

Company Registration No. 23873R (England and Wales)

TYNEGRAIN LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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TYNEGRAIN LIMITED

COMPANY INFORMATION

Directors	P.A. Jackson R.J. Davison G.J. Bright C.J. Stephenson G.O. Alderslade R. Allinson A.R. Graham D.W. Hall D.J. Gibson M.W. Hutchinson	(Appointed 18 February 2021)
Secretary	W M Wood	
Company number	23873R	
Registered office	Tyne Dock South Shields Tyne & Wear NE34 9PL	
Auditor	Greaves West & Ayre 17 Walkergate Berwick-upon-Tweed Northumberland TD15 1DJ	

TYNEGRAIN LIMITED

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TYNEGRAIN LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present the strategic report for the year ended 30 June 2021.

Statement by the directors in performance of their statutory duties

The board of directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole in the decisions taken during the year ended 30 June 2021. In particular, by reference to the approval of our business plan and regular board meeting discussions which guide the future of the group.

Our discussions and plans aim to secure the success of the group in the long term for the benefit of stakeholders, employees and customers.

To achieve this, we have built a board with a great deal of industry experience to allow them to assess the risks facing the group.

We aim to continue to secure the best deals available for farmers in the North of England and Scotland by utilising the group's strategic assets, marketing skills and other protection against risks outwith their control.

Our employees are also essential to the delivery of the board's plans. We continue to seek experienced staff who can fulfil the required roles, and also aim to provide secure employment and provide fair pay, benefits and working conditions. For many of our staff health and safety poses a particular risk due to the inherent dangers of the sites and a great deal of time, thought and finance is provided to ensure that all necessary PPE and training is provided to allow employees to work safely. The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through informal meetings, newsletters and annual performance reviews.

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

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

As the board of directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating with the highest standards of business conduct and good governance. This contributes to the delivery of our plans for the group's future. The intention is to continue to grow the group's reputation and ensure that the actions of management and employees reflect the board's responsible behaviour.

In turn, this allows stakeholders to also benefit from the group's success.

TYNEGRAIN LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Fair review of the business

Tynegrain Limited

The board's strategy of investing in the storage complex upgrade over the last three years has been completed. The store is now capable of running at maximum efficiency in handling grain and oilseeds and delivering the best service to its farmer members. Turnaround times have been significantly reduced and drying capacity is now at its highest level in the company's history.

The Board continues to seek further opportunities that would add value to the membership directly or indirectly through Tynegrain Limited or its subsidiaries.

Meldon Village Storage & Drying Limited

The company maintained the high level of participation from local farmers in the region. The company continued to invest significant capital in the store in both infrastructure and new plant and machinery and the company will continue with this policy.

The high level of investments made over the previous two years have resulted in efficient systems which is reflected in the improved financial results.

Grainco Limited

The company continues to be primarily engaged in seed production, drying, storing and trading of UK grain and remains the largest farmer owned grain business in the North of England and Scotland.

The company now owns and operates a large scale pelleting plant, primarily producing agri pellets for the energy sector.

The company continues to expand its logistical service for the whiskey and organic sector, handling imported products on behalf of a growing number of clients.

The company, during the year, acquired 100% control of Pellet Co Limited which trades and handles wood pellets for both the domestic and industrial sector in the UK.

The company's customer relationships remain robust due to our excellent service levels and logistical capabilities backed by our strong balance sheet.

The company continues to seek new ventures which would add value to its farmer clients and benefit the entire food chain and energy sector.

The company continues to enjoy an excellent banking relationship with HSBC Bank.

TYNEGRAIN LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Principal risks and uncertainties

The group is exposed to many operational and commercial risks. It is the responsibility of the group's Board of Directors to assess these risks and ensure appropriate controls are in place to mitigate their effect. The policies are monitored and reviewed by the Finance & Risk Committee and are presented to the main Board for consideration. The group's significant financial risks and relevant policies, which have not changed throughout the year, are as follows:

- A shortage of grain - the group procures a large proportion of its grain requirements directly from UK farmers across North East England and Scotland. The group also has several strategic alliances with suppliers, both within the UK and further afield, capable of fulfilling grower shortages;
- The loss of stock or equipment - the group has high safety and operating standards across all its sites with critical equipment subject to a continual maintenance review. The group also has a tailored insurance programme to minimise financial and operating impact in the event of a loss. These procedures and plans are regularly reviewed by the directors and other external parties to ensure they remain robust and appropriate;
- A decline in demand - markets are closely monitored by the directors and communication is regular to ensure their plans are consistent with those of the group. A significant grain volume is forward sold on agreements with fixed or minimum contracted volumes;
- Grain and energy prices - the group is exposed to potentially volatile grain and energy costs and mitigates this risk through entering into, when appropriate to do so, a mixture of variable and fixed price contracts at various points in advance of the physical delivery of grain and energy. When considered appropriate, the group also uses approved futures and hedging markets to manage price risk on grain trading positions;
- Insurance policies – the group has in place a wide range of insurance policies to mitigate its risk exposure such as, bad debt, stock deterioration, equipment and public liability risk;
- The Board also considers matters of corporate governance across the group and ensures that agreed procedures are adhered to robustly and appropriately documented; and
- COVID-19 - the group continues to operate at pre-COVID levels with all its activities being defined as essential and all staff being designated as Key Workers. The group has invested in the required PPE, IT and infrastructure to operate under all Government COVID Guidelines. The COVID-19 Pandemic has had a minimal impact on our business activities to date.

Directors appointed to the Finance & Risk Committee: Steve Gillie (Chair), Peter Jackson, Bob Davison, Susan Duck (Finance Officer), Gary Bright (Managing Director) Gareth Baird.

