(1,552)
			<hr/>
<b>Total consideration satisfied by intercompany loan</b>			<b>(1,450)</b>
			<hr/>

## Notes (continued)

### 2 Acquisitions and disposal of businesses (continued)

#### Company

During the prior period the Company acquired the trade and assets of IntraCrop Ltd on 27 January 2021 and Southampton Grain Terminal Ltd on 25<sup>th</sup> June 2021

#### 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)	108	-	108
Intangible assets (note 10)	-	1,355	1,355
Loan	(300)	-	(300)
Stocks	910	-	910
Trade and other debtors	6,898	-	6,898
Cash	501	-	501
Trade and other creditors	(1,372)	-	(1,372)
Deferred tax liabilities	10	(304)	(294)
	<hr/>	<hr/>	<hr/>
Net assets acquired	6,755	1,051	7,806
	<hr/>	<hr/>	<hr/>
Goodwill			(922)
			<hr/>
Total consideration satisfied by intercompany loan			6,884
			<hr/>

## Notes (continued)

### 3 Turnover

	2022 £000	2021 £000
<i>Analysis of turnover by geographical destination</i>		
United Kingdom	1,723,064	1,315,834
Rest of the World	119,476	122,469
	<u>1,842,540</u>	<u>1,438,303</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:*

	2022 £000	2021 £000
Research and development expensed as incurred	1,078	465
<i>Auditor's remuneration:</i>		
	2022 £000	2021 £000
Audit of these financial statements	139	132
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	3	3
Other tax advisory services	-	8

Amounts receivable by the company's auditor and its associates in respect of the audit of financial statements of associated pension schemes is £14,000 (2021: £13,000).

### 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 2022	2021
Administrative	405	362
Processing and distribution	697	703
	<u>1,102</u>	<u>1,065</u>

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	52,594	48,817
Social security costs	5,435	4,936
Pension costs	2,959	2,685
	<u>60,988</u>	<u>56,438</u>

## Notes (continued)

### 6 Directors' remuneration

	2022 £000	2021 £000
Directors' remuneration	1,256	1,096
Company contributions to defined benefit pension schemes	-	-
Company contributions to defined contribution pension schemes	18	17

	Number of directors 2022	2021
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	1	1
Defined benefit schemes	-	-

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £862,000 for the year (2021: £752,000).

The following directors benefited from qualifying third party indemnity provisions:

- KM Aitchison
- D Overton

### 7 Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable on financial assets at amortised cost	401	306
Total interest receivable and similar income	401	306

### 8 Interest payable and similar charges

	2022 £000	2021 £000
Interest payable on financial liabilities at amortised cost	4,170	2,228
Net interest expense on net defined benefit liabilities (note 19)	68	112
Total interest payable and similar charges	4,238	2,340

## Notes (continued)

### 9 Tax on profit

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

	2022 £000	£000	2021 £000	£000
<i>Current tax</i>				
Current tax on income for the period	6,442		6,016	
Adjustments in respect of prior periods	364		30	
		<u>6,806</u>		<u>6,046</u>
Total current tax				
<i>Deferred tax (note 18)</i>				
Origination and reversal of timing differences	1,446		(101)	
Change in tax rate	999		662	
On intangibles from business acquisitions	(47)		141	
Adjustments in respect of prior periods	(299)		(31)	
		<u>2,099</u>		<u>671</u>
Total deferred tax				
Total tax		<u><u>8,905</u></u>		<u><u>6,717</u></u>

	2022 £000	2022 £000	2022 £000	2021 £000	2021 £000	2021 £000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	6,806	2,099	8,905	6,046	671	6,717
Recognised in other comprehensive income	-	2,476	2,476	-	301	301
	<u>6,806</u>	<u>4,575</u>	<u>11,381</u>	<u>6,046</u>	<u>972</u>	<u>7,018</u>
Total tax						

#### Reconciliation of effective tax rate

	2022 £000	2021 £000
Profit for the year	30,125	25,646
Total tax expense	8,905	6,717
Profit excluding taxation	<u>39,030</u>	<u>32,363</u>
Tax using the UK corporation tax rate of 19% (2021: 19%)	7,416	6,149
Change in tax rate on deferred tax balances	528	529
Non-deductible expenses	898	6
Tax exempt revenues	(2)	34
Prior period adjustment	65	(1)
Total tax expense included in profit or loss	<u><u>8,905</u></u>	<u><u>6,717</u></u>



