Company Registration No. 00165772 (England and Wales)

COFCO INTERNATIONAL UK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

COFCO INTERNATIONAL UK LTD

COMPANY INFORMATION

Directors	M Dordery	
	N Kerridge	
	S Shiells	
	M Vine	
	T Capey	
	A Merton	(Appointed 1 May 2019)
Secretary	N Kerridge	
Company number	00165772	
Registered office	15 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ	
Auditor	Ensors Accountants LLP Cardinal House 46 St Nicholas Street Ipswich Suffolk IP1 1TT	

COFCO INTERNATIONAL UK LTD

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COFCO INTERNATIONAL UK LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report and financial statements for the year ended 31 December 2019.

Review of the business
The principal activities of the Group continue to be the procurement, marketing and distribution of combinable crops within both the domestic and export markets, together with the sale of arable inputs to farmers. Almost all activities remain within the European Union.

The result for the period after taxation amounted to a loss of £1,544,782 (period ended 31 December 2018 - profit of £980,086).

Key performance indicators for the Group are gross margin and total equity as expressed by net asset value. Gross margin for the period declined from £11.7m for year ended 31 December 2018 to £8.5m, whilst total equity decreased during the period to £14.3m from £15.8m for the year ended 31 December 2018.

During the 2019 financial year the Group received three awards from its parent company, representing the highest level of achievement for zero lost-time incidents in its industrial operations. Maintaining the highest standards of health and safety and, in particular, the achievement of zero lost time incidents are considered to be significant non-financial key performance indicators for the Group.

The Group has again been faced with reduced combinable crop production. Uncertainty related to Brexit has continued negatively to impact farmer decision making. These factors continue to adversely affect trading margins in our core product sectors.

Principal risks and uncertainties
The directors are committed to operating an effective risk policy. This includes position, contract, foreign exchange and credit risk. The managers and commercial staff have a clear understanding of risks facing the Group, which are supported by effective procedures and systems.

<u>Position risk</u>
The trading functions of the Group operate within agreed limits which are authorised by the Board. The Group manages and controls these through a number of hedging mechanisms, including futures and options.

<u>Foreign exchange risk</u>
The Group is involved in both import and export contracts which are principally traded in Euros. These contracts are matched with corresponding forward exchange transactions to limit the risk of foreign exchange movements.

<u>Commodity price exposure</u>
The Group recognises that it has an exposure to forward commodity contracts. To manage this the Group operates a mark to market policy of these contracts and reports the financial positions as part of its normal monthly reporting procedures.

<u>Credit risk</u>
The Group operates a thorough credit risk management policy. This is applied by all counterparties being approved and credit limits set accordingly. These limits are reviewed on a regular basis and take into account payment history, latest financial information, local knowledge, and credit rating agency assessments.

<u>Contract risk</u>
The business undertakes a regular review of all its contracts and terms of trade. This ensures that they protect the Group and represent best practice for our suppliers and customers.

<u>Covid 19</u>
The Group collaborates with its controlling entity to ensure that any impact of Covid 19 upon the stakeholders of the Group is limited to the minimum extent possible.

Section 172 (1) statement
During the financial year the directors have complied with their duty to meet the requirements of section 172 (1) of the Companies Act 2006. The directors believe they have acted in a way they consider, in good faith, would promote the success of the Group for the benefit of its members as a whole.

Stakeholder engagement
The directors consider the key stakeholders affected by the actions of the Group to be customers, suppliers, banks and financial institutions, employees, government organisations and regulators. The directors, on behalf of the Group, engage with each of these stakeholders in a way that meets their level of interest and influence.

Principal decisions
The directors consider principal decisions to be those that have a material impact on the Group and its stakeholders. During the financial year the Group has taken a number of strategic and operational decisions that the directors consider will promote the long-term success and sustainability of the Group. The key elements of this are contained within the Group's annual Strategic Review which aligns local strategy with that of the parent entity.

On behalf of the board

....
N Kerridge
Director
20th August 2020.
....

COFCO INTERNATIONAL UK LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Results and dividends
The results for the year are set out on page 9. No dividend was paid during the period (year ended 31 December 2018 - £nil).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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

M Dordery	
D Dewsbery	(Resigned 31 March 2020)
N Kerridge	
S Shiells	
M Vine	
T Capey	
A Eccles	(Resigned 8 March 2019)
A Merton	(Appointed 1 May 2019)

Qualifying third party indemnity provisions
The Company has taken out insurance to indemnify, against third party proceedings, the directors of the Company whilst serving on the board of the Company. These indemnity policies subsisted throughout the period and remain in place as at the date of this report.

Post reporting date events
Since the year end the World Health Organisation has declared the Covid 19 outbreak a Pandemic. The assets and liabilities of the Group have not been adjusted to account for any subsequent economic impact of the Pandemic.

Future developments
The Group has benefited from an ongoing capital expenditure programme. The Directors consider that the Group is well placed to meet future challenges successfully.