TYNEGRAIN LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Financial risk management

The directors regularly review and agree its policies for managing financial risk. The policies are implemented by the group's financial controller. The group's significant financial risks and relevant policies, which have not changed throughout the year, are as follows:

- Credit risk - this risk arises from the collection of trade debtors. Credit checks are performed on potential customers through our credit insurance scheme before sales are transacted. The amount of exposure to any individual customer is controlled by means of credit limit that is set by our insurers. Invoice financing is also in place to reduce the financial impact of non-collection of debtors;
- Liquidity risk - the group mitigates this risk by ensuring that sufficient bank facilities are in place to meet the investment and working capital needs of the group, including any seasonal borrowing peaks. Bank covenants and forecast facility headroom are monitored monthly and more regularly if forecast facility headroom falls below pre-determined limits;
- Commodity price and position risk - the trading activities of the group necessitate that forward positions are taken in order to meet supply requirements in the ordinary course of business. Positions are operated within duly authorised limits relevant to each commodity group. Senior management and board members regularly review these positions compared to those limits. Exposure to the commodity price fluctuation is controlled by the operation of position limits and by the use of approved futures markets. The group accounts for these forward contracts by fair value hedge accounting;
- Interest rate risk - the group has interest bearing liabilities exposed to movements in the United Kingdom base rate. The risk is mitigated through a balanced mix of floating and, when considered appropriate, capped and/or fixed rate borrowings to ensure stability of future interest cash flows;
- Currency risk - trading activities include export/import of grain, which creates exposure to movements in foreign exchange rates, principally Euro and US dollar. The exposure to this risk is managed through matching forward exchange contracts. Authorisation for binding the group to such contracts is restricted to authorised officers; and
- Cyber crime risk - the group's use of technology exposes it to digital, or cyber, crime. This exposure is also heightened by the general increase in criminal activity across the globe and the increasing sophistication of criminals. Cyber crime impacts range from events aimed at disrupting business activity to fraudulently obtaining cash payments. The group mitigates this risk through investment in up to date security of its technology assets as well as employee training and education.

TYNEGRAIN LIMITED

STRATEGIC REPORT (CONTINUED)

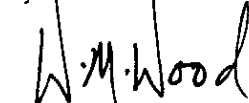
FOR THE YEAR ENDED 30 JUNE 2021

Key performance indicators

The directors consider that the most relevant KPI's are as follows:

- Turnover £181,134,083 (2020 £173,863,919)
- Profit before tax £291,519 (2020 £1,807,934)
- Profit before tax excluding one-off stock provision (see Note 4) £4,821,525 (2020 £1,807,934)
- Gross income margin is a measure of the net contribution from the group's core activities and is gross income expressed as a percentage of income. Gross income margin for the year was 4.1% (2020: 5.1%). As the parent company is a co-operative society, surpluses are returned to the members by way of rebates which results in a lower gross income margin than is actually achieved.
- Gross income margin for the year excluding one-off stock provision was 6.6% (2020: 5.1%).
- Earnings (or income) Before Interest, Tax and Depreciation ("EBITDA") as a measure of cash generation and value creation. EBITDA for the year was £1,591,962 (2020: £3,453,108).
- EBITDA for the year excluding one-off stock provision (see Note 4) was £6,121,968 (2020: £3,453,108).
- Return on Capital Employed ("ROCE") as a measure of operational efficiency. ROCE is operating income as a percentage of invested capital. Invested capital is non-current and current assets less current liabilities. ROCE for the year was 1.35% (2020: 0.06%).
- ROCE for the year excluding one-off stock provision (see Note 4) was 15.90% (2020: 0.06%).

By order of the board



W M Wood
Secretary

6 October 2021

TYNEGRAIN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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

Principal activities

The Society is registered under the Co-operative and Community Benefit Societies Act 2014. It operates as an Agricultural Co-operative Society on behalf of its members and is responsible for drying, grading, storing and distributing members grain.

Results and dividends

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend. (2020 £Nil).

Members Rebate

During the year the group returned £305,250 (2020 £294,179) to its members by way of a £5 (2020 £5) per tonne rebate.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P.A. Jackson	
Dr. W. Taylor	(Resigned 18 December 2020)
R.J. Davison	
G.J. Bright	
C.J. Stephenson	
G.O. Alderslade	
R. Allinson	
A.R. Graham	
D.W. Hall	
D.J. Gibson	
M.W. Hutchinson	(Appointed 18 February 2021)

Auditor

Greaves West & Ayre will remain in office until such time that a resolution has been passed at a general meeting of the society to appoint someone instead of them or providing expressly that they shall not be re-appointed.

Energy and carbon report

As the group has consumed more than 40,000 kWh of energy in this reporting period, it does not qualify as a low energy user under these regulations and is required to report on its emissions, energy consumption and energy efficiency activities.

	2021 kWh	2020 kWh
Energy consumption		
Aggregate of energy consumption in the year	16,495,195	15,507,680

TYNEGRAIN LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

	2021 metric tonnes	2020 metric tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	1,997.00	2,815.00
- Fuel consumed for owned transport	3,627.00	2,949.00
	<hr/> 5,624.00	<hr/> 5,764.00
Scope 2 - indirect emissions		
- Electricity purchased	1,004.00	362.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the group	33.00	192.00
	<hr/> Total gross emissions	<hr/> 6,318.00
	<hr/> 6,661.00	<hr/> 6,318.00
<i>Intensity ratio</i>		
Tonnes CO2e per employee	91.2	91.6
	<hr/> 91.2	<hr/> 91.6

Quantification and reporting methodology

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per employee, the recommended ratio for the sector.

Measures taken to improve energy efficiency

The group's first SECR report was prepared for the year to 31 March 2020. In the following period the figures were drawn up for the 15 month period from 31 March 2020 to 30 June 2021 to align with the end of the group's reporting period.

Future planned energy efficiency actions:

1. Hydrogen technology is beginning to develop, so to keep an open watching brief on future developments.
2. Continue to review the energy recording system to improve access to data (recording litres of fuel, miles or Km travelled) in addition of cost of fuel for motor vehicles.