A change to the main UK corporation tax rate was announced in the UK Budget on 3 March 2021, and substantively enacted on 24 May 2021. The Budget announced an increase in the Corporation Tax main rate of 19% to 25% with effect from 1 April 2023. Deferred tax balances are held at the future rate of 25% with the exception of the deferred tax asset related to the defined benefit scheme which is held at 35% in line with UK GAAP (2021: 25%)Notes  
(continued)

## 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
<b>Cost</b>						
Balance at 1 July 2021	17,843	16,242	1,891	667	8,840	45,483
Additions	-	-	-	-	3,579	3,579
Acquisition	9,408	1,750	-	-	967	12,125
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	27,251	17,992	1,891	667	13,386	61,187
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>						
Balance at 1 July 2021	9,511	8,551	596	356	4,118	23,132
Amortisation for the year	1,824	1,755	188	67	1,995	5,829
Acquisition	-	-	-	-	375	375
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	11,335	10,306	784	423	6,488	29,336
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>						
At 30 June 2022	15,916	7,686	1,107	244	6,898	31,851
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2021	8,332	7,691	1,295	311	4,722	22,351
	<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
<b>Cost</b>				
Balance at 1 July 2021	12,325	13,497	8,840	34,662
Additions	-	-	3,167	3,167
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	12,325	13,497	12,007	37,829
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>				
Balance at 1 July 2021	5,626	4,705	4,118	14,449
Amortisation for the year	888	1,625	1,841	4,354
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	6,514	6,330	5,959	18,803
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 June 2022	5,811	7,167	6,048	19,026
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2021	6,699	8,792	4,722	20,213
	<hr/>	<hr/>	<hr/>	<hr/>

### 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
<b>Cost</b>						
Balance at 1 July 2021	30,977	2,427	63,366	12,269	409	109,448
Additions/transfers	821	(284)	8,304	619	-	9,460
On Acquisition (note 2)	-	-	-	23	-	23
Disposals	(715)	-	(2,697)	(46)	-	(3,458)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	31,083	2,143	68,973	12,865	409	115,473
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>						
Balance at 1 July 2021	13,710	-	43,684	9,727	397	67,518
Depreciation charge for the year	901	-	3840	738	8	5,487
On Acquisition (note 2)	-	-	-	19	-	19
Disposals	(631)	-	(2,505)	(46)	-	(3,182)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	13,980	-	45,019	10,438	405	69,842
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>						
At 30 June 2022	17,103	2,143	23,954	2,427	4	45,631
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2021	17,267	2,427	19,682	2,542	12	41,930
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 11 Tangible fixed assets (continued)

#### Land and buildings

The net book value of land and buildings comprises:

	2022 £000	2021 £000
Freehold	15,283	15,940
Short leasehold	1,820	1,327
	<u>17,103</u>	<u>17,267</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
<b>Cost</b>						
Balance at 1 July 2021	30,977	2,386	56,915	12,178	251	102,707
Additions	821	(294)	7,683	560	-	8,770
Disposals	(715)	-	(2,607)	(45)	-	(3,367)
	<u>31,083</u>	<u>2,092</u>	<u>61,991</u>	<u>12,693</u>	<u>251</u>	<u>108,110</u>
<b>Depreciation and impairment</b>						
Balance at 1 July 2021	13,710	-	41,075	9,693	239	64,717
Depreciation charge for the year	901	-	3,277	719	8	4,905
Disposals	(631)	-	(2,471)	(45)	-	(3,147)
	<u>13,980</u>	<u>-</u>	<u>41,881</u>	<u>10,367</u>	<u>247</u>	<u>66,475</u>
<b>Net book value</b>						
At 30 June 2022	<u>17,103</u>	<u>2,092</u>	<u>20,110</u>	<u>2,326</u>	<u>4</u>	<u>41,635</u>
At 30 June 2021	<u>17,267</u>	<u>2,386</u>	<u>15,840</u>	<u>2,485</u>	<u>12</u>	<u>37,990</u>