Auditor
In accordance with the company's articles, a resolution proposing that be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern
On the basis of their assessment of the financial position of the company and availability of banking facilities provided by the parent undertaking the directors have a reasonable expectation that the Group will continue to be able to meet its obligations as they fall due. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the board

....
N Kerridge
Director

Date: 20 August 2020.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

COFCO INTERNATIONAL UK LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COFCO INTERNATIONAL UK LTD

Opinion
We have audited the financial statements of COFCO International UK Ltd (the 'Company') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, and the related 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the requirements of the Companies Act 2006;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Opinions on other matters prescribed by the Companies Act 2006
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.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Malcolm McGready (Senior Statutory Auditor)
for and on behalf of Ensors Accountants LLP

14 October 2020

Chartered Accountants
Statutory Auditor

Cardinal House
46 St Nicholas Street
Ipswich
Suffolk
Ip1 1TT

COFCO INTERNATIONAL UK LTD

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Revenue	4	271,329,588	292,005,386
Cost of sales		(262,793,644)	(280,296,720)
Gross profit		8,535,944	11,708,666
Other operating income		82,020	80,504
Administrative expenses		(9,955,704)	(10,016,697)
Operating (loss)/profit	5	(1,337,740)	1,772,473
Investment revenues	9	115,494	89,127
Finance costs	10	(449,365)	(561,583)
(Loss)/profit before taxation		(1,671,611)	1,300,017
Income tax income/(expense)	11	126,859	(319,931)
(Loss)/profit and total comprehensive income for the year attributable to owners of the parent	31	(1,544,752)	980,086

The income statement has been prepared on the basis that all operations are continuing operations.

COFCO INTERNATIONAL UK LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Non-current assets			
Intangible assets	**12**	505,279	505,279
Property, plant and equipment	**13**	9,922,556	8,337,293
Investment property	**14**	392,976	396,533
		10,820,811	9,239,105
Current assets			
Inventories	**17**	21,807,112	22,346,818
Trade and other receivables	**18**	20,599,193	24,899,631
Current tax recoverable		26,626	12
Cash and cash equivalents		91,385	-
Derivative financial instruments		72,024	387,655
		42,596,340	47,634,116
Total assets		53,417,151	56,873,221
Current liabilities			
Trade and other payables	**23**	33,760,323	35,472,901
Lease liabilities	**24**	937,397	390,701
Borrowings	**25**	2,283,813	1,776,705
Derivative financial instruments		206,657	2,432,762
		37,188,190	40,073,069
Net current assets		5,408,150	7,561,047
Non-current liabilities			
Deferred tax liabilities	**27**	-	126,859
Lease liabilities	**24**	1,956,231	855,811
		1,956,231	982,670
Total liabilities		39,144,421	41,055,739
Net assets		14,272,730	15,817,482
Equity			
Called up share capital	**29**	5,813,455	5,813,455
Revaluation reserve	**30**	1,355,126	1,372,529
Retained earnings	**31**	7,104,149	8,631,498
Total equity		14,272,730	15,817,482

The financial statements were approved by the board of directors and authorised for issue on 20th Aug 20 and are signed on its behalf by:

....
N Kerridge
Director

Company Registration No. 00165772

COFCO INTERNATIONAL UK LTD

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Non-current assets			
Property, plant and equipment	13	4,954,286	4,634,547
Investment property	14	392,976	396,533
Investments	15	2,350,296	2,350,296
		7,697,558	7,381,376
Current assets			
Inventories	17	21,571,183	22,040,854
Trade and other receivables	18	20,728,714	25,072,967
Current tax recoverable		1,273	-
Cash and cash equivalents		462	486
Derivative financial instruments		72,024	387,655
		42,373,656	47,501,962
Total assets		50,071,214	54,883,338
Current liabilities			
Trade and other payables	23	33,187,661	34,587,416
Lease liabilities	24	525,660	390,701
Borrowings	25	2,150,668	1,677,704
Derivative financial instruments		206,657	2,432,762
		36,070,646	39,088,583
Net current assets		6,303,010	8,413,379
Non-current liabilities			
Lease liabilities	24	1,148,032	855,811
Total liabilities		37,218,678	39,944,394
Net assets		12,852,536	14,938,944
Equity			
Called up share capital	29	5,813,455	5,813,455
Revaluation reserve	30	694,746	705,384
Retained earnings	31	6,344,335	8,420,105
Total equity		12,852,536	14,938,944

COFCO INTERNATIONAL UK LTD

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2019

The financial statements were approved by the board of directors and authorised for issue on 20th August and are signed on its behalf by:

N Kerridge
Director

Company Registration No. 00165772

COFCO INTERNATIONAL UK LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Revaluation reserve	Other distributable reserve	Retained earnings	Total
	£	£	£	£	£
Balance at 1 January 2018	1,350,000	1,351,139	4,463,455	7,672,802	14,837,396
Year ended 31 December 2018:					
Profit and total comprehensive income for the year	-	-	-	980,086	980,086
Bonus issue of shares	4,463,455	-	(4,463,455)	-	-
Transfers	-	21,390	-	(21,390)	-
Balances at 31 December 2018	5,813,455	1,372,529	-	8,631,498	15,817,482
Year ended 31 December 2019:					
Loss and total comprehensive income for the year	-	-	-	(1,544,752)	(1,544,752)
Transfers	-	(17,403)	-	17,403	-
Balances at 31 December 2019	5,813,455	1,355,126	-	7,104,149	14,272,730

COFCO INTERNATIONAL UK LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Revaluation reserve	Other distributable reserve	Retained earnings	Total
	£	£	£	£	£
Balance at 1 January 2018	1,350,000	716,022	4,463,455	7,371,437	13,900,914
Year ended 31 December 2018:					
Profit and total comprehensive income for the year	-	-	-	1,038,030	1,038,030
Bonus issue of shares	4,463,455	-	(4,463,455)	-	-
Transfers	-	(10,638)	-	10,638	-
Balances at 31 December 2018	5,813,455	705,384	-	8,420,105	14,938,944
Year ended 31 December 2019:					
Loss and total comprehensive income for the year	-	-	-	(2,086,408)	(2,086,408)
Transfers	-	(10,638)	-	10,638	-
Balances at 31 December 2019	5,813,455	694,746	-	6,344,335	12,852,536