TYNEGRAIN LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Directors Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP). The Co-operative and Community Benefit Societies Act 2014 requires the directors to prepare financial statements for each financial year and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the company and of the surplus or deficit of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

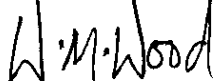
The directors are responsible for keeping proper accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the society's website.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

By order of the board



W M Wood
Secretary

6 October 2021

TYNEGRAIN LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TYNEGRAIN LIMITED

Opinion

We have audited the financial statements of Tynegrain Limited (the 'parent society') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the Group Revenue Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Society Balance Sheet, the Group Statement of Changes in Equity, the Society Statement of Changes in Equity, the Group Statement of Cash Flows, the Society Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent society's affairs as at 30 June 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

TYNEGRAIN LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TYNEGRAIN LIMITED

Opinions on other matters

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

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

In light of the knowledge and understanding of the society and its environment obtained in the course of the audit, the auditor has not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained, or the society has not kept proper accounting records; or
- proper returns adequate for the audit have not been received from branches not visited; or
- the financial statements are not in agreement with the group's books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

TYNEGRAIN LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TYNEGRAIN LIMITED

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including legislation such as the Companies Act 2006, taxation legislation, employment legislation and data protection;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, contacting the entity's solicitor for any details of non-compliance and inspecting current year legal expenditure; and
- identified laws and regulations of particular relevance were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, including any fraud associated with revenue recognition, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- traced a sample of sales transactions from source documentation to nominal ledgers;
- traced a sample of sales around the year-end from source documentation to invoice to ensure cut-off is operating correctly;
- traced a sample of sales credit notes throughout the year and around the year-end in order to confirm their commercial justification; and
- evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims against the company; and
- reviewing correspondence with HMRC and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

TYNEGRAIN LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TYNEGRAIN LIMITED

The laws and regulations which are considered to be significant to the entity relate to health and safety. Discussions are held with management to determine whether any breaches have occurred as well as legal expenditure being scrutinised for any evidence on non-compliance.

The audit was considered capable of identifying irregularities only to the extent of the substantive testing performed and from discussions with management.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit.

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

Use of our report

This report is made solely to the group's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the group'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 group and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Craig Little CA (Senior Statutory Auditor)
For and on behalf of Greaves West & Ayre

6 October 2021

Chartered Accountants
Statutory Auditor

17 Walkergate
Berwick-upon-Tweed
Northumberland
TD15 1DJ

TYNEGRAIN LIMITED

GROUP REVENUE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	2020 £
Income	3	181,134,083	173,863,919
Cost of sales		(169,228,821)	(164,936,092)
Stock provision	4	(4,530,006)	-
Gross income		<u>7,375,256</u>	<u>8,927,827</u>
Administrative expenses		(7,107,654)	(9,003,303)
Other operating income		86,818	90,235
Operating income	5	<u>354,420</u>	<u>14,759</u>
Interest receivable and similar income	9	34	1,330
Interest payable and similar expenses	10	(201,243)	(171,174)
Fair value adjustments on contracts	11	138,308	1,963,019
Income before taxation		<u>291,519</u>	<u>1,807,934</u>
Taxation	12	(183,332)	(382,027)
Income for the financial year		<u><u>108,187</u></u>	<u><u>1,425,907</u></u>

The Revenue Account has been prepared on the basis that all operations are continuing operations.

TYNEGRAIN LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	2021 £	2020 £
Profit for the year	108,187	1,425,907
Other comprehensive income		
Other comprehensive income of associates and jointly controlled entities accounted for using the equity method	65,341	103,749
Total comprehensive income for the year	<u>173,528</u>	<u>1,529,656</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

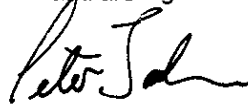
TYNEGRAIN LIMITED

GROUP BALANCE SHEET

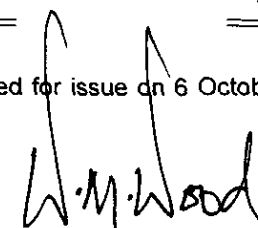
AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	14		-		23,333
Tangible assets	15		12,078,409		12,417,858
Investment properties	16		779,970		779,970
Investments	17		3		214,314
			<u>12,858,382</u>		<u>13,435,475</u>
Current assets					
Stocks	21	11,590,902		13,548,167	
Debtors	22	26,670,342		22,012,501	
Cash at bank and in hand		6,843,349		3,939,821	
		<u>45,104,593</u>		<u>39,500,489</u>	
Creditors: amounts falling due within one year	23	(31,777,558)		(27,033,617)	
Net current assets			<u>13,327,035</u>		<u>12,466,872</u>
Total assets less current liabilities			<u>26,185,417</u>		<u>25,902,347</u>
Creditors: amounts falling due after more than one year	24		(101,667)		(212,500)
Provisions for liabilities	26		(111,882)		(43,193)
Deferred income			(1,215,902)		(1,058,219)
Net assets			<u>24,755,966</u>		<u>24,588,435</u>
Capital and reserves					
Called up share capital	28		115		115
Other reserves	29		1,796,663		1,802,660
Profit and loss reserves			22,959,188		22,785,660
Total equity			<u>24,755,966</u>		<u>24,588,435</u>

The financial statements were approved by the board of directors and authorised for issue on 6 October 2021 and are signed on its behalf by:


P.A. Jackson
Director


G.J. Bright
Director


W.M. Wood
Secretary

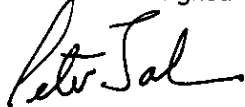
TYNEGRAIN LIMITED

SOCIETY BALANCE SHEET

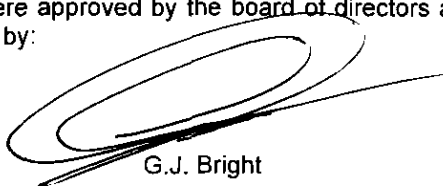
AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	15	3,478,600		3,211,550	
Investments	17	1,750,002		1,750,002	
		<u>5,228,602</u>		<u>4,961,552</u>	
Current assets					
Stocks	21	25,246		34,555	
Debtors	22	131,550		874,730	
Cash at bank and in hand		1,839,107		1,369,707	
		<u>1,995,903</u>		<u>2,278,992</u>	
Creditors: amounts falling due within one year	23	<u>(240,969)</u>		<u>(689,958)</u>	
Net current assets		<u>1,754,934</u>		<u>1,589,034</u>	
Total assets less current liabilities		<u>6,983,536</u>		<u>6,550,586</u>	
Deferred income		<u>(688,444)</u>		<u>(487,229)</u>	
Net assets		<u>6,295,092</u>		<u>6,063,357</u>	
Capital and reserves					
Called up share capital	28	115		115	
Other reserves	29	1,796,663		1,802,660	
Profit and loss reserves		4,498,314		4,260,582	
Total equity		<u>6,295,092</u>		<u>6,063,357</u>	

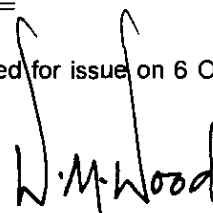
The financial statements were approved by the board of directors and authorised for issue on 6 October 2021 and are signed on its behalf by:



P.A. Jackson
Director



G.J. Bright
Director



W.M. Wood
Secretary

Company Registration No. 23873R

TYNEGRAIN LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 July 2019		114	1,805,904	21,256,004	23,062,022
Year ended 30 June 2020:					
Profit for the year		-	-	1,425,907	1,425,907
Other comprehensive income:					
Other comprehensive income of associates and jointly controlled entities accounted for using the equity method		-	-	103,749	103,749
Total comprehensive income for the year		-	-	1,529,656	1,529,656
Issue of share capital	28	4	-	-	4
Redemption of shares	28	(3)	-	-	(3)
Other movements		-	(3,244)	-	(3,244)
Balance at 30 June 2020		115	1,802,660	22,785,660	24,588,435
Year ended 30 June 2021:					
Profit for the year		-	-	108,187	108,187
Other comprehensive income:					
Other comprehensive income of associates and jointly controlled entities accounted for using the equity method		-	-	65,341	65,341
Total comprehensive income for the year		-	-	173,528	173,528
Issue of share capital	28	3	-	-	3
Redemption of shares	28	(3)	-	-	(3)
Other movements		-	(5,997)	-	(5,997)
Balance at 30 June 2021		115	1,796,663	22,959,188	24,755,966

TYNEGRAIN LIMITED

SOCIETY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 July 2019		114	1,805,904	4,085,422	5,891,440
Year ended 30 June 2020:					
Profit and total comprehensive income for the year		-	-	175,160	175,160
Issue of share capital	28	4	-	-	4
Redemption of shares	28	(3)	-	-	(3)
Other		-	(3,244)	-	(3,244)
Balance at 30 June 2020		115	1,802,660	4,260,582	6,063,357
Year ended 30 June 2021:					
Profit and total comprehensive income for the year		-	-	237,732	237,732
Issue of share capital	28	3	-	-	3
Redemption of shares	28	(3)	-	-	(3)
Other		-	(5,997)	-	(5,997)
Balance at 30 June 2021		115	1,796,663	4,498,314	6,295,092

TYNEGRAIN LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash absorbed by operations	37	(925,089)		(697,840)	
Interest paid		(201,243)		(171,174)	
Income taxes (paid)/refunded		(185,725)		284,796	
Net cash outflow from operating activities		(1,312,057)		(584,218)	
Investing activities					
Purchase of business		526,453		-	
Purchase of tangible fixed assets		(1,361,371)		(3,283,641)	
Proceeds on disposal of tangible fixed assets		128,384		568,943	
Cash and cash equivalents acquired when control of subsidiary achieved		279,217		138,683	
Proceeds from other financial instruments		988,308		1,963,019	
Interest received		34		1,330	
Net cash generated from/(used in) investing activities		561,025		(611,666)	
Financing activities					
Proceeds from issue of shares	3		14,004		
Redemption of shares		(6,001)		(17,243)	
Proceeds from borrowings		-		50,000	
Repayment of borrowings		(40,000)		-	
Repayment of bank loans		(110,833)		(150,000)	
Repayment of derivatives		232,554		742,137	
Net cash generated from financing activities		75,723		638,898	
Net decrease in cash and cash equivalents		(675,309)		(556,986)	
Cash and cash equivalents at beginning of year		(9,955,775)		(9,398,789)	
Cash and cash equivalents at end of year		(10,631,084)		(9,955,775)	
Relating to:					
Cash at bank and in hand		6,843,349		3,939,821	
Bank overdrafts included in creditors payable within one year		(17,474,433)		(13,895,596)	

TYNEGRAIN LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	38	1,021,720		769,178	
Income taxes paid		(4,813)		(5,664)	
Net cash inflow from operating activities		<u>1,016,907</u>		<u>763,514</u>	
Investing activities					
Purchase of tangible fixed assets		(541,543)		(671,494)	
Interest received		34		1,330	
Net cash used in investing activities		<u>(541,509)</u>		<u>(670,164)</u>	
Financing activities					
Proceeds from issue of shares		3		14,004	
Redemption of shares		(6,001)		(17,243)	
Net cash used in financing activities		<u>(5,998)</u>		<u>(3,239)</u>	
Net increase in cash and cash equivalents		<u>469,400</u>		<u>90,111</u>	
Cash and cash equivalents at beginning of year		1,369,707		1,279,596	
Cash and cash equivalents at end of year		<u><u>1,839,107</u></u>		<u><u>1,369,707</u></u>	

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Company information

Tynegrain Limited ("the company") is a Co-operative and Community Benefit Society limited by shares and registered with the Financial Conduct Authority. The society's registered number is 23873R. The society is domiciled and incorporated in England and Wales. The registered office is Tyne Dock, South Shields, Tyne & Wear, NE34 9PL.