#### Land and buildings

The net book value of land and buildings comprises:

	2022 £000	2021 £000
Freehold	15,283	15,940
Short leasehold	1,820	1,327
	<u>17,103</u>	<u>17,267</u>

## Notes (continued)

### 12 Fixed asset investments

<b>Group</b>	<b>Interests in joint ventures £000</b>	<b>Other investments and loans £000</b>	<b>Total £000</b>
<i>Cost</i>			
At beginning of year	370	6,978	7,348
Additions	5,625	6,024	11,649
	<hr/>	<hr/>	<hr/>
At end of year	5,995	13,002	18,997
	<hr/>	<hr/>	<hr/>
<i>Share of post acquisition reserves</i>			
At beginning of year	(370)	(141)	(511)
Share of profit	-	-	-
Provision for impairment	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	(370)	(141)	(511)
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2022	5,625	12,861	18,486
	<hr/>	<hr/>	<hr/>
At 30 June 2021	-	6,837	6,837
	<hr/>	<hr/>	<hr/>

<b>Company</b>	<b>Shares in group undertakings £000</b>	<b>Investment in joint venture £000</b>	<b>Other investments and loans £000</b>	<b>Total £000</b>
<i>Cost</i>				
At beginning of year	56,957	2,196	6,878	66,031
Additions	11,130	5,625	6,024	22,817
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	68,087	7,821	12,902	88,810
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Provisions</i>				
At beginning and end of year	14,079	2,196	41	16,316
Provision for impairment	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	14,079	2,196	41	16,316
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2022	54,008	5,625	12,861	72,494
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2021	42,878	-	6,837	49,715
	<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
<b>Subsidiary undertakings</b>					
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%
GH Grain (No.2) Ltd	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%
IntraCrop Limited	A	UK	Manufacture of agricultural chemicals	100%	100%
Anglia Grain Services Limited	C	UK	Non-trading	100%	100%
Anglia Grain Holdings Limited	D	UK	Non-trading	100%	100%
B.C.W (Agriculture) Limited	E	UK	Non-trading	100%	100%
Nomix Enviro Limited	F	UK	Sale of herbicides and production and sale of related spraying equipment	100%	100%
Southampton Grain Terminal Limited	G	UK	Non-trading	100%	100%
Yagro Ltd	H	UK	Software development	100%	100%
Navara Oat Milling Ltd	I	UK	Post harvest crop activities	37.5%	37.5%

#### Registered offices:

- A Weston Centre, 10 Grosvenor Street, London, W1K 4QY
- B Kingseat, Newmachar, Aberdeenshire, AB21 0UE
- C Riverside, Wissington Road, Nayland, Colchester, Essex, CO6 4LT
- D 47, Beaumont Seymour & Co, Butt Road, Colchester, Essex, CO3 3BZ
- E Unit 8, Burnside Business Park, Burnside Road, Market Drayton, TF9 3UX
- F Witham St Hughs, Lincoln, LN6 9TN
- G Berth 36 Test Road, Eastern Docks, Southampton, SO14 3GG.
- H Eagle Labs Incubator, 28 Chesterton Road, Cambridge CB5 3AZ
- I Northants APC, Rushton Road, Kettering, NN14 1FL

## Notes (continued)

### 13 Stocks

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Raw materials and consumables	2,632	2,123	2,632	2,123
Finished goods	207,982	150,697	204,159	147,670
	<u>210,614</u>	<u>152,820</u>	<u>206,791</u>	<u>149,793</u>

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £1,697 million (2021: £1,325 million) (Company: £1,681 million (2021: £1,314 million)). The net write-back of stocks to net realisable value amounted to £300,000 write back (2021: £46,000 write-down) (Company: £300,000 write back (2021: £46,000 write-down)). The net write-downs/write-backs are included in cost of sales.