COFCO INTERNATIONAL UK LTD

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Cash generated from operations	38		3,223,399		3,854,377
Interest paid			(449,365)		(561,583)
Tax (paid)/refunded			(26,614)		79,006
Net cash inflow from operating activities			2,747,420		3,371,800
Investing activities					
Purchase of property, plant and equipment		(449,807)		(966,299)	
Proceeds on disposal of property, plant and equipment		117,000		248,500	
Interest received		115,494		89,127	
Net cash used in investing activities			(217,313)		(628,672)
Financing activities					
Repayment of bank loans		(72,008)		(100,919)	
Purchase and sale of derivatives		(1,910,474)		528,083	
Payment of lease liabilities		(1,035,356)		(368,837)	
Net cash (used in)/generated from financing activities			(3,017,838)		58,327
Net (decrease)/increase in cash and cash equivalents			(487,731)		2,801,455
Cash and cash equivalents at beginning of year			(1,704,697)		(4,506,152)
Cash and cash equivalents at end of year			(2,192,428)		(1,704,697)
Relating to:					
Bank balances and short term deposits			91,385		-
Bank overdrafts			(2,283,813)		(1,704,697)

COFCO INTERNATIONAL UK LTD

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		2018	
	Notes	**£**	**£**	**£**	**£**
Cash flows from operating activities					
Cash generated from operations	**38**		2,281,667		2,898,066
Interest paid			(380,155)		(533,702)
Tax (paid)/refunded			(1,273)		85,430
Net cash inflow from operating activities			1,900,239		2,449,794
Investing activities					
Purchase of property, plant and equipment		(166,306)		(189,835)	
Proceeds on disposal of property; plant and equipment		107,001		236,500	
Interest received		115,228		88,819	
Net cash generated from investing activities			55,923		135,484
Financing activities					
Purchase and sale of derivatives		(1,910,474)		528,083	
Payment of lease liabilities		(518,676)		(368,837)	
Net cash (used in)/generated from financing activities			(2,429,150)		159,246
Net (decrease)/increase in cash and cash equivalents			(472,988)		2,744,524
Cash and cash equivalents at beginning of year			(1,677,218)		(4,421,742)
Cash and cash equivalents at end of year			(2,150,206)		(1,677,218)
Relating to:					
Bank balances and short term deposits			462		486
Bank overdrafts			(2,150,668)		(1,677,704)

1 Accounting policies

Company information

COFCO International UK Ltd is a private company limited by shares incorporated in England and Wales. The registered office is , 15 The Havens, Ransomes Europark, Ipswich, Suffolk, IP3 9SJ.

The consolidated financial statements comprise the Company and its subsidiaries (together "the Group").

The financial statements of the Group for the year ended 31 December 2019 were authorised for issue by the board of directors on 20 August 2020 and the Statement of Financial Position was signed on the board's behalf by N Kerridge.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

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 £.

The financial statements have been prepared on the historical cost basis, modified to include inventories, investments held in listed trade investments, open forward contracts at market value and the revaluation of freehold properties. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Since the year end the World Health Organisation has declared the Covid 19 outbreak a Pandemic. The Group collaborates with it's controlling entity to ensure that any impact of Covid 19 upon the business is limited to the minimum extent possible.

1 Accounting policies

1.3 Revenue

Revenue is only recognised when certain criteria are met.

Firstly, a contract must exist. A contract exists when: it has been approved and the parties are committed to performing their respective obligations; each party's rights can be identified; payment terms can be identified; the contact has commercial substance; and it is probable that consideration will be collected in respect of goods and services transferred to the customer.

Secondly, the Group must be able to identify the performance obligations within the contract. A performance obligation is a promise to transfer either a distinct good or service or a series of distinct goods or services. At contract inception, the Group assesses the goods or services promised to a customer and identifies each promise to transfer as either: a good or service that is distinct; or a series of distinct goods and services that are substantially the same and have the same pattern of delivery to the customer.

Next it is necessary to determine the transaction price. This involves an assessment of whether or not the revenue might be variable, contain a significant financing component, include non-cash consideration or involve payments back to the customer.

Next, it is necessary to allocate the transaction price. The transaction price is allocated to each separate performance obligation based on their relative standalone selling prices. Discounts are typically allocated to all performance obligations in an arrangement based on their relative standalone selling prices. i.e. so that discount is allocated proportionately across all performance obligations.

Revenue is then recognised when or as performance obligations are satisfied by transferring control of the promised goods or services to the customer.

Revenue, which arises principally from the sale of goods, excludes Value Added Tax.

Revenue from the sale of goods is recognised on an invoice basis which coincides with dispatch of goods and is the point when the customer obtains control over the goods.

Gains or losses on stock holdings are recognised by reference to period end market value with any unrealised amount included in the results for the period. The net unrealised forward contract gain or loss is included in the balance sheet as an asset or liability as appropriate.

Transactions which are contracted pre-period end for execution post-period end are included with the period if they are cash settled or circled out with opposite transactions as at 31 December and recognised as realised.

1.4 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

1 Accounting policies

1.5 Property, plant and equipment

Property, plant and equipment 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:

Freehold land and buildings	2-10% per annum
Leasehold land and buildings	2-10% per annum
Fixtures and fittings	10-20% per annum
Plant and equipment	10-20% per annum
Computers	10-33% per annum
Motor vehicles	10-20% per annum

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 income statement.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. The surplus or deficit on revaluation is recognised in profit or loss.

Investment property is depreciated over 20 years on a straight line basis. Land is not depreciated.

1.7 Impairment of tangible and intangible assets

At each reporting 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

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.