The group consists of Tynegrain Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Co-operative and Community Benefit Societies Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries and joint ventures are accounted for at cost less impairment. Associates are consolidated via equity accounting.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company Tynegrain Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 June 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the cost method.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the value of the consideration given over the value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is not more than 20 years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods that the non monetary assets are recovered through depreciation or sale. Negative goodwill deemed to arise from past events or as a result of acquisition accounting rules is released to the profit and loss account in the year of acquisition.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land, Silos & buildings	3%-20% Straight Line
Plant and machinery	5%-50% Straight Line
Fixtures, fittings, office & laboratory equipment	10%-33.33% Straight Line
Motor vehicles	14%-50% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Associates are consolidated via equity accounting.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

The group has elected to use hedge accounting to account for commodity stock.

As a result of the fact that stock is part of a wider hedge, the hedge adjustments are included through the financial instruments rather than as an adjustment to stock values.

Stock is accounted for at the lower of cost or net realisable value at each reporting date, as such there is no requirement to have a separate impairment review.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

The group contributes towards a defined benefit scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.19 Government grants

Government grants are recognised under the accrual method at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Grant income currently recognised in the accounts relates to grants relating to capital expenditure. The amount of grant income recognised in the accounts is disclosed in note 4 to the accounts.

1.20 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.21 Profit Incentive Scheme

The group operates a profit increase incentive scheme which is open to all selected employees who accept written invitations to participate. The scheme is a four year incentive scheme which will terminate on 30 June 2023. No bonus will be payable under the scheme unless pre-tax profits equal or exceed the target set.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Grain trading, storage and related activities	181,134,083	173,863,919
	<u>181,134,083</u>	<u>173,863,919</u>
	2021 £	2020 £
Other significant revenue		
Interest income	34	1,330
Grants received	42,296	38,988
	<u>42,296</u>	<u>38,988</u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	177,722,813	167,222,110
Other European countries	3,411,270	6,641,809
	<u>181,134,083</u>	<u>173,863,919</u>

4 Stock provision

During the year, Alexander Inglis and Son Limited, a company who provided storage facilities to Grainco Limited entered administration. Stock owned by Grainco and stored by Alexander Inglis & Son Limited on Grainco's behalf, was included in Grainco's stock at a value of over £4,530,006. The Directors of Grainco have written off this stock in full in the Financial Statements to 30 June 2021 as the administrators report would indicate that it is unlikely that this grain will be recovered.

Grainco Limited is taking legal advice regarding this matter. Due to the sensitivity of this, the Directors do not consider it appropriate to disclose any further information at this time.

5 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(42,296)	(38,988)
Depreciation of owned tangible fixed assets	1,706,356	1,452,732
Impairment of owned tangible fixed assets	-	36,532
Profit on disposal of tangible fixed assets	(87,151)	(123,649)
Amortisation of intangible assets	(503,120)	109,715
Operating lease charges	160,579	210,112
	<u>160,579</u>	<u>210,112</u>

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

6 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	13,930	12,510
Audit of the financial statements of the company's subsidiaries	47,860	46,483
	<u>61,790</u>	<u>58,993</u>
For other services		
Taxation compliance services	<u>6,045</u>	<u>5,250</u>

During the year the auditor also received £27,515 for the supply of IT services. The auditor also received £18,444 which related to recharged equipment cost.

7 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2021 Number	2020 Number
Directors	10	10
Operational	60	57
Administration	5	6
	<u>75</u>	<u>73</u>

The aggregate remuneration of employees, excluding directors, comprised:

	2021 £	2020 £
Wages and salaries	1,942,883	2,242,462
Social security costs	42,737	264,705
Pension costs	228,778	450,946
	<u>2,214,398</u>	<u>2,958,113</u>

The group contributes towards a number of defined contribution pension schemes on behalf of certain employees, including four directors. The assets of the scheme are held separately from those of the group in independently administered funds. The pension charge represents contributions payable by the group to the funds in respect of employees who are not directors and amounted to £228,778 (2020 £450,946). There are no amounts due at the year end.

Please see the Directors' remuneration note for details of amounts paid in respect of directors.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

8 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	998,444	635,579
Amounts receivable under long term incentive schemes	290,362	245,189
Company pension contributions to defined contribution schemes	76,586	245,224
	<u>1,365,392</u>	<u>1,125,992</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	480,722	508,420
Company pension contributions to defined contribution schemes	17,850	9,036
	<u>498,572</u>	<u>517,456</u>

This figure represents amounts paid to the highest paid director during the year and does not include amounts accruing in relation to the company's long term incentive scheme. These additional amounts are calculated and paid on an agreed basis which relates to the value added to the group over the previous four year period and do not form part of the directors annual remuneration package.

Included in remuneration for qualifying services are directors' benefits receivable in respect of use of and fuel for vehicles and medical care.

No directors were paid any shares in respect of qualifying services under a long term incentive scheme.

9 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	34	1,330
	<u>34</u>	<u>1,330</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	34	1,330
	<u>34</u>	<u>1,330</u>

10 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	201,243	171,174
	<u>201,243</u>	<u>171,174</u>

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

11 Amounts written off investments

	2021 £	2020 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	988,308	1,963,019
Other gains/(losses)		
Amounts written off financial assets held at cost	(850,000)	-
	<u>138,308</u>	<u>1,963,019</u>

12 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	68,081	185,730
Adjustments in respect of prior periods	2,063	-
Total current tax	<u>70,144</u>	<u>185,730</u>
Deferred tax		
Origination and reversal of timing differences	<u>113,188</u>	<u>196,297</u>
Total tax charge	<u>183,332</u>	<u>382,027</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	<u>291,519</u>	<u>1,807,934</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	55,389	343,507
Tax effect of expenses that are not deductible in determining taxable profit	76,479	76,587
Tax effect of income not taxable in determining taxable profit	31,071	(29,382)
Group relief	(51,257)	(148,913)
Permanent capital allowances in excess of depreciation	(108,205)	(218,372)
Utilisation of tax losses	51,237	55,111
Settlement of provisions for previous years	15,415	83,666
Deferred tax	143,942	196,297
Deferred tax movement relating to a change of rate	(43,153)	-
Tax on share of income from associates - paid by associate	12,414	23,526
Taxation charge	<u>183,332</u>	<u>382,027</u>