### 14 Debtors

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade debtors	362,987	286,196	358,732	283,169
Other debtors	21,596	14,480	21,571	14,480
Other financial assets (note 21)	148,094	37,185	148,094	37,185
Prepayments	43,306	21,163	42,906	20,591
Accrued Income	28,680	18,196	28,048	18,056
Corporation Tax	1,527	261	1,513	228
	<u>606,190</u>	<u>377,481</u>	<u>600,864</u>	<u>373,709</u>
Due within one year	594,670	365,961	589,344	362,189
Due after more than one year	11,520	11,520	11,520	11,520
	<u>606,190</u>	<u>377,481</u>	<u>600,864</u>	<u>373,709</u>

## Notes (continued)

### 15 Cash and cash equivalents/ bank overdrafts

Group	2022 £000	2021 £000
Cash at bank and in hand	859	2,178
Bank overdrafts	(241,504)	(166,980)
	<u>          </u>	<u>          </u>
Cash and cash equivalents per cash flow statements	(240,645)	(164,802)
	<u>          </u>	<u>          </u>

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

### 16 Creditors: amounts falling due within one year

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Bank loans and overdrafts (note 17)	241,504	166,980	241,504	166,980
Other financing facilities (note 17)	95,713	-	95,713	-
Trade creditors	108,553	85,009	105,946	83,548
Amounts owed to group undertakings	-	-	40,211	39,366
Taxation and social security	1,773	1,666	1,729	1,658
Other financial Liabilities (note 21)	104,272	26,096	104,272	26,096
Accruals and deferred income	77,759	50,638	76,990	49,964
Other creditors	4,635	3,895	4,620	3,802
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	634,209	334,284	670,984	371,384
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 17 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	
	2022 £000	2021 £000	2022 £000	2021 £000
<b>Creditors: falling due within less than one year</b>				
Secured bank loans	100,000	160,680	100,000	160,680
Bank overdraft	141,504	6,660	141,504	6,660
Other financing facilities	95,713	-	95,713	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	337,217	166,980	337,217	166,980
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Notes (continued)

### 17 Interest bearing loans and borrowings (continued)

#### Terms and debt repayment schedule

Group and Company	Currency	Year of Maturity	Repayment schedule	2022 £000	2021 £000
<b>Bank Loans</b>					
Secured bank loan	GBP	2022	20 <sup>th</sup> Sep	40,000	-
Secured bank loan	GBP	2022	20 <sup>th</sup> July	60,000	-
Secured bank loan	GBP	2021	15 <sup>th</sup> July	-	40,000
Secured bank loan	GBP	2021	2 <sup>nd</sup> July	-	50,500
Secured bank loan	EUR	2021	29 <sup>th</sup> June	-	8,594
Secured bank loan	USD	2021	29 <sup>th</sup> June	-	1,226
Secured bank loan	GBP	2021	28 <sup>th</sup> July	-	60,000
<b>Bank Deposits and Overdrafts</b>					
Bank overdraft	GBP	-	On demand	128,871	6,781
Bank (deposit)overdraft	USD	-	On demand	6,479	(127)
Bank overdraft	EUR	-	-	6,161	6
Bank overdraft	NZD	-	-	(7)	-
<b>Other Financing facilities</b>					
Sales Financing	GBP	-	-	93,213	-
Stock Financing	GBP	-	-	2,500	-
				<u>337,217</u>	<u>166,980</u>

Nominal interest rates vary between 1.00% and 1.89% (2021: 0.65% and 1.13%).

Nominal interest rates vary between 1.00% and 1.89% (2021: 0.65% and 1.13%).

The group has bank loan and overdraft facilities of £370 million (2021: £230 million), of which £33 million (2021: £63 million) was undrawn at 30 June 2022.

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.

The group also has access to sales financing and stock financing facilities

### 18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Accelerated capital allowances	-	-	(3,155)	(590)	(3,155)	(590)
Arising on business combinations	-	-	(2,180)	(2,605)	(2,180)	(2,605)
Employee benefits	-	1,147	(1,618)	-	(1,618)	1,147
Net tax assets/(liabilities)	<u>-</u>	<u>1,147</u>	<u>(6,953)</u>	<u>(3,195)</u>	<u>(6,953)</u>	<u>(2,048)</u>



Company	Assets		Liabilities		Net	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Accelerated capital allowances	-	-	(2,591)	(298)	(2,591)	(298)
Arising on business combinations	-	-	(1,791)	(2,502)	(1,791)	(2,502)
Employee benefits	-	1,147	(1,618)	-	(1,618)	1,147
Net tax assets/(liabilities)	-	1,147	(6,000)	(2,800)	(6,000)	(1,653)

## 19 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 duration of the scheme is 17 years. 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 £570,000 (2021: £455,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

From April 2011 the Group began operating a salary sacrifice scheme. This 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 2020 and signed on 11 January 2021 and updated for FRS102 purposes to 30 June 2022 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.