1 Accounting policies

1.8 Inventories

Inventories (with the exception of seed and fertilizer) are stated at fair value less costs to sell in accordance with the requirements of IAS 2 applied to commodity broker-traders. Changes in value less costs to sell are recognised in profit or loss in the period of change.

Inventories of seed and fertilizer are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Group uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Group. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.10 Cash and cash equivalents

Cash and cash equivalents 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.

1.11 Financial assets

Financial assets are recognised in the statement of financial position when the entity becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is held for trading. This is the case if:

- the asset has been acquired principally for the purpose of selling in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Interest and dividends are included in 'Investment income' and gains and losses on remeasurement included in 'other gains and losses' in the statement of comprehensive income.

1 Accounting policies

Financial assets held at amortised cost

Financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held to maturity investments.

Held to maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Financial assets classified as available for sale are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. Where an AFS financial asset is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Dividends and interest earned on AFS financial assets are included in the investment income line item in the statement of comprehensive income.

Impairment of financial assets

Financial assets, other than those at fair value through profit or 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 of the investment have been affected.

1 Accounting policies

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.12 Financial liabilities

The company recognizes financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

The Group uses derivative financial instruments such as forward currency contracts and forward purchase contracts to mitigate its risks associated with foreign currency and commodity price fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The Group does not apply the hedge accounting requirements of IAS 39.

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 entity.

1 Accounting policies

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. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

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 income statement 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 is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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 income statement, 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 when the company has 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.

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 inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies

1.18 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

In the comparative period, as a lessee applying IAS 17, the company classified leases as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessees. All other leases were classified as operating leases. Assets held under finance leases were recognised as assets at the lower of the assets' fair value at the date of inception and the present value of the minimum lease payments. The related liability was included in the statement of financial position as a finance lease obligation. Lease payments were treated as consisting of capital and interest elements and the interest was charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Rentals payable under operating leases, less any lease incentives received, were charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

1 Accounting policies

When the company acts as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the company applies IFRS 15 to allocate the consideration in the contract. When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately, classifying the sub-lease with reference to the right-of-use asset arising from the head lease instead of the underlying asset.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.20 Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group losses control of a subsidiary it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in profit or loss.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the Group applied IFRS 16 with a date of initial application on 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of the initial application is recognised in retained earnings at 1st January 2019 (and as such does not affect the comparative information).

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of the lease.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

The Group decided to apply recognition exemptions to short-term leases of assets. For leases of other assets, which were classified as operating leases under IAS 17, the Company recognised right-of-use assets and lease liabilities.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact on financial statements

On transition to IFRS 16, the Group recognised an additional £1,968,407 of right of use assets and lease liabilities.

When measuring lease liabilities, the Group discounted lease payments using a compound interest rate of 3% at 1 January 2019.

	1 January 2019
Operating lease commitment at 31 December 2018	5,301,296
Recognition exemption for short term leases	(270,476)
Contractual commitment included in the lease commitment note as at 31 December 2018 but not recognised as a right of use asset	(2,979,767)
Operating leases discounted using the incremememtal borrowing rate	(158,221)
Finance lease liabilites as at 31 December 2018	1,246,512
Lease liabilites recognised at 1 January 2019	3,139,344

3 Critical accounting estimates and judgements

In the application of the company'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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

Useful economic lives of tangible non-current assets

The annual depreciation charge for tangible non-current assets is sensitive to changes in the estimated useful economic lives and residual values of the assets concerned. These lives and values are re-assessed annually and are amended when necessary to reflect current estimates based on a number of factors such as economic utilisation and physical condition. See note 1.5 for the useful economic lives of each class of assets.

Impairment of trade receivables

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment, management considers factors including the credit rating of the debtor, the ageing profile of debtors, and historical experience. See note 18 for the net carrying amount of the debtors and associated impairment provision.

Present value of lease liabilities

Lease liabilities are initially measured at the present value of the lease payments due after the commencement date of the lease. The future lease payments have been discounted to present value using the Group's incremental borrowing rate of 3% as the discount rate.

4 Revenue

	2019	2018
	£	£
Revenue analysed by class of business		
Trading combinable crops and the sale of arable inputs	264,400,904	286,124,991
Handling of crops and feed	2,091,062	1,455,151
Sales, processing and distribution of sowing seed	4,837,622	4,425,244
	271,329,588	292,005,386

	2019	2018
	£	£
Other significant revenue		
Interest income	115,494	89,127

4 Revenue

In the opinion of the directors the Group trades predominantly within the single geographical market of the UK and the European Union.

5 Operating (loss)/profit

	2019	2018
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange gains	(38,938)	(31,076)
Depreciation of property, plant and equipment	1,455,187	801,856
Profit on disposal of property, plant and equipment	(25,171)	(40,930)
Depreciation of investment property	3,557	3,557
Cost of inventories recognised as an expense	261,884,497	279,918,935

6 Auditor's remuneration

	2019	2018
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	36,650	31,950
Audit of the financial statements of the company's subsidiaries	20,800	20,150
	57,450	52,100
For other services		
Tax services	18,575	17,875

7 Employees

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

	2019	2018
	Number	Number
Traders and administration	87	86
Industrial	32	31
Operations	13	13
	132	130

7 Employees

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	4,599,480	4,680,290
Social security costs	470,789	518,785
Pension costs	352,241	345,106
	5,422,510	5,544,181

8 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	677,524	713,157
Company pension contributions to defined contribution schemes	125,723	111,354
	803,247	824,511

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2018 - 6).

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

Remuneration for qualifying services	208,412	214,011
Company pension contributions to defined contribution schemes	10,000	10,000

Directors' remuneration includes amounts payable to COFCO International UK Limited directors by a subsidiary company of the group.