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of:			
Property, plant and equipment	15	-	36,532
Recognised in:			
Administrative expenses		-	36,532

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

14 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 July 2020	(172,178)
Additions	(526,453)
At 30 June 2021	(698,631)
Amortisation and impairment	
At 1 July 2020	(195,511)
Amortisation charged for the year	(503,120)
At 30 June 2021	(698,631)
Carrying amount	
At 30 June 2021	-
At 30 June 2020	23,333

The company had no intangible fixed assets at 30 June 2021 or 30 June 2020.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

15 Tangible fixed assets

Group	Land, Silos & buildings	Assets under construction	Plant and machinery	Fixtures, fittings, office & laboratory equipment	Office & laboratory equipment	Motor vehicles	Total
Cost	£	£	£	£	£	£	£
At 1 July 2020	11,330,140	435,242	10,362,415	14,614	423,714	1,548,157	24,114,282
Additions	400,527	-	719,195	-	49,878	238,539	1,408,139
Disposals	-	-	(61,500)	(7,850)	(43,001)	(345,139)	(457,490)
Transfers	23,100	(435,242)	412,142	-	-	-	-
At 30 June 2021	11,753,767	-	11,432,252	6,764	430,591	1,441,557	25,664,931
Depreciation and impairment							
At 1 July 2020	5,442,025	-	4,660,630	14,614	342,580	1,236,575	11,696,424
Depreciation charged in the year	392,155	-	1,071,830	-	48,923	193,448	1,706,356
Eliminated in respect of disposals	-	-	(35,143)	(7,850)	(43,001)	(330,264)	(416,258)
At 30 June 2021	5,834,180	-	5,697,317	6,764	348,502	1,099,759	12,986,522
Carrying amount							
At 30 June 2021	5,919,587	-	5,734,935	-	82,089	341,798	12,078,409
At 30 June 2020	5,888,115	435,242	5,701,785	-	81,134	311,582	12,417,858

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Company	Land, Silos & buildings	Assets under construction	Plant and machinery	Office & laboratory equipment	Total
	£	£	£	£	£
Cost					
At 1 July 2020	5,147,446	409,318	4,017,826	187,988	9,762,578
Additions	115,056	-	419,109	7,378	541,543
Transfers	-	(409,318)	409,318	-	-
At 30 June 2021	5,262,502	-	4,846,253	195,366	10,304,121
Depreciation and impairment					
At 1 July 2020	3,908,736	-	2,470,977	171,315	6,551,028
Depreciation charged in the year	104,744	-	162,421	7,328	274,493
At 30 June 2021	4,013,480	-	2,633,398	178,643	6,825,521
Carrying amount					
At 30 June 2021	1,249,022	-	2,212,855	16,723	3,478,600
At 30 June 2020	1,238,710	409,318	1,546,849	16,673	3,211,550

More information on the impairment arising in the previous year is given in note 13.

16 Investment property

	Group 2021 £	Company 2021 £
Fair value		
At 1 July 2020 and 30 June 2021	779,970	-

Investment property comprises the Piercebridge shop, quarry and houses. The fair value of the investment property is based on the directors' knowledge and understanding of the local market and comparable properties. The fair value is considered to be equal to the cost of purchasing the properties in 2017. The directors' consider the fair value to be reflective of the market value at the year end.

17 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	18	1	1	1,750,001	1,750,001
Investments in associates		-	214,311	-	-
Investments in joint ventures	19	1	1	1	1
Unlisted investments		1	1	-	-
		3	214,314	1,750,002	1,750,002

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

17 Fixed asset investments

(Continued)

Movements in fixed asset investments

Group	Shares in group undertakings and participating interests £	Other investments other than loans £	Total £
Cost or valuation			
At 1 July 2020	214,313	1	214,314
Additions	1,162,500	-	1,162,500
Valuation changes	(1,376,811)	-	(1,376,811)
At 30 June 2021	2	1	3
Carrying amount			
At 30 June 2021	2	1	3
At 30 June 2020	214,313	1	214,314

Movements in fixed asset investments Company

	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 July 2020 and 30 June 2021	1,750,002
Carrying amount	
At 30 June 2021	1,750,002
At 30 June 2020	1,750,002

18 Subsidiaries

Details of subsidiaries at 30 June 2021 are as follows:

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

18 Subsidiaries

(Continued)

Name of undertaking	Address	Class of shares held	% Held Direct
Grainco Limited	1	Ordinary	100.00
Grainco Scotland Limited	1	Ordinary	100.00
Meldon Village Storage and Drying Limited	1	Ordinary	100.00
Maritime Shipping and Logistics Ltd	1	Ordinary	100.00
Forestco Limited	1	Ordinary	100.00
Pelletco Limited	1	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 Tyne Dock, South Shields, Tyne & Wear, NE34 9PL

On 30 June 2021 Grainco Limited acquired the remaining 75% of the share capital of Pelletco Limited resulting in Grainco Limited wholly owning the company. Pelletco Limited is therefore now treated as a subsidiary of the group.

Forestco Limited - Company No. 11678549 and Pelletco Limited - Company No. 09752368 are exempt from the requirement to have an audit of their accounts for the period ended 30 June 2021 under section 479A of the Companies Act 2006.