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:

- The increase in pension liability arising from employee service during the period; and
- 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 both determined at the beginning of the year. This cost is recognised in profit or loss as 'Finance expense'.

Net pension surplus/(liability)	2022 £000	2021 £000
Defined benefit obligation	(41,345)	(60,966)
Plan assets	45,967	56,536
Net pension surplus/(liability)	4,622	(4,430)

*Movements in present value of defined benefit obligation*

	2022 £000	2021 £000
At 1 July	60,966	61,082
Interest expense	1,136	957
Re-measurement: actuarial (gain)/ losses	(18,742)	1,216
Benefits paid	(2,015)	(2,289)
	<hr/>	<hr/>
At 30 June	41,345	60,966
	<hr/>	<hr/>

*Movements in fair value of plan assets*

	2022 £000	2021 £000
At 1 July	56,536	54,453
Interest income	1,068	845
Re-measurement: return on plan assets	(10,920)	1,870
Contributions by employer	1,800	2,000
Benefits paid	(2,015)	(2,289)
Administrative expenses	(502)	(343)
	<hr/>	<hr/>
At 30 June	45,967	56,536
	<hr/>	<hr/>

*Expense recognised in the profit and loss account*

	2022 £000	2021 £000
Net interest on net defined benefit asset/ liability	68	112
Administrative expenses and/or taxes	502	343
	<hr/>	<hr/>
Total net expense recognised in profit or loss	570	455
	<hr/>	<hr/>

## Notes (continued)

### 19 Employee benefits (continued)

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

	2022 Fair value £000	2021 Fair value £000
Equities	16,902	15,617
Government debt	22,900	23,332
Multi-asset fund	950	11,170
Insurance policies	2,249	3,094
Cash	2,966	3,323
	<u>45,967</u>	<u>56,536</u>
Actual return on plan assets	<u>(9,852)</u>	<u>2,715</u>

The significant actuarial assumptions are shown below:

	2022	2021
Discount rate	3.9%	1.9%
Future salary increases	-	-
Rate of increase in pensions in payment	2.05%	2.05%
Rate of increase in pensions in deferment	2.6%	2.5%
Inflation Assumption	3.1%	3.1%
<i>Assumed Life Expectancy:</i>		
Male retiring today aged 65	22.3	22.2
Male retiring in 20 years aged 65	24.1	24.0
Female retiring today aged 65	24.6	24.4
Female retiring in 20 years aged 65	26.3	26.2

In valuing the liabilities of the pension fund at 5 April 2022, 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. During the current year the company paid a lump sum contribution of £1,800,000 into the pension plan. In 2018 a one off exceptional lump sum contribution of £4,000,000 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.

Contributions of £nil (2021: £1,700,000) are expected to be paid into the plan during the annual period beginning after the reporting period.

#### Defined contribution plans

##### Group

The Group operates 8 defined contribution pension plans.

The total expense relating to these plans in the current year was £2,959,000 (2021: £2,685,000).

## Notes (continued)

### 20 Capital and reserves

#### Share capital

	2022 £000	2021 £000
<i>Allotted, called up and fully paid</i>		
3,600,000,104 ordinary shares of £0.01 each	36,000	36,000

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 £24,949,000 equivalent to 69p per qualifying ordinary share (2021: £21,215,000) 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.

### 21 Financial instruments

#### *(a) Carrying amount of financial instruments*

The carrying amounts of the financial assets and liabilities include:

Group	2022 £000	2021 £000
Assets measured at fair value through profit or loss	301,725	128,344
Assets measured at amortised cost	272,680	227,975
Liabilities measured at fair value through profit or loss	(104,272)	(26,096)
Liabilities measured at amortised cost	(529,937)	(308,188)

#### *(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)

### 21 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.

### 22 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Less than one year	6,808	6,914	6,219	6,325
Between one and five years	13,497	14,037	11,143	11,683
More than five years	14,635	16,173	10,086	11,037
	<u>34,941</u>	<u>37,124</u>	<u>27,449</u>	<u>29,045</u>

During the year £8,050,000 was recognised as an expense in the profit and loss account in respect of operating leases (2021: £7,844,000).