9 Investment income

	2019	2018
	£	£
Interest income		
Bank deposits	266	308
Other interest income	115,228	88,819
Total interest revenue	115,494	89,127

Total interest income for financial assets that are not held at fair value through profit or loss is £266 (2018 - £308).

10 Finance costs

	2019	2018
	£	£
Interest on bank overdrafts and loans	32,219	32,323
Interest on lease liabilities	84,143	24,981
Other interest payable	333,003	504,279
Total interest expense	449,365	561,583

11 Income tax expense

	2019	2018
	£	£
Deferred tax		
Origination and reversal of temporary differences	(126,859)	319,931

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2019	2018
	£	£
(Loss)/profit before taxation	(1,671,611)	1,300,017
Expected tax (credit)/charge based on a corporation tax rate of 19.00%	(317,606)	247,003
Effect of expenses not deductible in determining taxable profit	3,881	5,385
Change in unrecognised deferred tax assets	176,906	-
Adjustment in respect of prior years	(10,209)	46,935
Permanent capital allowances in excess of depreciation	20,169	20,608
Taxation (credit)/charge for the year	(126,859)	319,931

12 Intangible assets - group

	Customer lists and R&D
	£
Cost	
At 1 January 2018	505,279
At 31 December 2018	505,279
At 31 December 2019	505,279
Carrying amount	
At 31 December 2019	505,279
At 31 December 2018	505,279
At 31 December 2017	505,279

12 Intangible assets - group

Impairment tests for cash generating units containing goodwill or intangible assets with an indefinite life

Intangible assets are considered significant in comparison to the Group's total carrying amount of such assets. As such these have been allocated to cash generating units or groups of cash generating units as follows:

	2019 £	2018 £
Grainseed Limited	505,279	505,279
	505,279	505,279

Impairment is considered unnecessary due to the current and forecast performance of the cash generating unit.

13 Property, plant and equipment - Group

	Freehold land and buildings	Leasehold land and buildings	Fixtures and fittings	Plant and equipment	Computers	Motor vehicles	Total
Cost or valuation	£	£	£	£	£	£	£
At 1 January 2018	5,219,634	18,048	1,260,076	7,408,349	73,407	3,647,259	17,626,773
Additions	60,764	-	123,514	936,570	-	455,317	1,576,165
Disposals	(7,000)	-	-	(387,125)	-	(712,000)	(1,106,125)
At 31 December 2018	5,273,398	18,048	1,383,590	7,957,794	73,407	3,390,576	18,096,813
Additions	-	-	16,791	503,730	-	643,349	1,163,870
IFRS16 additions	1,774,194	-	1,483	-	-	192,732	1,968,409
Disposals	-	-	-	-	-	(596,593)	(596,593)
At 31 December 2019	7,047,592	18,048	1,401,864	8,461,524	73,407	3,630,064	20,632,499
Accumulated depreciation and impairment							
At 1 January 2018	804,934	18,048	1,166,563	5,945,861	57,095	1,863,718	9,856,219
Charge for the year	128,293	-	51,998	255,626	5,658	360,281	801,856
Eliminated on disposal	(7,000)	-	-	(351,470)	-	(540,085)	(898,555)
At 31 December 2018	926,227	18,048	1,218,561	5,850,017	62,753	1,683,914	9,759,520
Charge for the year	657,568	-	57,039	523,919	4,871	211,790	1,455,187
Eliminated on disposal	-	-	-	-	-	(504,764)	(504,764)
At 31 December 2019	1,583,795	18,048	1,275,600	6,373,936	67,624	1,390,940	10,709,943
Carrying amount							
At 31 December 2019	5,463,797	-	126,264	2,087,588	5,783	2,239,124	9,922,556
At 31 December 2018	4,347,171	-	165,029	2,107,777	10,654	1,706,662	8,337,293
At 31 December 2017	4,414,700	-	93,513	1,462,488	16,312	1,783,541	7,770,554

13 Property, plant and equipment - Group

Included within Freehold Land and Buildings of the Group are properties with carrying values of £2,729,391 (2018: £2,744,155) that have been revalued. These properties were valued by Fenn Wright Chartered Surveyors as at 1 October 2014, on the basis of fair value supported by market evidence in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

The plant and machinery situated at The Grain Terminal site were valued by Edward Wells Chartered Surveyors as at 1 October 2014, on the basis of fair value supported by market evidence in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

Revaluation surpluses were recognised on transition to IFRS. The valuations for these specific assets were taken to be the deemed cost as at 1 October 2014 in accordance with transitional arrangements.

Property, plant and equipment includes right-of-use assets, as follows.

Right-of-use assets	**2019**	**2018**
	£	**£**
Net values		
Property	1,242,550	-
Plant and equipment	130,333	154,250
Fixtures and fittings	205	-
Motor vehicles	2,203,208	1,839,189
	3,576,296	1,993,439
Additions	2,682,472	-
Depreciation charge for the year		
Property	531,642	-
Plant and equipment	23,917	34,000
Fixtures and fittings	1,278	-
Motor vehicles	452,310	347,886
	1,009,147	381,886