19 Joint ventures

Details of joint ventures at 30 June 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Tri-Grain Limited	North East Grains Ltd, Longhirst, Morpeth, Northumberland, NE61 3HX	Health and Safety	Ordinary	33.33	-

20 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	1,401,314	1,011,825	-	-
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	1,023,428	401,385	-	-

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

21 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Grains and oilseeds	11,565,656	13,513,612	-	-
Spare parts held for the repair of plant and equipment	25,246	34,555	25,246	34,555
	<u>11,590,902</u>	<u>13,548,167</u>	<u>25,246</u>	<u>34,555</u>

22 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	20,423,715	17,040,517	46	150
Amounts owed by group undertakings	62,361	111,420	65,508	804,237
Derivative financial instruments	1,401,314	1,011,825	-	-
Other debtors	300,410	611,176	32,351	34,840
Prepayments and accrued income	4,193,525	2,898,361	33,645	35,503
	<u>26,381,325</u>	<u>21,673,299</u>	<u>131,550</u>	<u>874,730</u>
Deferred tax asset (note 26)	158,648	255,536	-	-
	<u>26,539,973</u>	<u>21,928,835</u>	<u>131,550</u>	<u>874,730</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 26)	130,369	83,666	-	-
	<u>26,670,342</u>	<u>22,012,501</u>	<u>131,550</u>	<u>874,730</u>

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

23 Creditors: amounts falling due within one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	25	17,624,433	14,045,596	-	-
Other borrowings	25	10,000	50,000	-	-
Trade creditors		9,644,774	7,882,440	80,720	502,890
Amounts due to group undertakings		-	-	2,350	83,123
Amounts due to undertakings in which the group has a participating interest		5,000	-	-	-
Corporation tax payable		131,743	185,730	18,228	4,813
Other taxation and social security		248,510	73,182	107,370	-
Derivative financial instruments		1,023,428	401,385	-	-
Other creditors		16,847	238,220	6,849	69,086
Accruals and deferred income		3,072,823	4,157,064	25,452	30,046
		<u>31,777,558</u>	<u>27,033,617</u>	<u>240,969</u>	<u>689,958</u>

Details of security are included in note 24 and 25.

24 Creditors: amounts falling due after more than one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	25	101,667	212,500	-	-
Derivative financial instruments		1,023,428	-	-	-
		<u>1,125,095</u>	<u>212,500</u>	<u>-</u>	<u>-</u>

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

24 Creditors: amounts falling due after more than one year

(Continued)

The long-term loans are secured as follows:-

First legal charge dated 1 August 1994 over leasehold property known as Tynegrain Silos, Tyne Dock, South Shields.

Fixed charge over book debts and other debts, goodwill, uncalled capital and intellectual property and a floating charge over all other assets dated 1 August 1994.

Company unlimited multilateral guarantee dated 21 July 1994 given by Tynegrain Limited and Tynegrain Agriculture Limited.

Unlimited cross guarantee dated 8 June 2001 given by Meldon Village Storage and Drying Limited.

The Grainco Limited bank overdraft is also secured by way of:-

- a first legal charge over the leasehold property known as Plot 9, Wilton International Site, Middlesbrough,
- a debenture including a fixed charge over all present freehold and leasehold property, a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, and a first floating charge over all assets and undertakings both present and future,
- a charge over contract monies dated 31 January 2014, and
- a fixed charge over book debts and other debts, goodwill, uncalled capital and intellectual property and a floating charge over all other assets.

Interest is charged at 2.5% per annum over the bank's sterling base rate.

25 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	251,667	362,500	-	-
Bank overdrafts	17,474,433	13,895,596	-	-
Other loans	10,000	50,000	-	-
	<u>17,736,100</u>	<u>14,308,096</u>	<u>-</u>	<u>-</u>
Payable within one year	17,634,433	14,095,596	-	-
Payable after one year	<u>101,667</u>	<u>212,500</u>	<u>-</u>	<u>-</u>

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

25 Loans and overdrafts

(Continued)

The long-term loans are secured as follows:-

First legal charge dated 1 August 1994 over leasehold property known as Tynegrain Silos, Tyne Dock, South Shields.

Fixed charge over book debts and other debts, goodwill, uncalled capital and intellectual property and a floating charge over all other assets dated 1 August 1994.

Company unlimited multilateral guarantee dated 21 July 1994 given by Tynegrain Limited and Tynegrain Agriculture Limited.

Unlimited cross guarantee dated 8 June 2001 given by Meldon Village Storage and Drying Limited.

The Grainco Limited bank overdraft is also secured by way of:-

- a first legal charge over the leasehold property know as Plot 9, Wilton International Site, Middlesbrough,
- a debenture including a fixed charge over all present freehold and leasehold property, a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, and a first floating charge over all assets and undertakings both present and future,
- a charge over contract monies dated 31 January 2014, and
- a fixed charge over book debts and other debts, goodwill, uncalled capital and intellectual property and a floating charge over all other assets.

26 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Group				
ACAs	111,882	43,193	-	-
Other timing differences	-	-	289,017	339,202
	<u>111,882</u>	<u>43,193</u>	<u>289,017</u>	<u>339,202</u>

The company has no deferred tax assets or liabilities.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

26 Deferred taxation

(Continued)

	Group 2021 £	Company 2021 £
Movements in the year:		
Asset at 1 July 2020	(296,009)	-
Charge to profit or loss	162,026	-
Effect of change in tax rate - profit or loss	(43,152)	-
Asset at 30 June 2021	<u>(177,135)</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse over the next few years and relates to late capital allowances claims in the year and the settlement of a long term incentive scheme provision.

27 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>305,364</u>	<u>818,178</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. There were no amounts due at the year end.

28 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Shares of £1 each	<u>115</u>	<u>115</u>	<u>115</u>	<u>115</u>

The shares carry voting rights but, no fixed entitlement to income.

During the year, 3 ordinary shares were issued at par and 3 were redeemed.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

29 Other reserves

Group	Members' loans £
At 1 July 2019	1,805,904
Other movements	(3,244)
At 30 June 2020	1,802,660
Other movements	(5,997)
At 30 June 2021	1,796,663
Company	Members' loans £
At 1 July 2019	1,805,904
Other movements	(3,244)
At 30 June 2020	1,802,660
Other movements	(5,997)
At 30 June 2021	1,796,663

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

30 Acquisition of a business

On 30 June 2021 the group acquired the remaining 75 percent of the issued capital of Pelletco Limited.