### 23 Commitments

#### Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were £1,881,000 (2021: £286,000)  
Company: £1,831,000 (2021: £209,000).

### 24 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)

### 24 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:

		2022		2021	
	Key	£000	£000	£000	£000
Trade sales					
Cargill PLC	b	172,127		162,558	
AB Agri Limited	a	262,545		218,196	
Cargill Holdings BV	b	-		15	
Freemans of Newent Ltd	c	11,299		13,591	
Cargill Spain	b	5,214		1,592	
ABF Grain Products Ltd	a	55,136		58,996	
Cargill SA	b	1,951		23,461	
The Silver Spoon Company Limited	a	267		520	
Cargill Animal Nutrition	b	8,378		5,967	
Cargill France	B	69		-	
British Sugar PLC	a	437		380	
Vivergo Fuels Ltd	A	12,856		-	
			530,279		485,276

		2022		2021	
	Key	£000	£000	£000	£000
Trade purchases					
Cargill PLC	b	(6,669)		(4,823)	
Cargill France	b	(1,907)		(1,409)	
AB Agri Limited	a	(113)		(230)	
Cargill Germany	a	-		(631)	
Provimi Ltd	b	(16)		(15)	
Cargill Holdings BV	b	(4)		-	
Cargill SA	b	(63)		(132)	
British Sugar PLC	a	(39)		(19)	
Cargill Ltd	b	(47,169)		(31,933)	
ABF Grain Products Limited	a	(86)		(96)	
Cargill Poland	b	-		(756)	
Cargill Australia	b	(383)		(858)	
Freemans of Newent Ltd	c	(9)		-	
			(56,458)		(40,902)

## Notes (continued)

### 24 Related party disclosures (continued)

		2022		2021	
	Key	£000	£000	£000	£000
<b>Service income</b>					
AB Agri Limited	a		10		10
<b>Service expense</b>					
Cargill PLC	b	(17)		(16)	
AB Agri Limited	a	(73)		(103)	
Cargill Inc.	b	(1)		(1)	
			(91)		(120)
<b>Leasing income</b>					
AB Agri Limited	a		6		6
<b>Leasing expense</b>					
Cargill PLC			(763)		(783)
<b>Management charges</b>					
Cargill PLC	b		(20)		(20)

Trading balances as at 30 June 2022 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 and are included within Trade Debtors and Trade Creditors.

		2022		2021	
	Key	£000	£000	£000	£000
<b>Debtors due within one year:</b>					
Cargill PLC	b	7,260		14,336	
ABF Grain Products Ltd	a	2,514		4,907	
Freemans of Newent Limited	c	810		666	
AB Agri Limited	a	13,670		25,101	
British Sugar PLC	a	425		414	
Vivergo Fuels Ltd	A	46		-	
Cargill Animal Nutrition	b	1,844		1,784	
			26,569		47,208

## Notes (continued)

### 24 Related party disclosures (continued)

	Key	2022		2021	
		£000	£000	£000	£000
<b>Creditors due within one year:</b>					
Cargill PLC	b	(549)		(132)	
Freemans of Newent Ltd	c	-		-	
British Sugar PLC	a	-		(2)	
AB Agri Limited	a	-		(22)	
Cargill International SA	b	-		-	
ABF Grain Products Ltd	a	-		(3)	
			(549)		(159)

#### Key

- a - subsidiary of Associated British Foods PLC
- b - subsidiary of Cargill Incorporated
- c - joint venture of Cargill Incorporated

	2022 £000	2021 £000
<b>Transactions involving joint ventures</b>		
Service income	-	1
Port services	-	(757)
Management charges	-	27

#### Transactions with key management personnel

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

#### Director's loan

During the prior year a loan of £150,000 was made, with an interest rate of 1.5% over Bank of England base rate, repayable over three years. The balance outstanding at 30<sup>th</sup> June 2022 is £150,000. This is presented within other debtors

### 25 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.

##### 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.

##### 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.