13 Property, plant and equipment - Company

	Freehold land and buildings	Fixtures and fittings	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2018	2,973,989	1,122,396	1,094,001	3,602,084	8,792,470
Additions	-	123,514	242,119	433,968	799,601
Disposals	(7,000)	-	(288,027)	(712,000)	(1,007,027)
At 31 December 2018	2,966,989	1,245,910	1,048,093	3,324,052	8,585,044
Additions	-	16,791	220,229	625,534	862,554
IFRS 16 additions	91,337	1,483	-	156,788	249,608
Disposals	-	-	-	(561,114)	(561,114)
At 31 December 2019	3,058,326	1,264,184	1,268,322	3,545,260	9,136,092
Accumulated depreciation and impairment					
At 1 January 2018	637,996	1,044,419	635,984	1,830,654	(4,149,053)
Charge for the year	95,413	46,178	105,361	353,949	(600,901)
Eliminated on disposal	(7,000)	-	(252,372)	(540,085)	799,457
At 31 December 2018	726,409	1,090,597	488,973	1,644,518	(3,950,497)
Charge for the year	115,538	52,326	351,497	182,286	(701,647)
Eliminated on disposal	-	-	-	(470,338)	470,338
At 31 December 2019	841,947	1,142,923	840,470	1,356,466	(4,181,806)
Carrying amount					
At 31 December 2019	2,216,379	121,261	427,852	2,188,794	4,954,286
At 31 December 2018	2,240,580	155,313	559,120	1,679,534	4,634,547
At 31 December 2017	2,335,993	77,977	458,017	1,771,430	4,643,417

Included within Freehold Land and Buildings of the Company are properties with carrying values of £1,413,011 (2018: £1,441,641) that have been revalued.

Revaluation surpluses were recognised on transition to IFRS. The valuations for these specific assets were taken to be the deemed cost as at 1 October 2014 in accordance with transitional arrangements.

13 Property, plant and equipment - Company

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	**2019**	**2018**
	£	**£**
Net values		
Property	71,038	-
Plant and equipment	130,333	154,250
Fixtures and fittings	205	-
Motor vehicles	2,172,154	1,839,189
	2,373,730	1,993,439
Additions	945,856	-
Depreciation charge for the year		
Property	20,297	-
Plant and equipment	23,917	34,000
Fixtures and fittings	1,278	-
Motor vehicles	429,605	347,886
	475,097	381,886

14 Investment property - Group and Company

	2019	**2018**
	£	**£**
Cost		
At 1 January 2019 and 31 December 2019	421,135	421,135
Accumulated depreciation		
At 1 January 2019	24,602	21,045
Charge for the year	3,557	3,557
At 31 December 2019	28,159	24,602
Carrying value		
At 31 December 2019	392,976	396,533
At 31 December 2018	396,533	400,090

Investment properties are held under the cost model for use in operating leases. At 31 December 2019, the cost of such land was £350,000 (2018: £350,000). the cost of such buildings was £71,135 (2018: £71,135). These properties were revalued as part of the transition to IFRS and this valuation subsequently used as the deemed cost.

15 Investments

	Current		Non-current	
	2019	2018	2019	2018
	£	£	£	£
Investments in subsidiaries	-	-	2,350,296	2,350,296

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Nature of business
The Grain Terminal (Ipswich) Limited	United Kingdom	100	Handling of crops and combinable animal feed ingredients
Barmby Moor Holdings Limited	United Kingdom	100	Property management company
Grainseed Limited	United Kingdom	100	Seed supplier
H&H (East Anglia) Limited	United Kingdom	100	Dormant company

The investments in subsidiaries are all stated at cost. All of the above subsidiaries are included in these consolidated financial statements.

All of the above subsidiaries have the same registered office as COFCO International UK Limited, which is stated on the Company Information page.

17 Inventories

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Commodities traded derivative instruments	340,108	2,947,628	340,108	2,947,628
Finished goods	21,467,004	19,399,190	21,231,075	19,093,226
	21,807,112	22,346,818	21,571,183	22,040,854

The carrying amount of Inventories carried at fair value less costs to sell is £16,324,847 (2018: £16,780,880).

18 Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade receivables	14,294,588	20,412,183	13,983,124	20,161,390
Other receivables	33,016	9,158	-	-
VAT recoverable	546,706	44,483	512,219	-
Amounts owed by subsidiary undertakings	-	-	896,340	753,392
Amounts owed by fellow group undertakings	645,392	943,085	640,213	943,085
Prepayments and accrued income	5,079,491	3,490,722	4,696,818	3,215,100
	20,599,193	24,899,631	20,728,714	25,072,967

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Amounts due from group undertakings are unsecured, interest bearing, have no fixed date of repayment and are repayable on demand.

19 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group operates a thorough credit risk management policy. This is applied by all counterparties being approved and credit limits set accordingly. These limits are reviewed on a regular basis and take into account payment history, latest financial information, local knowledge, and credit rating assessments.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk. The company does not hold any collateral or other credit enhancements to cover this credit risk.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Ageing of past due but not impaired receivables	2019	2018
	£	£
1 - 30 days	3,323,480	3,064,952
31 - 60 days	360,527	476,987
61 days and over	335,083	328,542
	4,019,090	3,870,481

Trade and other receivables that were past due but not impaired relate to independent customers for whom there is no recent history of default. Management believe that the above amounts are collectible based on the historical payment behaviour of the customers and the Group's own policies and procedures to mitigate credit risk. No significant receivable balances are impaired at the reporting end date.

20 Market risk

Market risk management

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

Foreign exchange risk

The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilites	
	2019	2018	2019	2018
	£	£	£	£
Euro	1,263,310	943,496	1,195,049	2,599,665
USD	394,061	337,174	2,778	1,964,948
	1,657,371	1,280,670	1,197,827	4,564,613

The Group is exposed to currency risk to the extent that there is a mismatch in the currencies in which sales and purchases are denominated. The functional currencies of the Group companies are primarily Sterling and the Euro.

The company aims to eliminate foreign exchange risk by managing exposure on a daily basis. The risk is dependent on the movement in the US dollar to Sterling exchange rate and the Euro to Sterling exchange rate.