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Cash and cash equivalents	838,953	-	838,953
Goodwill			(526,453)
Total consideration			312,500
The consideration was satisfied by:			£
Cash			312,500
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			£
Turnover			-
Profit after tax			52,927

As the subsidiary acquired was acquired on the final day of the year, its contribution to profit is calculated using equity accounting. The goodwill has been fully written off in the period of acquisition.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

31 Transactions with directors

All transactions with the directors were in the normal course of business and were conducted on an 'arms length' basis.

	Group 2021 £	2020 £	Company 2021 £	2020 £
Sales	212,518	668,217	106,048	196,050

At the year end the directors were cumulatively due to the group the sum of £20,937 (2020 £26,166) in respect of these sales.

	Group 2021 £	2020 £	Company 2021 £	2020 £
Purchases	2,559,680	2,091,047	-	112,346

At 30 June 2021 £65,767 (2020 £245,729) was owed to the directors.

	Group 2021 £	2020 £	Company 2021 £	2020 £
Pool advances	282,196	315,572	-	-

The pool advances have been made under the provisions of a pool marketing contract and are secured against grain held in store. At 30 June 2021 the balance of the pool advances due from directors was £Nil (2020 £Nil). The above balance represents the maximum balance advanced to directors during the year. All transactions were in the normal course of business.

During the year, dividends of £Nil were paid to the directors (2020 £Nil). No amounts were outstanding at the year end.

All of the amounts shown above are unsecured and expected to be paid or collected in full.

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

32 Financial commitments, guarantees and contingent liabilities

In May 2007 the group entered into arrangements with The Rural Payments Agency in which the company provided a guarantee for the sum of £275,000.

The group has given an unlimited composite guarantee to Tynegrain Agriculture Limited, a company that is connected to the group.

33 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	101,412	101,412	75,000	75,000
Between two and five years	300,000	326,412	300,000	300,000
In over five years	1,260,000	1,335,000	1,260,000	1,335,000
	<u>1,661,412</u>	<u>1,762,824</u>	<u>1,635,000</u>	<u>1,710,000</u>

34 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>1,072,113</u>	<u>906,843</u>

35 Related party relationships and transactions

	Group 2021 £	2020 £	Company 2021 £	2020 £
Purchases				
Tynegrain Agriculture Limited	445,217	434,294	343,370	314,785
Meldon Village Storage and Drying Limited	-	-	41,507	23,521
Grainco Limited	-	-	969,322	669,383
Pellet Co Limited	-	2,550	-	2,550
	<u>445,217</u>	<u>436,844</u>	<u>1,354,199</u>	<u>1,010,239</u>

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

35 Related party relationships and transactions

(Continued)

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Sales				
Tynegrain Agriculture Limited	568,334	462,117	2,495	500
Meldon Village Storage and Drying Limited	-	-	56,946	56,283
Grainco Limited	-	-	1,785,092	1,291,468
Pellet Co Limited	347,802	228,392	17,023	59,622
Forestco Limited	-	282,199	-	129
	<u>916,136</u>	<u>972,708</u>	<u>1,861,556</u>	<u>1,408,002</u>

Tynegrain Agriculture Limited is subject to common control with Tynegrain Limited. All transactions are made on an "arms length" basis and in the normal course of business.

Amounts owed to and by related parties are shown in debtors and creditors respectively.

All of the amounts shown above are unsecured and expected to be paid or collected in full.

36 Controlling party

There is no ultimate controlling party as the shares of the company are held by 115 individuals, each holding one share.

37 Cash absorbed by group operations

	2021	2020
	£	£
Profit for the year after tax	108,187	1,425,907
Adjustments for:		
Taxation charged	183,332	382,027
Finance costs	201,243	171,174
Investment income	(34)	(1,330)
Gain on disposal of tangible fixed assets	(87,151)	(123,649)
Amortisation and impairment of intangible assets	(503,120)	109,715
Depreciation and impairment of tangible fixed assets	1,679,163	1,489,264
Other gains and losses	(138,308)	(1,963,019)
Increase/(decrease) in deferred income	157,683	(82,520)
Movements in working capital:		
Decrease/(increase) in stocks	2,034,810	(2,076,871)
(Increase)/decrease in debtors	(4,204,143)	2,928,375
Decrease in creditors	(356,751)	(2,956,913)
Cash absorbed by operations	<u>(925,089)</u>	<u>(697,840)</u>

TYNEGRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

38 Cash generated from operations - company

	2021 £	2020 £
Profit for the year after tax	237,732	175,160
Adjustments for:		
Taxation charged	18,228	4,813
Investment income	(34)	(1,330)
(Gain)/loss on disposal of tangible fixed assets	-	4,130
Depreciation and impairment of tangible fixed assets	274,493	241,639
Increase/(decrease) in deferred income	201,215	(38,988)
Movements in working capital:		
Decrease/(increase) in stocks	9,310	(20,488)
Decrease in debtors	743,180	322,155
(Decrease)/increase in creditors	(462,404)	82,087
Cash generated from operations	1,021,720	769,178

39 Analysis of changes in net debt - group

	1 July 2020 £	Cash flows £	30 June 2021 £
Cash at bank and in hand	3,939,821	2,903,528	6,843,349
Bank overdrafts	(13,895,596)	(3,578,837)	(17,474,433)
	(9,955,775)	(675,309)	(10,631,084)
Borrowings excluding overdrafts	(412,500)	150,833	(261,667)
	(10,368,275)	(524,476)	(10,892,751)

40 Analysis of changes in net funds - company

	1 July 2020 £	Cash flows £	30 June 2021 £
Cash at bank and in hand	1,369,707	469,400	1,839,107