The effect of a 5% strengthening in the Dollar/Euro against Sterling at the reporting date would, all other variables being held constant, have not resulted in an increase/ decrease in the post-tax profit for the year as all of the Group's foreign currency transactions are fully hedged to Sterling.

Interest rate risk

At the year end date the Group held interest bearing financial liabilities totalling £23,130,063 (2018: £18,843,683). Of these financial liabilities, £2,726,595 (2018: £1,246,512) relate to fixed rate interest bearing liabilities.

Whilst the company takes steps to minimise its exposure to cash flow interest rate risk, changes in interest rates will have an impact on profit.

The effect of a 50 basis points increase in the interest rate at the reporting date on the variable rate debt carried at that date would, all other variables being held constant, have resulted in a increase of the Group's post-tax loss for the year of £15,000.

A 50 basis points decrease in the interest rate would, on the same basis, have increased post-tax profit by the same amount.

20 Market risk

Commodity price risk
The Group is exposed to commodity price risks arising from financial assets and liabilities held at fair value through profit and loss for trading purposes.

The Group has formal procedures in place to manage the risk of commodity price fluctuations and to reduce the Group's exposure to such fluctuations to an acceptable level. The maximum exposure of the Group to commodity price fluctuations is limited as the portfolio of traded commodities is diverse and exposure to individual commodity market movements is subject to fixed limits, which are regularly reviewed.

21 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises principally on the trade and other payables of the Group.

The Group has access to significant cash reserves from the wider COFCO Group and therefore the directors consider that the Group is well placed to meet its short-term liabilities as they become due.

22 Fair value

The fair value of financial assets and liabilities held at fair value has been estimated using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability).

There have been no transfers between categories in the current or preceding period.

The Group's financial assets and liabilities have been fair valued using the above hierarchy categories as follows:

Currency futures and derivative financial instruments are deemed Level 1 as the valuation is based on observable quoted prices traded on an active market.

Inventories (excluding those measured at the lower of cost and net realisable value) and forward commodity contracts are deemed Level 2. These are valued based on current market prices for the relevant commodities.

23 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade payables	8,426,026	11,818,144	8,279,709	11,382,986
Amount owed to parent undertaking	18,856,432	16,763,551	18,856,432	16,763,060
Amounts owed to subsidiary undertakings	-	-	96,367	-
Accruals	6,151,037	6,546,503	5,654,754	6,127,880
Social security and other taxation	17,864	50,728	-	-
Other payables	308,964	293,975	300,399	283,279
	33,760,323	35,472,901	33,187,661	34,557,205

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Trade and other creditors are non interest bearing and are normally settled on 28 day credit terms. The directors consider that the carrying amount of trade payables approximates to their fair value.

Derivative contracts are placed on behalf of COFCO International UK Limited by a parent company of the Group. In the majority of cases, these contracts are in the name of companies other than those in the COFCO International UK Limited group.

Amounts due to group undertakings are unsecured, interest bearing, have no fixed date of repayment and are repayable on demand.

24 Lease liabilities

	Group		Company	
	2019	2018	2019	2018
Maturity analysis	£	£	£	£
Within one year	1,049,289	420,771	571,452	420,771
In two to five years	1,766,352	910,949	1,199,278	910,949
In over five years	280,250	-	-	-
Total undiscounted liabilities	3,095,891	1,331,720	1,770,730	1,331,720
Future finance charges and other adjustments	(202,263)	(85,208)	(97,038)	(85,208)
Lease liabilities in the financial statements	2,893,628	1,246,512	1,673,692	1,246,512

24 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current liabilities	937,397	390,701	525,660	390,701
Non-current liabilities	1,956,231	855,811	1,148,032	855,811
	2,893,628	1,246,512	1,673,692	1,246,512

	2019	2018	2019	2018
Amounts recognised in profit or loss include the following:	£	£	£	£
Interest on lease liabilities	84,143	24,981	38,421	24,981

The fair value of the Group's lease obligations is approximately equal to their carrying amount.

The Group leases various warehouses under non-cancellable lease agreements. The leases have varying lease terms, escalation clauses and renewal rights.

The Group also leases various items of plant and equipment under non-cancellable lease agreements.

25 Borrowings

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Unsecured borrowings at amortised cost				
Bank overdrafts	2,283,813	1,704,697	2,150,668	1,677,704
Secured borrowings at amortised cost				
Bank loans	-	72,008	-	-

Analysis of borrowings
Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current liabilities	2,283,813	1,776,705	2,150,668	1,677,704

26 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

27 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	Accelerated capital allowances	Tax losses	Revalua' tions	Total
	£	£	£	£
Deferred tax liability at 1 January 2018	-	-	-	-
Deferred tax asset at 1 January 2018	285,577	(496,974)	18,325	(193,072)
Deferred tax movements in prior year				
Credit to profit or loss	49,709	270,222	-	319,931
Deferred tax liability at 1 January 2019	335,286	(226,752)	18,325	126,859
Deferred tax movements in current year				
Credit to profit or loss	143,015	(269,874)	-	(126,859)
Deferred tax liability at 31 December 2019	478,301	(496,626)	18,325	-

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

	2019	2018
	£	£
Deferred tax liabilities	-	126,859

Deferred tax assets have been recognised in respect of tax losses on the basis that the directors consider that it is probable that future taxable profits will be available against which the tax losses can be offset.

28 Retirement benefit schemes

Defined contribution schemes

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £352,241 (2018 - £345,106).

29 Share capital

	2019	2018
	£	£
Ordinary share capital		
Authorised, issued and fully paid		
5,813,455 Ordinary share capital of £1 each	5,813,455	5,813,455
	5,813,455	5,813,455

30 Revaluation reserve

	2019	2018
	£	£
At beginning of year	1,372,529	1,351,139
Transfer to retained earnings	(17,403)	21,390
At end of year	1,355,126	1,372,529

The revaluation reserve arose on the valuation of certain tangible fixed assets (see note 13).

31 Retained earnings

	2019	2018
	£	£
At the beginning of the year	8,631,498	7,672,802
(Loss)/profit for the year	(1,544,752)	980,086
Transfer from revaluation reserve	17,403	(21,390)
At the end of the year	7,104,149	8,631,498

32 Contingent liabilities

In the normal course of trade the Group gives guarantees in respect of certain contractual obligations. In addition the Group, as a direct subsidiary of COFCO International BV, has entered into an arrangement of cross guarantees with Group bankers.

33 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt from its parent company, cash and cash equivalents and equity comprising share capital, reserves and retained earnings. The Group reviews the capital structure annually and as part of this review considers that cost of capital and the risks associated with each class of capital.

The Group is not subject to any externally imposed capital requirements.

34 Events after the reporting date

Since the year end the World Health Organisation has declared the Covid 19 outbreak a Pandemic. The assets and liabilities of the Group have not been adjusted to account for any subsequent economic impact of the Pandemic.

35 Related party transactions

Remuneration of key management personnel

The remuneration of the directors, who are key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2019	2018
	£	£
Short-term employee benefits	677,524	713,157
Post-employment benefits	125,723	111,354
	803,247	824,511

Other transactions with related parties

During the year the Group entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2019	2018	2019	2018
	£	£	£	£
Group				
Parent company	14,913,947	4,351,619	17,133	616,569
Other related parties	14,623,241	6,831,621	-	64,503
	29,537,188	11,183,240	17,133	681,072

	Sale of goods		Purchase of goods	
	2019	2018	2019	2018
	£	£	£	£
Company				
Parent company	14,913,947	4,351,619	17,133	616,569
Subsidiaries	566,124	668,531	2,163,572	2,265,381
Other related parties	14,623,241	6,831,621	-	64,503
	30,103,312	11,851,771	2,180,705	2,946,453

35 Related party transactions

	Interest expense		Management charges	
	2019	2018	2019	2018
	£	£	£	£
Group				
Parent company	297,543	394,058	495,964	272,983
Other related parties	-	86,269	4,700	4,495
	297,543	480,327	500,664	277,478

	Interest expense		Management charges	
	2019	2018	2019	2018
	£	£	£	£
Company				
Parent company	297,543	394,058	495,964	272,983
Subsidiaries	12,698	-	-	-
Other related parties	-	86,269	4,700	4,495
	310,241	480,327	500,664	277,478

The following amounts were outstanding at the reporting end date:

	2019	2018
Amounts due to related parties - Group	£	£
Parent company	18,854,264	17,054,502
Other related parties	25,595	1,835,842
	18,879,859	18,890,344

	2019	2018
Amounts due to related parties - Company	£	£
Parent company	18,854,264	17,054,502
Subsidiaries	96,367	-
Other related parties	25,595	1,835,842
	18,976,226	18,890,344

35 Related party transactions

The following amounts were outstanding at the reporting end date:

Amounts due from related parties - Group	2019 £	2018 £
Parent company	7,693	-
Other related parties	644,067	944,945
	651,760	944,945

Amounts due from related parties - Company	2019 £	2018 £
Parent company	7,693	-
Subsidiaries	896,340	761,052
Other related parties	644,067	944,945
	1,548,100	1,705,997

No guarantees have been given or received.

36 Controlling party

The parent company of the COFCO International UK Ltd Group is COFCO International Netherlands BV and its registered office is Weena 505, 3013 AL Rotterdam, The Netherlands.

The ultimate parent company is COFCO Group, a Company incorporated in China.

The COFCO International UK Limited group financial statements are consolidated into the COFCO International (HK) Limited consolidated financial statements. This is the smallest group into which this entity is consolidated that prepares consolidated financial statements for public use.

The largest group into which the entity is consolidated in COFCO Group.

37 Off balance sheet arrangements

The Group is not (and has not been) party to any arrangements that are not reflected on its Statement of Financial Position that give rise to a material risk or benefit.

38 Cash generated from operations - Group

	2019 £	2018 £
(Loss)/profit for the year after tax	(1,544,752)	980,086
Adjustments for:		
Taxation (credited)/charged	(126,859)	319,931
Finance costs	449,365	561,583
Investment income	(115,494)	(89,127)
Gain on disposal of property, plant and equipment	(25,171)	(40,930)
Depreciation and impairment of property, plant and equipment	1,455,187	801,856
Impairment of investment properties	3,557	3,557
Movements in working capital:		
Decrease in inventories	539,706	1,172,388
Decrease/(increase) in trade and other receivables	4,300,438	(2,511,992)
(Decrease)/increase in trade and other payables	(1,712,578)	2,657,025
Cash generated from operations	3,223,399	3,854,377

Cash generated from operations - Company

	2019 £	2018 £
(Loss)/profit for the year after tax	(2,086,408)	1,038,030
Adjustments for:		
Taxation charged	-	267,667
Finance costs	380,155	533,702
Investment income	(115,228)	(88,819)
Gain on disposal of property, plant and equipment	(16,225)	(28,930)
Depreciation and impairment of property, plant and equipment	701,647	600,901
Impairment of investment properties	3,557	3,557
Movements in working capital:		
Decrease in inventories	469,671	1,238,229
Decrease/(increase) in trade and other receivables	4,344,253	(2,919,216)
(Decrease)/increase in trade and other payables	(1,399,755)	2,252,945
Cash generated from operations	2,281,667	2,898,066